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OFFICIAL REPORT
(HANSARD)

Thursday, November 6, 1997

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Thursday, November 6, 1997

The House met at 10 a.m.

Prayers

• (1005)

[*English*]

PRIVILEGE

CANADA PENSION PLAN INVESTMENT BOARD—SPEAKER'S RULING

The Speaker: I am now ready to rule on the question of privilege raised by the hon. member for Fraser Valley on October 29, 1997 concerning a government news release announcing the membership of the nominating committee for the proposed Canada pension plan investment board.

[*Translation*]

I thank the hon. member for Fraser Valley for raising the matter and for providing the Chair with a copy of the document in question, and I thank the Leader of the Government in the House for his comments on the matter.

[*English*]

The hon. member for Fraser Valley referred to a news release dated October 23 in which the Department of Finance announced the membership of a committee that will nominate candidates for the proposed Canada pension plan investment board. He pointed out that clause 10(2) of Bill C-2, the Canada pension plan investment board act specifically provides for this nominating committee and he reminded the House that this bill had only been taken up by the Standing Committee on Finance on October 28. Thus, the hon. member argued, the Minister of Finance had established this nominating committee under the provisions of a bill not yet adopted by the House and not yet even considered by the standing committee.

The hon. member drew a parallel between this and two other cases raised in the House concerning government advertising on the GST. In the cases cited, Speaker Fraser had not found a breach of privilege because the departmental information alluded to "proposals", thus it recognized that the legislation had not yet been adopted.

According to the hon. member, the case he put before the House is much more serious. He argued that, in designating a committee defined in clause 10 of Bill C-2, the Minister of Finance had acted as if the bill is sure to be passed in its present form. In the opinion of the hon. member, to allow the government to proceed to act as if a bill has been approved by the House would set a dangerous precedent. He stated this "undercuts the authority of Parliament and derogates from the rights and privileges of every member to have input into legislation prior to its enactment".

[*Translation*]

In response to the arguments raised, the Leader of the Government in the House made the claim that the press release did not in any way seek to influence the House in its decision to adopt or reject the bill. He added that the government's action was merely a prudent step so as to have sufficient lead time to prepare definitive appointments to the investment board if the bill were adopted.

[*English*]

I have carefully examined the submissions from the hon. member for Fraser Valley and from the government House leader. I think it may be useful to review the sequence of events on this matter.

As I understand it, on October 8, 1997, the House adopted Bill C-2 at second reading and referred it to the Standing Committee on Finance. On October 23, the Department of Finance issued its press release and the next day, on October 24 during question period the hon. member for Calgary—Nose Hill asked a question on the establishment of this nominating committee and its effect on legislation before the House. The hon. government House leader replied that the government was simply acting responsibly in putting in place the arrangements necessary to proceed if the bill were adopted.

One of the first tasks of the Speaker, when dealing with a question of privilege, is to determine whether the matter has been raised at the earliest possible opportunity. As I have just indicated, the hon. member for Calgary—Nose Hill brought this matter to the attention of the House during question period on the day following the issue of the news release. Clearly there was ample opportunity to raise the matter as a question of privilege at that time, yet three sitting days elapsed before the hon. member for Fraser Valley raised this question in the House.

Routine Proceedings

• (1010)

[Translation]

Now, if I may, I shall move on to the question of privilege per se, in order to determine whether any parliamentary privilege has been breached.

[English]

In the present case, the Chair cannot conclude that freedom of speech has been adversely affected since members will have the opportunity to debate Bill C-2 and propose amendments to it, either in the finance committee or in the House during report stage.

One might further ask whether this action has unduly prejudiced debate in committee or in the House. Like Speaker Fraser in his October 10, 1989 ruling on GST advertising, I would say that this House has never had any difficulty in expressing its opinions when dealing with controversial situations. The House is a forum for debate and the consideration of different points of view. Members do not work in a vacuum. They are constantly aware of pressures and factors outside the House itself. While an action like this one may offend some hon. members, it would be hard to make a case that it prejudiced debate.

[Translation]

Similarly, in examining the privilege of immunity from obstruction and intimidation, I cannot conclude that any hon. member has been obstructed in the performance of his or her parliamentary duties by the minister's action.

[English]

In deciding a question of privilege, the Speaker must find whether, prima facie, there is sufficient cause to set aside the business of the House so that the House can consider a breach of one of its privileges or, more generally, a contempt of its authority. In this case, I find that no specific privilege has been breached. The authority given to this House to debate freely has not been compromised, nor has there been any obstruction or intimidation of members.

Nonetheless, the Chair acknowledges that this is a matter of potential importance since it touches the role of members as legislators, a role which should not be trivialized. It is from this perspective that the actions of the Department of Finance are of some concern. The vocabulary of the news release is subject to varying interpretations. But even if one argues that the subject of the news release is properly the creation of the nominating committee and not the progress of Bill C-2, the fact remains that the reference to the legislative process is cursory at best.

This dismissive view of the legislative process, repeated often enough, makes a mockery of our parliamentary conventions and practices. That it is the Department of Finance that is complained of once again has not gone unnoticed.

[Translation]

I trust that today's decision at this early stage of the 36th Parliament will not be forgotten by the minister and his officials and that the departments and agencies will be guided by it.

[English]

After very carefully reflecting on this matter, and for the specific reasons explained, I have concluded that the matter submitted by the hon. member for Fraser Valley does not constitute, prima facie, a breach of privilege.

I thank hon. members for their contributions to this discussion.

ROUTINE PROCEEDINGS

[English]

ANNUAL REPORT TO PARLIAMENT

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, as part of the most complete effort ever undertaken to inform parliamentarians and Canadians on the government's performance, I have the honour to table, in both official languages, a report entitled "Accounting for Results: Annual Report to Parliament of the President of the Treasury Board".

• (1015)

I also have the honour of tabling at the same time 78 pilot reports on performance.

* * *

[Translation]

NATIONAL FORUM ON CANADA'S INTERNATIONAL RELATIONS

Mr. Ted McWhinney (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, I have the great pleasure of tabling in the House today the report by the National Forum on Canada's International Relations, 1997 edition.

The National Forum is one of the Government's initiatives in response to the 1994 report by the Special Joint Committee on Canada's Foreign Policy. The Forum is part of an exercise to democratize foreign policy, both here in policy development and abroad through efforts like the campaign to eliminate antipersonnel mines.

* * *

[English]

INTERPARLIAMENTARY DELEGATIONS

Mr. Bob Speller (Haldimand—Norfolk—Brant, Lib.): Mr. Speaker, pursuant to Standing Order 34 I have the pleasure to present to this House the report of the Canadian branch Common-

wealth Parliamentary Association concerning the 43rd Commonwealth Parliamentary Conference which took place September 14 to 24 in Mauritius.

* * *

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have the honour to present the ninth report of the Standing Committee on Procedure and House Affairs regarding the associate membership of some committees.

If the House gives its consent, I intend to move concurrence in the ninth report later this day.

JUSTICE AND HUMAN RIGHTS

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, I have the honour to present in both official languages the first report of the Standing Committee on Justice and Human Rights.

Pursuant to the order of reference of Friday, October 31, 1997, your committee has considered Bill C-16, an act to amend the Criminal Code and the Interpretation Act (powers to arrest and enter dwellings). Your committee has agreed to report it with one amendment.

I would like to add that this bill came to us only last Friday and we were able to complete all of the work in two days. I would like to thank committee members from all parties for their co-operation in doing that.

This was a special situation arising out of an order of the Supreme Court in *Regina v Feeney*. Our committee would hope that we would not be placed in such a difficult position again in terms of passing this type of legislation so quickly.

* * *

CANADA LABOUR CODE

Hon. Lawrence MacAulay (Minister of Labour, Lib.) moved for leave to introduce Bill C-19, an act to amend the Canada Labour Code (Part I) and the Corporations and Labour Unions Returns Act and to make consequential amendments to other acts.

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

* * *

● (1020)

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if

Routine Proceedings

the House gives its consent, I move that the ninth report of the Standing Committee on Procedure and House Affairs presented to the House earlier this day be concurred in.

The Acting Speaker (Mr. McClelland): Does the hon. parliamentary secretary have the unanimous consent of the House to move the motion?

Some hon. members: Agreed.

The Acting Speaker (Mr. McClelland): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if the House gives its consent, I move that the following member be added to the list of associate members of the Standing Committee on Procedure and House Affairs: André Harvey.

The Acting Speaker (Mr. McClelland): Does the hon. parliamentary secretary have the unanimous consent of the House to move the motion?

Some hon. members: Agreed.

The Acting Speaker (Mr. McClelland): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

* * *

PETITIONS

VIETNAM

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, it is my pleasure to present a petition signed by well over 100 Canadian citizens of Vietnamese origin. They ask the Government of Canada to use its good offices to secure the release of certain persons arrested as political prisoners, Dr. Nguyen Dan Que, Professor Doan Viet Hoat, Venerable Thich Quang Do, Rev. Pham Minh Tri, and Professor Nguyen Dinh Huy, and also to use its good offices to see that full political, religious and economic freedoms can be ensured for the people of Vietnam.

JASPER NATIONAL PARK

Mr. Cliff Breitkreuz (Yellowhead, Ref.): Mr. Speaker, I am pleased to rise to present a petition on behalf of residents of Jasper and other Canadian residents. These people pray and request that whitewater rafting continue in Jasper National Park. I am pleased to acknowledge that Pat Crowley of Jasper was instrumental in securing the signatures of 3,574 people. 061196

Supply

[Translation]

QUESTIONS ON THE ORDER PAPER

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

The Acting Speaker (Mr. McClelland): Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[Translation]

SUPPLY

ALLOTTED DAY—GOODS AND SERVICES TAX

Mrs. Francine Lalonde (Mercier, BQ): moved:

That this House condemn the government for blatant unfairness to Quebec in the matter of the GST, the government having denied it compensation without letting it submit its arguments to an independent arbitration panel made up of three experts, the first to be appointed by the federal government, the second by the government of Quebec and the third jointly by the first two.

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, I would simply like to mention that the Bloc Québécois will split the first speech, with the member for Mercier speaking first followed by the member for Louis-Hébert.

Mrs. Francine Lalonde: Mr. Speaker, it is with a true sense of the importance of this motion that I table it in the House. I will read it again:

That this House condemn the government for blatant unfairness to Quebec in the matter of the GST, the government having denied it compensation without letting it submit its arguments to an independent arbitration panel made up of three experts, the first to be appointed by the federal government, the second by the government of Quebec and the third jointly by the first two.

• (1025)

Why did I move this motion? Because we are convinced that Quebec is being treated with blatant unfairness regarding the harmonization of the provincial sales tax with the GST, compared to the three Atlantic provinces.

This is blatantly unfair to the people in Quebec who have had to support their share of the cost of the harmonizing carried out in the Atlantic provinces, while paying alone for harmonizing their own sales tax with the GST. It is also unfair, and I am saying so as industry critic, to Quebec businesses, out of which the Quebec

government had to get more money not only by increasing their tax burden but also by putting restrictions on input tax credits.

This is such a major restriction that, through its finance minister, the Government of Quebec undertook to put up \$500 million, if the federal government agrees with Quebec's figures, to complete the incomplete business harmonizing.

It is extremely important to mention that, like the Bloc Québécois' position on this matter, this motion in no way constitutes an attack on the Atlantic provinces, which benefited from the federal proposal. We have nothing against equalization, on the contrary. But this is a completely different matter.

The way we see it, discouraged at being unable to convince all the provinces except for Quebec, which had readily agreed to harmonize, signing an agreement to that effect with the federal government back in 1990, the federal government looked for some way of proving that it had acted, in part, on its promises. Finally, an agreement was reached with the Atlantic provinces, providing that they would harmonize their sales tax with the federal sales tax in exchange for \$1 billion.

In so doing, and this is one of our main reasons for presenting this motion this morning, the federal government gave the Atlantic provinces the means to intensify economic competition, by enabling Mr. McKenna, who was Premier of New Brunswick at the time, to compete unfairly with Quebec using full page ads announcing that better conditions could be found in New Brunswick for businesses. Quebecers were stunned to see him do that.

In fact, the federal proposal allowed the Atlantic provinces to reduce their sales tax by four percentage points and to fully refund the tax paid by businesses on their input, which Quebec cannot do, since it paid for all this without any assistance.

How did the federal government achieve this result? Simply by devising a formula designed to favour the maritimes. Without getting into details, the federal government's compensation formula provides that only the reduction of the sales tax level is to be compensated, and since that level exceeds 5%, it means the formula was tailored to the needs of the Atlantic provinces.

• (1030)

Hon. Jim Peterson: It is true.

Mrs. Francine Lalonde: Of course it is true. We are not lying.

The federal government's formula does not recognize the type of losses incurred by Quebec. Yet, these losses are very real, because with a harmonized sales tax rate of 7%, revenues would have been \$969 million less than those generated in 1990 with Quebec's retail sales tax.

This confirms that the federal government does not recognize the costs involved. Over a four-year period, the shortfall will be \$1.9

billion, or \$2 billion if you take into account the federal finance department's own figures. This amount of \$2 billion is what the Quebec government and the opposition are claiming.

And we are not alone. All the partners at the economic summit in Quebec City supported this \$2 billion claim. Moreover, the support does not only come from Quebec. When they met in St. Andrews, all the premiers supported Lucien Bouchard's claim for \$2 billion. So, everyone in Quebec and all the provincial premiers support it. What are the federal government and the finance minister waiting for?

In order to give a chance to the government, we say "Let us ask experts—one appointed by the federal government, one appointed by the Quebec government, and a third one appointed by the first two—to evaluate the amount". If the government is so confident in its calculations, why does it refuse to establish such a committee? And I would also say that, if the Government of Quebec was worried, why would it go along with the idea of a committee?

This is an extremely important issue. Take the deep cuts Quebec suffered in the central government's deficit reducing exercise, and add the fact that it was the province that lost the most in the UI cuts, and that it was very hard hit by the cuts in health, education and social assistance, and two billion dollars adds up. The cost to Quebecers is phenomenal and it is unacceptable.

So, if the government thinks it is right, then it should at least be willing to submit its figures to a panel of experts for review. And if it is not willing, we will continue to say, with the support of Quebec's partners, with the support of Canada's premiers, that the central government treated Quebec with blatant unfairness in the matter of the harmonization carried out by that province, the first with the federal GST, a promise made by this government it will be recalled.

I hope that this motion will be passed unanimously by the House as a sign of minimal good faith towards Quebec.

Ms. Hélène Alarie (Louis-Hébert, BQ): Madam Speaker, it is with pleasure that I take part in this debate on the opposition motion by the Bloc Québécois, which asks:

That this House condemn the government for blatant unfairness to Quebec in the matter of the GST, the government having denied it compensation without letting it submit its arguments to an independent arbitration panel made up of three experts, the first to be appointed by the federal government, the second by the government of Quebec, and the third jointly by the first two.

• (1035)

Let me outline the background for the motion moved today in the House of Commons. In 1990, Quebec and the federal government signed a memorandum of agreement on harmonization of the provincial sales tax and the goods and services tax at 7%. Com-

Supply

pensation was calculated for the calendar year during which the federal government and the province signed the memorandum of understanding.

Quebec did what it had to and harmonized its sales tax. It did so without any financial assistance. There were of course considerable financial costs involved. These costs were absorbed by increasing the tax burden for corporations and by applying restrictions to input tax refunds.

Under the Quebec sales tax system, large corporations can apply for an input tax refund only on certain goods and services acquired to conduct their business. For these corporations, this represents additional costs totalling \$500 million annually.

So those who are in fact being penalized by the federal government, which refuses any financial compensation for the Government of Quebec, are Quebec businesses. These still cannot benefit from the tax breaks that harmonization gave to competing firms in the three Atlantic provinces. This situation is especially unfair when you consider that the tax benefits given to corporations in the Atlantic provinces were in part financed by the taxes paid by individuals and businesses in Quebec.

With this compensation, the Atlantic provinces were able to harmonize their sales tax in one single operation. In Quebec, harmonization is not yet completed; it is being phased in over several years due to the fact that it is impossible to remit the input tax refund to businesses because this would entail, according to conservative estimates, a loss of around 10% in provincial sales tax revenues.

On April 23, 1996, the federal government announced the signature of memorandums of understanding with the three Atlantic provinces, whereby their respective sales taxes would be harmonized beginning April 1, 1997, at a combined rate of 15%. To compensate financial losses in these three provinces, the federal government will grant them, under a readjustment program, compensation totalling almost \$1 billion, the equivalent of \$423 per capita. The federal government also announced that Quebec, the only jurisdiction to have harmonized its tax, could not benefit from this new readjustment program.

Questions are being raised concerning this financial compensation program. Was it designed so that only certain groups could receive this funding? The financial assistance program that is benefiting the Atlantic provinces does so at the expense of Quebec. It only considers sales tax revenues instead of the whole tax base representing the provinces' global tax policy.

It should be noted that the share of provincial sales tax revenues compared to total tax revenues for 1994 was 8.6% for Quebec compared to 12.9% for the Atlantic provinces. These figures are

Supply

real and can be verified, since they come from statistics on government revenue published by the OECD and Statistics Canada.

The federal government established that the compensation is equal to 100% of the cost of harmonisation exceeding 5% of the provincial sales tax returns before harmonisation for the first two years, 50% for the third year and 25% for the fourth year.

Quebec believes it is entitled to compensation and the Bloc Québécois supports that claim. On Friday, December 13, 1996, Bernard Landry and Jacques Brassard held a press conference to demand that Quebec receive compensation of \$2 billion for having harmonized its PST to the GST. Quebec acted alone and without any financial support. This compensation would represent an amount of \$273 per person, which is clearly less than the amount of \$423 paid to the Atlantic provinces.

• (1040)

Yet, the federal government still refuses to pay compensation to Quebec on the ground that harmonization of the PST and GST has cost it nothing. Now, one only has to look at the public accounts and budget documents to see the magnitude of the costs involved.

The annual conference of premiers of August 1996, which was held in Jasper, supported the position of the Quebec finance minister by saying that all provinces should benefit equally from the agreements on harmonization, including compensation. We have had support from various sources. Participants to the 1996 socio-economic summit, even the Leader of the Opposition in Quebec, whose political leanings are well known, supported Quebec's position. Last but not least, premiers meeting in St. Andrews in 1997 renewed their support for Quebec's position.

On the strength of such overwhelming support, the Bloc Québécois would like the federal finance minister to admit his calculations are flawed. This is the reason why, during the last federal election campaign, the Bloc Québécois leader asked the Liberal government to create an independent arbitration panel to put an end to the deadlock.

To this day, the minister has turned a deaf ear to this request. He insists his numbers are accurate and says that he has taken the right decision. Why then is he so afraid to face independent experts and show he is right when Quebec's deputy premier and finance minister are willing to compare their numbers with Paul Martin's so that justice may be done?

The Bloc Québécois believes that voting against this motion means that the arguments used so far by the federal finance minister would not stand the comparison with Quebec's. We want to settle this dispute once and for all so that independent experts may come to a clear and fair decision.

I would even go so far as to amend the motion. Therefore I move:

That the motion be amended by deleting the word "blatant" and substituting the following therefor: "flagrant".

[English]

Mr. Alex Shepherd (Durham, Lib.): Madam Speaker, I listened with intent to the hon. member for Mercier and also the last intervener.

The harmonization of the GST is a positive thing economically. I will give one example. My riding is highly influenced by General Motors which pays provincial sales tax on its input costs. When it exports it does not get a relieving provision which is what the GST basically does.

It means that the costs for automobiles manufactured in Ontario and landed in the United States are greater than for those produced in St. Therese, Quebec, for instance.

The fact that Quebec harmonized the GST quickly gave it a tremendous economic advantage. If there is anyone who should receive compensation I would argue that it is the laggards such as my own province, which has refused to move into the area of harmonization. The Quebec economy has received great economic advantage for doing that early.

I wonder if that is part of the calculation, how much benefit has been realized from looking forward to export trade which Quebec has already received by harmonizing quickly.

[Translation]

Ms. Hélène Alarie: Madam Speaker, the member is right on one thing: we had a vision. We were the first ones, in 1990, to harmonize our tax without expecting anything in return. Speaking of shortfall, we feel it is only fair to receive compensation. A loss of \$500 million on inputs is a lot of money for Quebec businesses.

• (1045)

If they want to argue over numbers, let us talk numbers. Let us talk numbers before a committee where there will be an expert designated by your government. There will be an expert from Quebec and both experts will designate a third one so we can have a non-partisan committee addressing all these issues.

Mr. René Laurin (Joliette, BQ): Madam Speaker, our colleagues on the other side seem to forget one thing when they say the sales tax harmonization was profitable for Quebec.

Of course we benefited from that, but we paid what was required for it before we could reap the benefits. I would compare that situation to a landlord investing \$100,000 in renovations on a house in order to increase the rents afterwards.

Supply

Members opposite are saying: "Because the landlord refurbished his house, he earned a higher income from the rents, so it was profitable". But the \$100,000 the landlord spent on repairs in order to harmonize his building with standards, they refuse to take it into account, they will not give it to Quebec. However, they grant it to the Atlantic provinces because they presumably suffered some losses.

The costs of harmonization for the Atlantic provinces are reimbursed, but Quebec is denied compensation for the same costs. They will only take into account revenues and advantages obtained by Quebec because it implemented harmonization voluntarily but they will refund New Brunswick since that province was somehow forced into harmonization because the Liberal government wanted to show it had changed its GST.

When comparing things, one should do it properly. If the government is so certain it was not both judge and jury in this instance, it should submit its figures to a committee, as we are asking. Let the government submit its data and let the committee look at them impartially.

Ms. Hélène Alarie: Madam Speaker, I would like to add a comment to what my colleague just told the House.

When the Government of Quebec began working on harmonization, it was wise enough to avoid penalizing people with a tax on fuel and tobacco. Had it done so, it might have jeopardized the businesses concerned. In any case, consumers would have been very unhappy.

The fact that a sales tax is calculated only on the sales tax and not on the tax base harshly penalizes the province of Quebec. We will get back to this later today. However, we demonstrated a lot of wisdom.

The Acting Speaker (Ms. Thibeault): The amendment proposed by the member for Louis-Hébert is in order.

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Madam Speaker, the reason why Quebec and other provinces entered into an agreement with Canada to harmonize sales taxes is very clear.

Instead of two taxes, there is only one; a single tax base, a single tax form and a single tax administration. For small and medium size businesses this means an end to the burden of overlap and duplication. This is the reason why Quebec entered into an agreement with Canada. Quebec acted in a very practical manner.

With today's motion, the Bloc is again shooting blanks. Its motion is based on the wrong assumption that harmonization of the Quebec sales tax and the GST was unfair to Quebec.

I would like to go over some facts which have been pointed out many times in this House over the last few years.

• (1050)

In a sense, what the Bloc is doing today is really business as usual, it is twisting the facts to try to discredit the federal system, a system which has no place in the separatists' future.

On several occasions, our government went over the facts with representatives of Quebec and explained to them why Quebec did not meet the objective eligibility requirements for adjustment assistance. Moreover, officials received a detailed technical brief on this subject explaining, among other things, our federal program.

In 1996, provinces were offered an adjustment assistance if they were willing to implement a value added tax which would be fully harmonized with the GST and who, as a result, would suffer significant losses in sales tax revenues. It has been clearly demonstrated that Quebec demands did not meet the factual eligibility requirements to get this kind of financial assistance.

In the preset formula, we consider that significant losses should be higher than 5% of sales tax revenues. The trigger level has been set at 5% for two reasons.

First of all, heavier losses between 7% or 8% would be too hard to factor in, and the revision of already established fiscal plans a difficult exercise. And losses of less than 5% are similar to normal revenue variations governments can adjust to when they reorganize their programs and services.

Secondly, the same percentage is used, and for the same reasons, in the federal stabilization program. With this formula, Ontario, Quebec, British Columbia and Alberta would not qualify for assistance. Sales tax revenue losses in Quebec would not have been high enough to warrant any adjustment assistance.

Actually, it has been just the opposite. Sales tax revenues in Quebec have increased significantly. Moreover, the stated goal of the Quebec sales tax initiative was not only to avoid any revenue loss, but also to generate higher revenues. Since the tax was harmonized, revenues have gone up \$3.46 billion. They did not drop. Even the Quebec government public accounts confirm this.

What the Quebec government is trying to do right now is to include annual losses resulting from a reduction in the tax rate on fuel and tobacco products. That has nothing to do with the sales tax.

With these losses excluded, the amount the Quebec government is demanding would be \$1 billion less. Elimination of other irregularities would bring the estimated amount to zero. The Quebec government has also underestimated by more than \$300 million its harmonized sales tax revenues.

The federal government co-operated fully with Quebec officials in these discussions and this analysis.

Supply

• (1055)

In August 1996, we provided Quebec with the precise method used to determine adjustment assistance, the results of our calculations and the figures Quebec could use to determine its own eligibility.

The federal government had numerous discussions and exchanges of information in order to clarify its numerous figures.

Once again in the history of our great country, facts prove that Quebec, far from suffering a loss, benefited in fact from Canadian federalism by harmonizing its provincial sales tax with the GST.

In conclusion, this matter proves once again that BQ members do not know how to add, subtract and multiply; they only know how to divide. That is the only role of the Bloc Québécois.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Madam Speaker, I would like to ask a question to the Liberal member. If he says that this legitimate request from Quebec is like shooting blanks, if he says that our case is weak, if he says that we have no reason to submit a bill for \$2 billion to the federal government, why is the federal government refusing our offer, which is very reasonable in this case? This is to avoid constant wars with numbers.

Our offer is to appoint an independent committee of experts that would analyze our numbers and the government's numbers. If this assessment would show that we are wrong, we would humbly admit it. However, if we are right, the committee would have the power to force the federal government to pay the \$2 billion. That is my first remark.

I have a second one. If this is like shooting blanks and if this is a feeble attempt by the Bloc Québécois to sow dissension, I would like the member to explain to me how it is that all provincial premiers, who are not members of the Bloc Québécois—Mr. Harris and Mr. Clark are not members of the Bloc Québécois—support the Quebec government in this request for a payment of \$2 billion? I would like him to explain this to me.

Hon. Jim Peterson: Madam Speaker, it is obvious. We openly and on several occasions provided the details of our program. According to its own calculations, the Quebec government did not incur any loss of sales tax revenues. Following harmonization, the province's sales tax revenue increased by more than \$3 billion. The figures were openly discussed with Quebec officials.

For all those who remain objective in this debate and really want to know the facts, instead of trying to demolish the Canadian Confederation, the facts are so obvious that it is pointless to waste any time discussing them.

Mr. Ghislain Lebel (Chambly, BQ): Madam Speaker, I would like to tell the member who just spoke and seems refuse to admit

the obvious that the Atlantic provinces had chosen. Rather than having a higher income tax rates they had chosen, as a way to collect taxes, to have a higher sales tax. Of course, in the Minister of Finance's calculations, they could lose 5% of their revenue by harmonizing. But it was a political choice they had made. Rather than having a fairer tax rate they had preferred to have a higher tax rate. The fact remains that harmonization has cost and is still costing a lot of money to the Government of Quebec.

• (1100)

I would like to ask a question to the minister who just spoke. If there had been a sovereignist government rather than a federalist one in Quebec City when this deal was signed in 1990 might things have been the same? In fact, I put this question to Quebecers: Do you see how a federalist government in Quebec City has served us in the harmonization process with the federal government? I would like him to answer that.

Hon. Jim Peterson: Madam Speaker, my colleagues will indicate exactly what Canada has given to the province of Quebec. That being said, the hon. member opposite is wrong because what we have done under the harmonization scheme with those three Atlantic provinces was very simple: the sales tax levels in these three provinces, among the poorest in Canada, were at 19%, almost 20%. As part of our harmonization scheme, we found that it would be necessary to bring this level down to something much more reasonable. That is why we established a 15% tax rate, reasonable under the circumstances. That is why there resulted a loss of revenue.

[English]

Mr. Monte Solberg (Medicine Hat, Ref.): Madam Speaker, it is a pleasure to rise to this motion today. I must tell members that our party will be standing in opposition.

I do think that my hon. friends from the Liberal Party and from the Bloc both missed the most important point. I want to make my argument on three different tracks.

First of all, while we know that the Atlantic provinces did receive compensation in the harmonization deal, we should not assume for a moment that compensation was the right thing to do.

Second, if it was wrong to give that money to Atlantic Canada, then it is equally wrong to offer that kind of compensation, if you want to call it that. I think it is euphemistic to call it compensation. It is wrong to offer it to Quebec.

Finally, we should point out that Quebec entered into this deal willingly. It asserted its independence and made this deal quite willingly in 1991.

I want to expand on those points. The first thing is was the money that was paid to Atlantic Canada really compensation? We should ask ourselves how this all came to pass. We look back on

this, back to 1993, to the deputy prime minister's promise on national television about scrapping the GST.

We all know about the sorry episode that followed thereafter. We ended up with the deputy prime minister's having to resign and run in a byelection. She was eventually demoted. She lost her job as the deputy prime minister. It was a sorry episode in the history of the Liberal Party.

Of course, what happened when the government was trying to find some way to make it look like it fulfilled its promise, it rushed out to Atlantic Canada and said "we will give you \$1 billion in political hush money if you will go along with our harmonization deal".

Where do my friends in the Bloc think that comes from, that billion dollars? It does not just come from the mint. We do not just print it. It comes from taxpayers, including from taxpayers in Quebec who already face the highest tax burdens in the country almost and probably in certain ways they do.

We need to remember that taxpayers had to cough up that billion dollars from all across the country. Just because Atlantic Canadians received this money in what I think was kind of an unseemly way does not mean we should also offer it to the province of Quebec. Two wrongs simply do not make a right. They never have and they never will. We absolutely disagree with the premise.

I want to touch for a moment on the last point I made which was that this money comes from Canadians. Where is this money supposed to come from in the current context? The government is talking about a fiscal dividend, however we want to define that, but certainly it will have a surplus.

• (1105)

Instead of that money going toward reducing the debt, which sits at \$600 billion, instead of reducing the tremendous tax burden that people face in this country, personal income tax rates that, relative to our G-7 trading partners, are 52% higher than the average, which is absolutely shameful, instead of granting relief to those people, including the people of Quebec who stagger under even higher burdens than the Canadian average, according to the Bloc Quebecois plan we are going to give the money to governments to do with it what they will.

We argue that the money is much better left in the hands of taxpayers. We will make that argument forcefully over the next several months as that issue grips the nation. It is certainly a big issue today. We say let us remember where that money is coming from.

The final point I want to make is that Quebec is the one that entered into this deal willingly, presumably because it thought it would help its economy. It asserted its independence, which is

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always the argument of the Bloc Quebecois members, "we are an independent nation, we are a people, we will go ahead and make our own deals". They did make their own deal. Now they are saying "we have decided that we want to change our mind; not only did we make a bad decision back then but we want compensation for making a bad decision".

They cannot have it both ways. I point out to my friends in the Bloc that almost every program we have in this country today is a transfer program of some kind. Inevitably my friends in Quebec do extraordinarily well, which is one of the most compelling arguments we can make to keep them in Confederation. Why in the world would they step out into the great unknown when they know that they have not only very generous equalization programs but even in programs like the Canada health and social transfer they do extraordinarily well. Almost every program has become a transfer program of some kind; the harmonization deal obviously for Atlantic Canada, but two wrongs do not make a right.

Even the infrastructure program was based on a formula that included unemployment so that higher unemployment provinces like Quebec got more money. What about employment insurance? Huge amounts of money are sent into a province like Quebec because we have regionally extended benefits primarily as an inducement to keep provinces like Quebec in the fold.

We have regional development which overwhelmingly benefits provinces like Quebec. Even the cultural grants in this country disproportionately go to the province of Quebec.

I am making the point that Quebec has already done extraordinarily well by Confederation. With the greatest of respect to some of my friends in the Bloc, this is beyond the pale. They are simply asking too much.

I am going to conclude simply by saying that compensation to Quebec for the GST deal which it entered into sets a horrible precedent. Canadians simply cannot afford it. If we do it for Quebec then we need to do it for every province. We are talking about not a few billion but tens of billions of dollars. Ontario would want \$3 billion and on and on it would go.

Where is this money supposed to come from? Where does it come from? It comes from the pockets of ordinary Canadians. We simply cannot afford to tax them ever more to give money to provincial governments. It is absolutely ridiculous.

That is the first point I want to make in summarizing as we enter this whole debate about the fiscal dividend. Let us not give the money away before we even get to the point where we have some money to give away.

Second, let us remember that two wrongs do not make a right. It does not make any sense that because money was paid to Atlantic Canada as sort of political hush money because of a dirty political

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promise that the then deputy prime minister made that it necessarily follows that we give the money to Quebec.

• (1110)

That is ridiculous. Two wrongs do not make a right. Every child knows that and I am surprised that some members in the House do not understand that.

I point out to my friends in the Bloc that they entered into this deal willingly. They made that decision in 1991 and rushed headlong in. They undoubtedly will enjoy the benefits of harmonization. They claim they already have. Are they to argue then that if they do better in the long run on harmonization than they projected they will turn some of the benefit back to the federal government? I doubt it. I do not think we will hear that.

Let me conclude by saying that Reformers will be voting against this motion. We think it is a foolhardy motion. We think the best solution of all is to take that fiscal dividend and turn it back to ordinary Canadians to spend in the most productive way possible.

Mr. Alex Shepherd (Durham, Lib.): Madam Speaker, I was happy to hear the member for Medicine Hat admit that the harmonization system may well be a benefit. It seems to me it was that party that argued against the harmonization in this House.

I listened with intent as the member talked about the importance of reducing taxes and getting taxes back in the hands of everyday Canadians. He also asked where the money was coming from.

We have in this country a program of equalization payments. It is a very complex formula but basically the object is to bring everybody in the country to common standards in health and education. Through the mechanism of the equalization payments certain portions of this country are already sending money to the Atlantic provinces. As a nation we want to build a dynamic economy. One of the features is a harmonized sales tax in the Atlantic provinces to allow those provinces to compete internationally.

One of the big features of a harmonization package is to reduce sales taxes for Canadians in the Atlantic provinces. It did just what the member is talking about. It reduced taxes and allowed more disposable income in the hands of Atlantic Canadians. Can they not see that?

Mr. Monte Solberg: Madam Speaker, I am surprised that the hon. member does not recall the debate a little better. One of the reasons that the Reform Party opposed this was precisely that it raised taxes in Atlantic Canada on the most vulnerable Canadians. As members of the NDP pointed out, in those provinces we were going to see an actual reduction in the cost of a yacht but on essentials like fuel for heating their homes and children's clothing we were going to see increased prices.

How can the member stand there and say that somehow this is a benefit to the people who are most vulnerable in Atlantic Canada? It is absolutely ridiculous.

I also point out to my hon. friend that part of this deal stipulates that it takes only a majority of the provinces to raise the rate for the harmonized sales tax but an absolute unanimity of all the provinces to lower it. In having a debate today about what to do with the fiscal dividend, we would need all the provinces on board to say we are going to lower that rate in order for Canadians to enjoy tax relief from the harmonized sales tax.

Why in the world would people who want to see some tax relief today stand up and support that type of deal when it essentially guarantees they will never see tax relief on the harmonized sales tax front? It is a crazy idea.

Mr. Joe Comuzzi (Thunder Bay—Nipigon, Lib.): Madam Speaker, I want to ask the member from Medicine Hat a couple of questions with respect to the speech he just gave. I am a bit disturbed by the tone of the debate.

• (1115)

An hon. member: Oh, oh.

Mr. Joe Comuzzi: I see my colleague opposite, in his anger, has not yet begun to pay attention to what is happening. If he would wait I am sure he would get an opportunity to speak in due course. That is a rule of the House.

The tone of the debate seems to be heading toward divisiveness and the fostering the divisiveness in the country that we are all trying to correct.

As a result of what the member for Medicine Hat just said in the House, does he agree with the following two points?

First, the House of Commons has a fundamental role when a country is as big as Canada. Some areas are more productive than others. Should we as a federal state be responsible for the distribution of the wealth in order to look after people living in certain regions who are not as fortunate to have the same natural resources as perhaps the people in his province?

Second, he talked about the surplus and a tax dividend. Should we not first be looking at improving health care, improving the educational system and improving the transportation system? Are they not the best places to put our funds?

Mr. Monte Solberg: Madam Speaker, the most important role of the federal government is to ensure equality of provinces, to ensure that provinces are treated equally.

That does not rule out equalization. Our party agrees with equalization. We do not happen to think that three provinces should support seven.

We should also pay attention to outcomes. We should ask ourselves whether or not it has actually worked to subsidize some provinces to the degree we have. Has it created the type of prosperity that will allow them to stand on their own two feet? I would argue that it has not. If it had worked everybody in Atlantic Canada would have six jobs. Most of them cannot find one today.

Canadians disagree with the hon. member when he says that we should pour more money into spending. Recent poles indicate that people want to see the debt paid down. They want to see tax relief. Only 13% want to see some spending. Instead of spending more money in absolute terms, we should focus some of the spending, take it out of unproductive areas of which there are many in government and focus it on areas that are important to people like health care, education, and research and development.

[Translation]

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Madam Speaker, in Quebec we have a beautiful motto, *Je me souviens*. In Quebec, we remember the love demonstration of October 27, 1995, just three days before the October 95 referendum, when people from English Canada came to tell us how much they loved us.

I would like my fellow citizens from Quebec who are watching us to realize how English Canada and the Reform Party love us: on our knees, on all fours. We are not able to stand up. We have here a clear demonstration of how much they love us.

Here is my question to the hon. member. In his speech, he made much of the fact that Quebec is costing a great deal to Canada, particularly in terms of unemployment insurance. So let us go then; we want to go away. Let us leave!

I would like the hon. member to tell us what he thinks about a trend that is spreading more and more in western Canada. I have been to North Vancouver to give lectures at the invitation of Reform members and people there were saying "Let them go". Yes, let us go, we want to leave, that is exactly what we would like to do.

[English]

Mr. Monte Solberg: Madam Speaker, Canadians are asking us to find a way to unite the country, not let them go.

• (1120)

The best way to unite the country is to bring economic prosperity to all and to treat all Canadians equally. The way to ensure economic prosperity is to keep tax levels lower than they are. We have the highest tax rates in the G-7. We have to get rid of the \$600 billion debt and give the people of Quebec, not the politicians, more money in their pockets so they can carve out their own lives and realize their own destinies.

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We do not need big government, whether it be in Quebec City or in Ottawa, telling people how to live their lives. Let us leave money in their pockets.

[Translation]

Mr. Michel Guimond: Madam Speaker, I would like you to rule on some terms the hon. member used earlier in his speech. I would like you to indicate to this House if the word "stupid" is in order and can be used in our discussions here. I would like your advice on this matter.

The Acting Speaker (Ms. Thibeault): We will review the blues and inform the hon. member of our decision.

In the meanwhile, we will resume debate. The hon. member for Kamloops has the floor.

[English]

Mr. Nelson Riis (Kamloops, NDP): Madam Speaker, it is a joy for many of us to have the opportunity today to talk about the most dreaded, hated tax that has ever been levied in the country. I guess we could say we are talking about two dreaded taxes, the harmonized sales tax in certain provinces and the GST which symbolizes most what Canadian taxpayers feel is the ultimate betrayal in recent political history.

I refer back to the election when the Liberals first came to power. I remember local candidate in Kamloops saying that if the Liberals were elected they would abolish the GST. In opposition they had spoken about the GST for many years. They called it a hated tax, a payroll tax, a tax that would destroy jobs, a job killer. Then when they were on the verge of becoming government they said if elected they would scrap the tax, abolish it, do away with it, because it was an evil, bad tax.

They promised that if they were elected the GST would be gone, would be history, would be scrapped, would be abandoned, would be finished, would be abolished.

Many Canadians thought that meant the tax would go away, that the government would actually do away with the dreaded tax. Obviously it was one of the most regressive taxes ever levied in the country because it did not discriminate between the rich and the poor. When a rich person buys snow tires and a winter battery, he or she will pay exactly the same tax as the poor person buying the same items. It does not make any difference. Obviously it is a very regressive tax.

It is fair to say that the citizens were betrayed, misled and lied to. I am not saying any individual lied, but a whole group of individuals lied called Liberal candidates.

After the election the government decided that rather than abolish or scrap the GST as was promised it would harmonize the GST. Harmonize is a good word. We all like to harmonize things. We like to sing in harmony or harmonize a community. The harmonized tax was to blend provincial and federal taxes.

Supply

I was shocked when the Government of Quebec acted so enthusiastically. It said that this was a great idea. It wanted to harmonize first. It wanted to be the first to harmonize the GST and the provincial sales tax.

• (1125)

I will let my friends in the Bloc explain why this sort of enthusiastic cheerleader approach was followed. I never understood it. All the evidence I saw at that time, all the evidence I have seen since and all the evidence I have on my desk before me today indicate that taxpayers pay more under the blended tax. The short and long of it is that taxpayers will pay more.

Some might say that might be the NDP analysis. Let us refer to someone other than the New Democratic Party of Canada. What about the dominion bond rating agencies? They thought they should do a very thorough summary, at least in the Atlantic provinces, to find out the impact of the blended sales tax in what they called the maritimes.

I will read two or three of the summary comments. They stated that there would be a net revenue loss for the provinces. That is not surprising. That is what everybody predicted. They stated that consumers would not benefit. They stated that the federal government would benefit because it would make progress toward complete harmonization and the burying of the GST. In other words, hiding the GST.

Probably one of the ultimate goals was to hide the GST so that people would not be reminded every time they bought a good or a service that they were being taxed by the federal government. The idea was to hide it from the consumer, and the blended sales tax would do that.

The analysis of the dominion bond rating agencies goes on for pages and pages. I could quote it until the time I have for my presentation runs out. They said there were two losers: provincial governments and consumers. They said the net benefit for business was negligible if at all. The availability of input tax credits was offset by the imposition of new taxes, as well as taxation on newly generated income.

Who benefits from it? The federal government sees it as a way to get off the hook, but it could not fool most Canadians so easily as presumably the Government of Quebec was fooled. I cannot to this day understand why the Government of Quebec was so enthusiastic to join with the federal government. I will leave that aside. It must have had its reasons.

What about the Atlantic provinces? Interestingly enough, there were Liberal governments in Ottawa, in Newfoundland, in New Brunswick and in Nova Scotia. I guess the prime minister said that they had to help out by joining in on the blended sales tax business

to get it started. I guess he said that the Government of Quebec had been conned and they had to be onside to get this thing happening.

The Atlantic premiers thought they would lose money. The prime minister said "What about a bribe? What about a billion dollar bribe? Would that help?" The premiers could probably be bought off for a billion dollars. They could do a lot of politicking with an extra billion dollars, and so they did. The three Liberal premiers of the Atlantic Canadian provinces of Newfoundland, Nova Scotia and New Brunswick accepted a billion dollar bribe to force the blended sales tax, the harmonized sales tax, on the citizens of the three provinces.

Then the government went to Prince Edward Island, which also had a Liberal premier, but there was an election on the horizon. In other words, the Liberal Government of Prince Edward Island would have to go to the people soon. Its members said that they could never sell it, that they did not have time to brainwash the people of Prince Edward Island, that they could never con them or fool them into believing it was good for them.

The evidence was mounting by the day. The Liberal Premier of Prince Edward Island said they could not be bought, could not be bribed, and would not be part of it. Indeed it is not a part of it to this day. Now there is a Conservative Premier of Prince Edward Island. The last thing he will try to do is jam the blended sales tax down the throats of the people of Prince Edward Island. The people of Prince Edward Island know what it will do to them.

What will it do? The Standing Committee on Finance finished a tour of Atlantic Canada. We went to all the capital cities. We talked to people about the economic and fiscal situation of Canada. A number of them indicated that the fact the average family in Atlantic Canada had to pay the blended sales tax meant the average family was paying out as much as \$600 more a year in taxes.

• (1130)

My friends across the way on the Liberal benches should be hanging their heads in shame, running out the back door and having a coffee. The president of Noranda in his speech the other day in Halifax indicated that 52% of working Canadians make less than \$20,000 a year in income. Those are working Canadians. We know that unfortunately a large number of people in Atlantic Canada do not have jobs period. If the average working family is making less than \$20,000, imagine the devastating inhuman impact an increase in taxes of \$600 a year would mean to those families. It means necessities have to be abandoned.

One of the most troubling days of my life as an elected representative was the day I went into an elementary Christian school in my constituency. We talked about the life of an MP and what we did, that part of the job was to raise money to do good works. That was the kind of theme I was trying to develop. I asked if there were any questions. A little girl in grade four or five said "Every Saturday my mom and I go to the bookstore to buy books

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about Jesus. I have to pay a tax on these books. I even have to pay a tax on my Bible”.

I have 20 minutes, Madam Speaker, and I have not spoken for 20 minutes.

The little girl felt it was unjust that she was paying the GST on her religious story books for Sunday school and on the Bible. She asked me to explain why we were doing this to her. I could not explain. I did not want to say that the Liberals were cruel or that they had imposed this regressive tax because I do not think it is fair for a young child to hear that kind of message. I said that sometimes governments just do odd and silly things, inappropriate things. Many other terms were on my lips at that time but I was in a Christian school—

The Acting Speaker (Ms. Thibeault): I must advise the hon. member that his time was only 10 minutes, being the third speaker to address this subject. If the hon. member has the unanimous consent of the House, he could go on for another eight or nine minutes. Is there agreement?

Some hon. members: Agreed.

Mr. Nelson Riis: Madam Speaker, I thank my colleagues for this extension. I will conclude my remarks quickly.

I think I have made my case. We can say this is the most dreaded tax in the country. What is more important than what I have said so far is the fact that in my judgment the imposition of the GST and now the blended sales tax, the HST, is the straw that broke the back of the Canadian taxpayer.

People knew that our tax system was unjust, unfair and biased. There is no question about that. People realized that they had to pay taxes in order to get many of the programs we value in our country, but the GST was too much. It pushed people too hard. It broke the will of people to comply with the tax system of our country so the economy started to move underground in a serious way.

The most popular books for about three months of the year on Canada's news stands are on how to beat the tax man, how to evade taxes. Look in this morning's paper. On the financial pages there were a number of seminars on how to move taxes offshore, how to set up an offshore tax haven. These seminars are being held in the capital city. People have lost faith in our tax system so they are finding ways and means to avoid paying taxes.

Although I have seen no empirical evidence I suspect a lot of Canadians these days are not paying the taxes they are actually obligated to pay, in the underground economy or whatever. I am

loath to say these are bad citizens because they know our system is so corrupt.

As my friend said earlier, people in Atlantic Canada know the tax system is wrong when there are folks who buy expensive yachts and get tax breaks while they now have to pay extra taxes on their children's winter clothing, on their books and school supplies and on heating fuel. It penalizes the working poor, the jobless and the victims of an economic downturn. They are punished and treated more cruelly under this blended sales tax.

• (1135)

I look at my friends across the way in the Liberal Party. They are nice people but why do they continue to perpetuate this cruel tax on us? Why do they keep telling people they are going to tax children's clothing and books? We would have to look long and hard to find a country around the world that says, "What we are going to do now is we are going to tax reading material, books". It is silly and regressive in a knowledge based economy to be taxing literature and books.

I realize my time is up and I do not want to abuse the privilege that my colleagues have given me to conclude my remarks. Suffice it to say that we are not at all keen on the GST. If the government is going to listen to Canadians, listen to what they said on the weekend when they responded to the poll that asked: If there is a tax decrease planned in the next budget, what kind of tax decrease should it be? Overwhelmingly, some 80% of Canadians said to begin to lower the GST. That would put money in every community in Canada tomorrow.

With the money being taken out by increased GST premiums, increased payroll taxes and so on, every dollar we can put back into the small and medium size communities and rural areas of Canada would be helpful, to say nothing of the urban areas. If we reduce that level of the GST tomorrow, it means that every single Canadian citizen would actually have extra money in their pockets to spend. Maybe \$1, maybe \$5, maybe \$20. Most people we know spend the money. They are not putting it into savings accounts. They need it simply to live.

We think that the enthusiastic endorsement of the Government of Quebec on the blended sales tax was wrong. We believe that the bribe to Atlantic Canada was wrong in principle. Therefore we obviously are not supportive of this motion that would simply give another bribe to Quebec to say thank you for joining in this rather odd and peculiar tax scheme.

With that I will say, obviously we are not going to be supporting this initiative put forward by my friends in the Bloc.

Supply

[Translation]

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Madam Speaker, we all know the values that are dear to the New Democratic Party. This is a party that promotes more fairness, justice and openness. I have to tell you that I find the statements made by the hon. member for Kamloops, and particularly his conclusion, rather confusing.

I do hope he was not talking on behalf of his party. I do hope this is not the final position of his party. However, I would like the hon. member to tell us if he thinks the province of Quebec was treated fairly and appropriately.

The province of Quebec agreed, in all good faith, to harmonize its sales tax in 1991 and never received any compensation for it. On the other hand, the Atlantic provinces harmonize their tax and are compensated. According to his deep values and principles, does the hon. member think this is a fair, normal and acceptable way to treat the province of Quebec?

[English]

Mr. Nelson Riis: Madam Speaker, my friend makes a very convincing argument. First, I do speak for my party. No, we do not think it is fair. We think the point being made in today's opposition day debate is reasonable. There was an unfairness. The people of Quebec through their government were not treated equitably or fairly. They were not treated in the same fashion as the people in the three Atlantic provinces were treated.

However, he used the term compensation, which is a fair term. I use the term bribe. I do not believe that bribes are appropriate in any circumstance. I do believe that the provinces in Atlantic Canada were bribed quite frankly. It is a cruel and very brutal term but not believing in bribery I cannot say that knowing they were bribed we should probably bribe another province as well.

• (1140)

My friend's point is well taken. There was an injustice. Yes some provinces were treated differently from other provinces. More particularly the province of Quebec was not treated in the same way the other provinces were treated. They were given a bribe and Quebec was not.

Mr. Alex Shepherd (Durham, Lib.): Madam Speaker, I listened intently to the member for Kamloops as I always do. I suppose that if, when my government showed up at this House in 1993 there had been no GST, things would have been a lot different. The reality is that it had been implemented.

The member talked about being on the finance committee. I did that trip. Only we were talking about a harmonized tax at the time. The small and medium sized business people said resoundingly "Harmonize the tax. We are dealing with two administrations

here. It is ridiculous. The bureaucratic overlap and duplication for small businesses is inefficient". It was that initiative, to make a dynamic economy, to get more money in the hands of Atlantic Canadians which we strove for.

Having said that, it is not just Canada. It is Australia. It is the European Union. It is New Zealand. All these countries have moved toward a consumption tax.

I agree with the member when he says it is a retrogressive tax in the sense that it affects all income groups the same. What I cannot understand is the member's acceptance of having said that and at the same time arguing for a reduction in the rate because if it is retrogressive on the upscale, it is retrogressive on the downscale. When those reductions are given, they are being given to the wealthy just as they are being given to the poor. Why would the NDP members not argue for a more targeted tax cut? Why do they want to reduce a retrogressive tax?

Mr. Nelson Riis: Madam Speaker, my friend's question is a very valid one. I want first of all to say that while there was some enthusiasm on the part of business for a blended sales tax, I think it was also predicated on the fact that they were assuming it would be blended across the country. Increasingly as companies do business across provincial lines and internationally, this adds even more confusion in terms of the business that they do. However, we will set that aside and I will answer my friend's question directly.

Our position as a political party is that we would like to see the eventual phase out of the GST. As we get into a more fiscally realistic era it would make sense.

Tax cuts obviously will become a reality one day. The fairest way would be to eliminate and phase out the GST. The reality is to go from its present level to zero in one fell swoop would be irresponsible. We simply cannot afford that as a country at this point. Therefore, a phase down to us makes more sense.

A phase down of the GST would create a lot more jobs than an across the board corporate tax cut, an across the board personal tax cut. I agree that some selected tax expenditures would be appropriate as well, but the GST phase down would put money in people's pockets immediately and hopefully one day we would see the end of the dreaded GST.

Mr. Jim Jones (Markham, PC): Madam Speaker, we support harmonization with the provinces provided they are all treated equitably.

Because the Government of Quebec benefited from harmonization at the time, there was no discussion about compensation. Now that the eastern provinces have followed the same path of harmonization at a loss of more than 5% of their revenue, the provincial Liberals negotiated with the federal Liberals for a compensation of \$1 billion total.

In retrospect Quebec thinks it should be compensated. However it is not the only province that will not receive compensation upon harmonization. Ontario will not, Alberta will not and also B.C. will not. These provinces pay substantially to those provinces that are being compensated.

In 1993 the Liberal government verbally promised to eliminate, scrap and abolish the GST. The Liberal red book itself was much more vague however. It only promised to replace the GST with another tax, a vague system that was supposed to generate revenue, claimed to be fairer to consumers and small businesses, promised to minimize disruption to small businesses and promised to promote federal-provincial fiscal co-operation and harmonization.

• (1145)

The Liberal red book pledged “Give the all-party finance committee of the House of Commons a 12-month mandate to consult fully with Canadians and provincial governments and to report on ways to achieve tax fairness, simplicity and harmonization. In particular, the committee will be mandated to report on all options and alternatives to the current GST”.

The Liberals led voters to believe that they would scrap the GST, not hide it in the price in three provinces which they have tried to do.

The Liberals used to think the GST was not visible enough. As the former member of Acadie—Bathurst and Liberal finance critic once said “The whole idea of visibility was seen by many Canadians as being a deterrent to free spending governments which would just raise the tax, get the money it needs at election time for promises, spend it foolishly and then all of a sudden be in extremely difficult times”. Even the Liberal MP for Kenora—Rainy River said “To keep the GST hidden from Canadians is despicable”.

The Liberals said that harmonization is a step toward replacing the GST. The Minister of Finance said “There is some possibility that when we take power in 1992 the provinces will entrench the GST in their sales tax regimes—It would be extremely difficult to undo in that instance, but I would consider removing it nonetheless, and in all other scenarios I am committed to scrapping the GST and replacing it with an alternative”. The minister also called the GST a regressive and unfair tax on living.

The Minister of Finance promised to do away with the tax and replace it with an alternative method of collecting moneys. Why has he not done so? Why has he not honoured these promises? Because the GST is, in fact, a fair and equitable method of collecting tax for this country. It was a well thought out plan on the part of the Tory government.

In April 1996 the federal government along with Nova Scotia, New Brunswick and Newfoundland agreed to harmonize their

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sales taxes and to bury them in the price. It was no surprise that all governments involved were Liberals. To entice the three provinces to participate, the Liberal government paid almost \$1 billion in compensation according to negotiations struck. This allowed the participating provinces to reduce their sales tax for a combined federal-provincial rate of 15%.

However, they failed to realize, or maybe they did, that far more goods and services would now be taxed. Those living in the three Atlantic provinces have been hardest hit. The HST attacks low and low middle income Canadians the most. Instead of paying only the GST, now they must pay the GST and HST, an increase of 8%, on electricity, fuel, oil, food, children’s clothing, gasoline, telephone, haircuts and school books. Those items that saw a decline in tax applied were those items high income Canadians can more often afford to purchase. Examples would be cars, stereos, home appliances and boats.

As Senator Robertson so eloquently put it “What is more equitable about a tax that makes it cheaper to buy a fur coat and more expensive to buy a jacket for a child, or more expensive to pay for electricity and less expensive to purchase a new car?”

Canadian taxpayers are footing the bill for this agreement. One billion dollars went from the pockets of taxpayers to the three maritime provinces to compensate them for lost revenues. Those provinces are receiving more than twice the money of their anticipated shortfall. In total the three provinces would have a revenue shortfall of \$395 million but in fact they are receiving total compensation of \$971 million.

Why was it necessary to overpay these provinces by more than \$570 million? Was this a good business decision or just an incentive to get the provinces to sign for a bad deal?

All this money was paid up front. However, the provinces may end up raising other taxes to make up the shortfall in future years.

• (1150)

We have heard from the provinces. It is clear that citizens are not pleased that the three provinces are being compensated through tax dollars. The government has gone so far as to offer those provinces that did not collect enough revenue, namely, P.E.I., Saskatchewan and Manitoba, their share of compensation if they decide to harmonize.

Although the agreement was not announced until the 1996-97 fiscal year, and even though the payments are meant to cover a four-year period, Ottawa booked the entire amount to the 1995-96 fiscal year. That lets Ottawa play a shell game with its deficit numbers. The finance minister said he can do this because he said before the end of the 1995-96 fiscal year that he would seek such an agreement. The auditor general has slammed this accounting trick.

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The Liberal government has broken its promises over and over again. The manner in which it harmonized the sales tax in the Atlantic provinces is evidence of this. Canadians have been deceived over and over by the Liberal government. First it opposed the proposed GST and now it takes credit for it. Example, the Prime Minister in London just a couple weeks ago.

The harmonized sales tax does not even come close to matching the red book's fine print. The GST is still here. It is the three provinces which are replacing their sales tax, not Ottawa.

The red book promised a tax system that minimizes disruption to small businesses. Retailers make it quite clear that tax included pricing would have caused major disruptions. Businesses selling in these three provinces from elsewhere in Canada will be required to collect and remit both taxes. No such burden will be faced by merchants in the three harmonized provinces when they sell to the rest of the country. This is both another cost to business and yet another barrier to interprovincial trade.

We applaud our PC senators who were successful in amending the harmonized bill. They were able to postpone tax included pricing until a time that provinces representing a majority of the population agreed. Tax included pricing in only three provinces would have driven up the cost of doing business. As a result there would have been added costs for everything from national advertising to the cost of reticketing items that are normally shipped from elsewhere with the price already included.

In closing, allow me to quote the hon. member for Saint-Hyacinthe—Bagot "The Liberals have done a patch-up job. In the three Atlantic provinces the existing GST and the provincial sales tax are being replaced with a single tax, called HST. But the fact of the matter is that it is the same tax. It is the same GST with a different name, with approximately \$1 billion in bonuses for the maritimes. They have done a patch-up job to meet their election objectives. They have made a partisan patch-up job at public expense and at the taxpayers expense with the taxes paid to the federal government every year."

[Translation]

Mr. René Laurin (Joliette, BQ): Madam Speaker, I listened carefully to the remarks of the hon. member for Markham, who seems to be blaming the government for not abolishing a tax that the Conservatives brought in when they were in power, that is, before the Liberals.

He blames the government for not keeping its promise but what I do not understand is where he stands on the motion we put forward today? Is the hon. member for Markham, who blames the Liberals for not keeping their promise and who recognizes that this tax has not been as beneficial for the Atlantic provinces as he could have hoped, ready to adopt the motion which our party has put forward today?

If the tax has not been good and if the Liberal government has not kept its promise, we suggest today to him that they have at least one opportunity to restore justice or to correct the unfairness created by this tax. Are the hon. member for Markham and his party ready to support the motion put forward today by the Bloc Québécois?

[English]

Mr. Jim Jones: Madam Speaker, I did not hear all of the question because I did not have my ear piece on for the translation.

• (1155)

I believe that my party supports the setting up of a panel to review this and will accept the decisions of the panel.

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Madam Speaker, the hon. member for Kamloops earlier this morning gave a very chilling account of the truth surrounding the GST and indicated what a regressive tax it is.

I pose a question to the members of the House. What would you think of a tax on going to the bathroom? Sounds preposterous doesn't it? The truth is we are just inches away. We pay GST for getting our hair cut. Should this not be a reality check for government? Have we now gotten to the point that we are taxing bodily services? I cannot stop my hair from growing.

He very correctly indicated that it is a tax on low income people. Everybody has to get a hair cut. Everybody has to buy clothing and books for children. He said if we did not have the tax that money would remain in the pockets of the people and the people would spend the money. He should have finished that. When you spend the money it stimulates the economy and it creates jobs. That is the whole point.

The GST is a tax on jobs. It is a tax on the economy. That is why it is regressive. Furthermore it drives a massive underground economy. The very people burdened by the GST are the hard working Canadians, people like contractors who provide services for other people. It is a natural tendency to say "I am so overburdened by the regressive taxation system in this country, I will tell you what. I am going to do that for cash". They make cash deals. So the GST drives a massive underground economy that results in a lot of lost revenue for the government. If the government would lower taxes, simplify the tax system and make it fair, people would not have an incentive to evade taxes.

Furthermore, the GST is a massive burden on small business. Instead of contemplating ways to expand their business and improve the services they provide to their clients, the guy now has to hire somebody to do accounting to help the government collect its taxes. Then the government has a massive bureaucracy in

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Revenue Canada to collect it. Think of the downsizing we could do if we did not have to administer this ridiculous tax.

The compliance and administrative costs of operating the GST are extremely high. Why do we not have common sense and say "Let us scrap the GST and simplify our tax system". It makes perfect sense. Why can the government not see that?

Mr. Jim Jones: Madam Speaker, I do not know if I am to respond to that.

The GST has been politicized too much. When it initially started out it was to replace the federal sales tax on manufactured goods which was 14%. Maybe there are some items that should not be included.

We should look at the benefits the GST has accumulated to this country over the last few years. Companies are now more competitive because the hidden manufacturers' tax is no longer there. The tax is not included in goods that go out of the country. We have, from a free trade standpoint, benefited. We have enjoyed a \$16.7 billion surplus in tax revenues coming from free trade. The GST has not been all that bad for us.

The Acting Speaker (Ms. Thibeault): In resuming debate, we will be going in periods of 20 minutes for speeches followed by 10 minutes of questions and comments.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Madam Speaker, I am very pleased to speak to the motion presented by my colleague from Mercier.

First, I would like to say a few words to Reform members. I was listening to them lecturing us earlier and giving us advice on political correctness. We do not need that kind of comment on an issue that is very important for Quebec, one where Quebec is the victim of a blatant injustice. We especially need no lessons in ethics from a political party that wanted, only two days ago, to invite a former minister of the Pinochet dictatorship in Chile to appear before the finance committee as an expert witness on pension reform. We have no lessons to learn from them. We do not need their moralizing.

• (1200)

Coming back to the subject at hand, when all the facts are considered, it is obvious that a blatant injustice was done to Quebec. To help you understand the nature of this injustice, I would like to remind you of the main features of the agreement reached by the federal government and three maritime provinces more than a year ago.

On April 23, 1996, the federal government concluded with three maritime provinces, namely Nova Scotia, Newfoundland and New

Brunswick, an agreement harmonizing their provincial sales tax with the GST.

Since the three provinces faced adjustment costs, the agreement provided they would receive in the following years a compensation worth close to \$1 billion, \$961 million to be precise.

How did the government come up with such a compensation for these three provinces? This is how it was calculated. Here is what they said, and it was the finance minister who set that criteria that suited the three maritime provinces perfectly: "Will the maritimes lose money if they go ahead with harmonization? If they do, we will compensate them". He put the criteria at 5%. What does it mean exactly? Under the agreement, if there is a decline of more than 5% in the tax revenue of the three maritime provinces, the federal government will take action and compensate them for these adjustment costs.

It is an important criteria to remember, and we will get back to it later when explaining why the province of Quebec is entitled to such a compensation.

What benefit was given to the three maritime provinces with an agreement on the harmonization of the GST and the provincial sales tax and \$1 billion in compensation? That agreement gave them three benefits straight away. The first one was the possibility to reduce sales tax by four percentage points. That was a direct advantage for the consumers in the three Atlantic provinces concerned.

The second one was the possibility for businesses to have more competitive prices in these three provinces since the lowering of the sales tax rate allowed them to lower the price of their products.

The third one was a major added advantage for companies in the Atlantic provinces because, with the full harmonization of taxes, which has been completed since April 1, they can claim a direct refund for all the taxes they pay on their inputs.

Quebec was not able to benefit from these three advantages. Quebec, which harmonized its sales tax with the GST on its own in 1990 did not benefit from these three advantages that were provided for in the agreement between the federal government and the three Atlantic provinces. It could not benefit from a complete harmonization because it could not afford it. It had to pay costs and it is still paying costs because it was technically impossible for it to proceed with a complete harmonization because, unlike the three Atlantic provinces, it did not have the financial support of the federal government.

That is why, in December of last year, Bernard Landry, the deputy premier of Quebec, minister of state for the economy and minister of finance, and Jacques Brassard, minister of intergovernmental affairs, demanded, on behalf of the Quebec government, compensation for the adjustment costs it incurred in 1990 and the

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costs it has been paying since then in terms of QST and GST harmonization.

• (1205)

Based on a fair assessment of the costs incurred, Quebec is entitled to an estimated \$2 billion in compensation. The Minister of Finance told us, and the Secretary of State for International Financial Institutions repeated the same thing a few moments ago—there are a lot of parrots in that party—“You are not entitled to this compensation because your provincial sales tax revenues have not gone down since the harmonization of the GST and the QST”.

I will remind you of the criterion I was telling you about a few moments ago and which is included in the agreement between the three Atlantic provinces and the federal government, namely that the \$1 billion compensation given to the Atlantic provinces is due to the fact that the harmonization of the provincial sales tax and the federal sales tax is causing them to lose over 5% in PST revenues.

It has been claimed—and the Minister of Finance and the Secretary of State for International Financial Institutions understand this problem—by using a rationale that has been stretched to the limit, that we are not entitled to anything.

One must look at the whole tax base. One must see if, for example, the harmonization of the tax has forced the Quebec government to make adjustments elsewhere in its tax structure that may have had a negative impact on the province's revenues. One must do that. One must look at all the facts in this matter.

There are three major facts. First of all, one must take into account that, when the harmonized tax was implemented in 1990, there were other taxes on certain goods and services in Quebec that had to be abolished and replaced by the new harmonized tax. Such was the case for fuel and tobacco products. The Quebec government had to abolish the old tax when fuel and tobacco products became subject to the new harmonized tax.

By so doing, however, the difference between the old fuel and tobacco taxes and the new harmonized tax meant a loss to the Quebec government of \$355 million. This is the first example of data missing from the Minister of Finance's assessment, or rejected out of hand by him, because he does not want anything to do with an accurate overall assessment—and, what is more, he knows he is wrong.

The second major point that must be considered is the overall tax structure before and after harmonization of the GST and the provincial sales tax in Quebec. People became aware that the cost of harmonizing the GST and the sales tax in Quebec meant that corporate tax rates had to be adjusted. They had to be increased in

order to raise supplementary revenues for Quebec to finance the harmonization of the GST and the TVQ.

I will give two examples. The first, that the tax on profits was raised, from 6.33% for businesses in general, to 8.9% immediately after harmonization. There is a link here with harmonization of the GST and TVQ, and the costs of that harmonization. Tax on capital was also raised, from 0.52% to 0.64%.

If you look at the preferential tax rates for small businesses, the SB program, small businesses saw their tax rates raised from 3.45% to 5.75%. All of this is linked to harmonization and to the costs of adjustment or transition from the GST and TVQ to a new harmonized regime, which we in Quebec were the first to have.

The third fundamental point is the one I made when I started to speak. Since Quebec was not compensated for harmonization of the GST and TVQ, we have not been able to fully harmonize our taxation system. What that means in particular is that, normally, large Quebec corporations ought to be able to receive full reimbursement of business input taxes paid, these being intermediary products used in production of their end product for sale.

• (1210)

In the maritimes, with full harmonization, which has been in effect since April, businesses have a competitive edge over businesses in Quebec. They are being reimbursed the taxes they pay on the purchase of the input used in the production of their final product.

The shortfall faced by big businesses in Quebec, which is tied directly to the lack of transition measures from the federal government to harmonize the GST and the QST—the Quebec sales tax—means a loss of \$500 million for these businesses. Because there is no compensation, the Government of Quebec cannot reimburse the taxes paid on the input of the major firms.

When the Minister of Finance tabled his latest budget, the Quebec deputy premier and minister of state for the economy, Bernard Landry, showed clearly the link between the injustice faced by Quebec on the policy of harmonizing the GST and the QST and the fact that big business is not being reimbursed the taxes paid on input.

We are talking about \$500 million, Madam Speaker. Do you know what that means? It is 10% of the Quebec sales tax revenues.

I return to the criteria whose importance I stressed at the start of my speech. The Minister of Finance said that, had the three maritime provinces lost more than 5% of their revenues, we could compensate them. This gave rise to the \$1 billion in compensation to the three maritime provinces.

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We have a situation where the big businesses' shortfall alone, in terms of a refund for the taxes paid on their inputs, totals \$500 million or 10% of the provincial sales tax.

The federal government must be consistent. It has to look at the overall picture and if it must pay then it should do so. Quebec is currently the victim of an injustice on the part of the federal government. Members opposite can say whatever they want. We are only asking that justice be done.

I will complete my presentation with a situation that could have occurred in 1990. At the time, Quebec could have looked at the various budget items, including direct and indirect taxes, and made other choices in terms of business and consumer taxes, etc., and it could have ended up with a completely different tax structure than the current one.

For example, let us consider the direct sales tax revenues in comparison with the governments' total revenues. There are huge differences between Canadian provinces.

The ratio of sales tax revenues to the governments' total revenues is 12.9% for provincial governments in the maritimes. In Ontario, it is 8.3%, while in Quebec it is 8.6%.

In 1990, had Quebec known that the federal government would some day offer compensation for harmonizing taxes—something we did without compensation or support at a cost of hundreds of millions of dollars—it could have said “There will be some form of compensation some day”. Using the rule mentioned earlier, by which the finance minister decided that the government was to step in and give \$1 billion to the maritimes in compensation after they experienced revenue losses from harmonization in excess of 5% of their current sales tax revenue, we could have said “If that is how it will work, let us reduce personal income taxes, reduce business taxes and raise the provincial sales tax so that, when the federal government comes to us with its plans for harmonizing and asks us to reduce our tax rate, it will have to pay us compensation because we will have experienced a loss in excess of 5% of our provincial sales tax revenue”. Can you see how it does not make any sense to consider sales tax revenue only instead of considering all adjustments that had to be made in the fiscal structure, including tax increases and indirect taxes, following harmonization in Quebec?

One cannot look at only part of the equation, decide that there were no losses and condemn Quebec to never getting any compensation for having made fiscal choices that were different from those in the past.

The maritime provinces depend heavily on sales taxes—they account for nearly 13% of their overall revenue, as someone said—and because they made that choice, they are entitled to \$1 billion in compensation.

• (1215)

We, on the other hand, decided to reduce sales taxes to only 8.6% of the tax base in order to boost the level of consumption and stimulate employment, and we are out \$2 billion because we made rational decisions, decisions which, I would remind Reform and Liberal members, also served the purposes of a federal regime; that should not be forgotten. We were the first to harmonize because the idea was that it could benefit businesses with respect to operations, interprovincial trade, and so forth. We went along with the federal government's proposal. So we are not interested in hearing that we are being difficult.

What is even more offensive is that \$250 million of the compensation being paid the maritimes is coming from Quebec taxpayers. Not only are we not getting \$2 billion in compensation, and there are actual figures to support this calculation, but as Quebecers we are also being forced to pay \$250 million to harmonize a tax in the Atlantic provinces so that businesses in those provinces can be more competitive than businesses in Quebec, can cut in on our markets, take away our jobs, and all with our help. You can see what a ridiculous and unfair situation Quebec is in.

We are not calling for a debate for the sheer pleasure of it. There must be no confusing apples with oranges, dragging constitutional arguments into a serious fiscal matter, as our colleague, the secretary of state for international financial institutions did just now. He often says the first thing that comes into his head, but this time he was out of line. What we are calling for in our motion is something quite simple.

We have figures and arguments. We think they are the best arguments. We think we have a strong case. We think we have been treated unfairly in this matter, and we are not the only ones who think so, because our view is also shared by the premiers of all Canadian provinces. Last year, at the economic summit in Quebec City, this was the unanimous view. All these people cannot be wrong. But we are prepared to play by the rules and take this approach. The Minister of Finance tells us “You are not entitled to compensation”. Maybe we are wrong. Maybe all these people are wrong. Maybe our case is not as strong as all that.

But this is our proposal, the proposal that our leader, the member for Laurier—Sainte-Marie, outlined during the election campaign, and it is an ingenious proposal that could resolve this deadlock. Its result could be that we would no longer rise every week in this House to ask the Minister of Finance for \$2 billion, and he would no longer tell us we have no right to such an amount. This is a useless debate.

What we propose is that three experts be appointed—the first by the Minister of Finance, the second by the Government of Quebec,

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and the third jointly by the first two—to review the whole issue and analyze all of the basic data involved.

We are ready to accept the conclusion. But if the Minister of Finance rejects our proposal, it is because he has something to hide, because he recognizes his vulnerability, because he is scared to compare the technical arguments of the Bloc Québécois and the Government of Quebec with his own technical arguments. If he rejects our proposal, it is because he knows very well that following an objective analysis, a serious assessment like the one we outlined this morning, he will realize that he owes money to Quebec. He will realize that he made a mistake. He will realize that he owes Quebec \$2 billion, \$1.9 billion to be exact, for harmonizing the GST with its provincial sales tax.

We are humbly reaching out to the federal government so that this deadlock can be resolved and so that we can go forward. As I pointed out, we are willing to accept the conclusion of the three experts. Government members ought to take this issue more seriously, to be fair to Quebec, to show some intellectual honesty, because over the last year and a half, I have seen this debate degenerate into demagoguery. This makes no sense.

So we and our leader humbly submit this extremely intelligent proposal. All that is left to do is to settle the account.

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, as everyone knows, harmonization presents many advantages for small and medium size businesses; there is only one tax, one base, one document and one administration.

• (1220)

Furthermore, one of the major advantages is for companies, small and medium size businesses and large corporations which must all stay competitive in the business world.

What we did with the GST is give provinces the opportunity to refund any provincial tax paid on inputs. This is the major advantage agreed to by the three Atlantic provinces. Even premier McKenna said his increased competitiveness, compared to provinces which had not yet harmonized, would highly benefit corporations.

We know that Canadian corporations now pay more than \$5 billion each year in provincial tax on inputs and the best way to avoid that is GST harmonization or, in other words, a value added tax.

That being said, according to the hon. member who just spoke Quebec corporations stated they were not benefiting from the credit on inputs. They cannot get a refund for the provincial tax paid on inputs.

This is not our fault, the problem lies with the Quebec government which is not reimbursing all of the provincial tax paid by large corporations in Quebec. It is their problem.

Mr. Yvan Loubier: Mr. Speaker, I told you the member did not make any sense, he has just proven me right.

What I said is that under complete, total and general harmonization, all aspects of the issue taken into account, when the GST is blended with the provincial sales tax, at the end of the day large businesses paying a blended sales tax on the inputs they buy are entitled to a refund. They are entitled to an input tax credit.

The maritime provinces have been able to do it since April 1st because the federal government gave them \$961 million for that. In Quebec, we went ahead with harmonization, without any federal support. But we cannot do it, we cannot afford to do it because the federal government has been and continues to be unfair with Quebec.

Harmonizing both taxes is a good thing. We believe it is. We support efficiency, and the federal government knows it. But it wants to draw a red herring across the trail.

If it was being fair with Quebec, we could refund large businesses the \$500 million they pay in taxes on inputs, but we cannot do it because of the government lack of fairness in its dealings with Quebec. As a result, we are less competitive than we should normally be if the system was slightly more equitable with Quebec businesses. We are competing in particular with New Brunswick businesses which enjoy a \$400 million rebate linked to the billion dollar in compensation the federal government is giving three maritime provinces.

You talked about Frank McKenna and rightly so. He is still premier. I have even harsher words for him. Frank McKenna tried to steal our own businesses. He even went to Asia to try to attract Quebec businesses saying “Come to New Brunswick. You will enjoy a \$400 million tax rebate”. This is what the federal government calls a fair system. Wait a minute.

[English]

Mr. Roy Bailey (Souris—Moose Mountain, Ref.): Mr. Speaker, maybe it is a good time to make a comment and then ask a question of both my colleagues on the government side and in the Bloc.

• (1225)

I listened this morning to the debate about taxes and fairness. It reminded me of the old cliché which says there is nothing surer than taxes and death. I had this come home to me the other day. I had power of attorney and was official guardian and had to deal with the burial of people who were destitute, had no money. I had to step in. When I got the bill, the thing which reminded me of the

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cliché was that I had to pay the taxes. These people were even taxed in death. Canadians are used to taxes.

I have a comment for the government minister and the member of the Bloc. Approximately five years ago because of the illegal importation of cigarettes into Canada the federal government removed most of the federal tax in Ontario and in Quebec. It was a federal tax but it was not removed in western Canada. Smokers out there had to pay the full shot.

Would either of these members say that maybe Saskatchewan smokers should be reimbursed because they had to pay all the cigarette taxes when over half the smokers in other parts of Canada did not have to pay them?

[Translation]

Mr. Yvan Loubier: Mr. Speaker, I have a short comment regarding what was said by the hon. member from the Reform Party.

Clearly, in a ideal world nobody would pay any tax. But, I would like to bring him back to earth. We do not live in an ideal world and there are taxes to be paid. Unfortunately, we have to live with that. As you said, even death is taxed. It will take a while before that changes.

Hon. Jim Peterson: Mr. Speaker, I must agree with the hon. member from Quebec who just said that in an ideal world things would be different. In an ideal world nobody would smoke.

This being said, I would like to add two things to his comments. True, the Government of Quebec does not give rebates to companies for their input taxes, which amount to \$500 million, but this is the fault of the Government of Quebec and an indication—

The Acting Speaker (Mr. McClelland): The hon. member for Saint-Hyacinthe—Bagot.

Mr. Yvan Loubier: Mr. Speaker, I can only answer that I will get back on track, because occasionally we have to return to serious matters. The secretary of state had a good laugh, but it is time to get back to serious business.

Our proposal is to submit all the data to an arbitration panel independent from the government, independent from the Bloc, independent from the Government of Quebec, for a full evaluation.

We believe that this is really unfair. All we are saying is that Quebec should be treated fairly in tax matters, in money matters. This should not be too hard to understand. Let us try this formula: three independent experts to study the question instead of relying on whatever members opposite have to say. We are getting a bit tired of arguing over numbers and of not making any headway in this matter after a year and three months.

[English]

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am hoping after having heard the first round of debate that we can restore some clarity and context to the whole issue of the harmonized sales tax and specifically the motion before us that deals with compensation.

In order to do that I want to go back a step and focus on the early part of our mandate when the government asked the House of Commons finance committee to consider alternatives to the GST and to essentially consult broadly with Canadians on some alternatives.

The committee heard from tax experts, business people and Canadians. In fact the committee heard from nearly 500 witnesses and received over 700 briefs. It reviewed about 20 different alternatives and found that the broadest consensus by far was in favour of harmonization, replacing the current patchwork of sales tax with a single tax based on a value added system.

• (1230)

As you will remember, Mr. Speaker, because you were here in the last Parliament, this really became the foundation of the HST, the harmonized sales tax. It was an agreement between the federal government and three Atlantic provinces, New Brunswick, Nova Scotia and Newfoundland. Throughout this agreement which came into effect last April these provinces replaced a system which was in fact quite cumbersome, costly and complicated with one that proved to be simpler and essentially more efficient. Most important, these changes will add up to a better system that promotes a stronger economy and will result in greater job creation.

Consumers in participating provinces are benefiting in a number of important ways. Most important, there has been a reduction in the rate of tax. For Nova Scotia and for New Brunswick the combined rate of 15% represents a decrease of essentially 4 percentage points in an effective sales tax rate. In Newfoundland and Labrador the rate decrease is closer to 5%.

We heard a lot about businesses this morning in the first round. Businesses are also benefiting from the lower combined tax rate. They now have to deal with only one set of tax forms, one set of rules and one tax administration. Essentially it means lower compliance costs, and we know that translates into savings and those savings translate into the firm's own bottom line and can benefit consumers.

The Canadian Institute of Chartered Accountants estimated that if all provinces were to join in the national sales tax system Canadian business could save between \$400 million and \$700 million a year in administrative costs alone. I should also point out that a someone who has been part of the small business community, and Mr. Speaker, you are also part of the business community, the

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benefits of lower compliance costs will particularly be advantageous for the small business community. We know that the small business community also bears disproportionately the cost of dealing with two separate tax systems.

A further benefit to businesses in the participating provinces will be the recovery of the HST payable on inputs, something that was not being done before the implementation of the HST. In fact, harmonization will eliminate over \$700 million in hidden sales taxes on business inputs in the three Atlantic provinces. This will in fact reduce the cost of Atlantic exports and essentially eliminate the unintentional competitive advantages that imports currently enjoy in the Atlantic provinces. The HST adds up essentially to a simpler, fairer system and really a stronger economy.

Let me now turn to what is really the aspect of this legislation that has too often been attacked, including today's motion, and essentially attacked by those who placed partisan politics and narrow regionalism ahead of clear objective thought. This of course is the decision by the government to provide a formula for short term adjustment assistance to provinces when they face significant structural costs to participate in a new and integrated system.

Under this legislation adjustment assistance is available to provinces which experience a revenue shortfall in excess of 5% of their current retail sales tax receipts by moving to a single harmonized sales tax system at a combined rate of 14% or 15%. It is important that we emphasize that this is also a short term measure limited to a period of significant transition that these provinces will be going through. It will end after four years. It is not an ongoing program which some of the members have alluded to in this House as being a subsidy. It will end after four years and it provides provinces with sufficient time to adjust to a harmonized system.

It is also important to note that it is truly a joint program. Under the formula there is near equal sharing between the federal government and qualifying provinces of the adjustment costs that harmonization would entail over a four year period, but what I find disappointing is that there are some Canadians who have attacked the entire concept of adjustment assistance.

This mindset essentially ignores history. It misreads the present and quite frankly it lacks the vision for the future. Canadian history makes it very clear that government has played an essential role in our economic evolution and adjustment.

● (1235)

There were tax and land grant support for a national rail system, the development of the St. Lawrence seaway, megaprojects from Lloydminster to Hibernia, special tax concessions for oil and gas development, for research and development, and for small business. I could go on and on. The list is long and quite honourable.

These government investments respond to opportunities. There is a long and proud list of federal assistance for sectors and regions that face economic difficulties and dislocations or must in fact confront some core structural change.

Equalization payments are an essential part of our constitutional framework. They recognize that all of Canada is stronger as a society and as a marketplace when we help less affluent provinces to provide a basic level of public service and support.

Perhaps some members are not aware of this, but back in 1972, when the federal government instituted income tax reform, every single province received adjustment assistance totalling more than \$2.7 billion over a seven year period.

More recently the federal government provided assistance to farmers following the collapse of world grain prices. Now they are being compensated for the elimination of the Crow rate.

We have provided bottom line support for maritime fishers who were confronted by a tragedy of decimated fish stocks.

We equally shared in the cost of solving the problem of tobacco smuggling in Ontario and Quebec.

These actions were not charity. They were not partisan politics. They were essentially a reflection of the contract Canadians have struck with themselves, a nation building contract which says that there is a critical role for government and that critical role is to help when help is truly needed and where it can in fact be truly effective.

That takes me to the present. Today more than ever we must manage assistance with much more rigour, innovation and insight. The world of global competition for trade, investment, business opportunities and jobs demands that government remain constantly conscience of the bottom line.

We all know that a government which squanders resources imposes on the nation the costs of high deficits, high taxes and even higher interest rates. These we all know are job killers and investment killers. More important, they are future killers and they are hope destroyers.

This same challenging competitive environment also demands that government continue to play a role in helping its citizens, sectors and regions to meet the global challenge. That is exactly what we are doing with the adjustment assistance for the sales tax harmonization.

Assistance is a necessary investment in making Canada stronger, through helping disadvantaged regions move to a modern tax system to meet the modern challenges of today. It is a 21st century type of investment. It reflects the fact that government must change how it involves itself in economic development.

Supply

The assistance formula which we have developed applies equally to every province. There is no discrimination. There is no favouritism. More important, let me state very clear that there is no bribery involved, as was mentioned earlier by a number of members.

Any province in the country which faces a transitional revenue loss exceeding 5% because of harmonization qualifies for assistance. I cannot make it much clearer than that. It is pretty straightforward. After four years it is on its own. It is a transitional measure.

That means that British Columbia, Alberta and Ontario would not meet the threshold. They will not lose money on harmonization, just like Quebec did not lose any money when it partially harmonized.

Let us go directly to the heart of today's motion by the Bloc. There is simply no truth to the fiction that Quebec incurred revenue losses under harmonization with the GST. That means that there are no grounds for its claim that it is being shortchanged.

Let us go with the facts. After beginning its phased in harmonization in 1991-92 and 1992-93, Quebec sales tax revenues were 20% and 17% higher in each fiscal year, respectively. These figures are not based on my documents. They are not based on the documents of the national government. They are based on Quebec documents.

• (1240)

It is a fact that annual Quebec sales tax revenues over the 1990-91 to 1995-96 fiscal years were on average 12% higher than the province's preharmonization revenue in 1989-90.

I can go further. It is a fact that when we draw the analogy with the other provinces over that same period, Ontario with a retail tax system similar to the one Quebec replaced had an average annual sales tax revenue drop of 3% below 1989-90 levels. In other words, when you make the comparison of where Quebec was with harmonization, the improvement we saw in Quebec, and look in that same period at the experience of Ontario, which has a similar retail sales tax system, we see that harmonization was a winner for Quebec.

Let me again be very clear. It is a fact that compensation is available for those provinces that fully harmonize with the GST. Let me explain that. Full harmonization with the GST means that you have the same tax base, the same rate and that members of the HST, provinces and the national government, would move in concert if we see a rise in rates, a reduction in rates or an expansion of the tax base.

The second point is that the revenue loss because of harmonization be significant. Quebec is not fully harmonized. It is partially harmonized. Quebec's revenues went up after harmonization.

The other point that was brought forward this morning by an hon. member from the Bloc was that the premiers across this country supported Mr. Bouchard when he said they are entitled to \$2 billion of compensation. That was the message from St. Andrews.

Let me clarify what the premiers said in St. Andrews. What they said is that all provinces should be treated equally. Quebec in this instance has been treated like all other provinces that do not suffer a decrease in revenue due to harmonization.

Let us talk about who would have qualified for compensation under the HST in 1996 since the emphasis has been on the Atlantic provinces and that the deal was made with the Atlantic provinces, and solely with the Atlantic provinces.

Under the formula Manitoba would have qualified for compensation in 1996 had it decided to participate in the harmonized sales tax. I do not recall there being a Liberal government in Manitoba in 1996. I believe it was a Conservative government and still is a Conservative government.

Saskatchewan would have qualified in 1996 for compensation under this formula had it decided to participate in the HST. The last time I checked Mr. Romanow was still the premier of Saskatchewan, the leader of the New Democratic Party.

It is not a deal that was struck solely because we have a number of Liberal governments in the Atlantic provinces. The Atlantic provinces saw merit in participating in the harmonized sales tax. They recognized the efficiency it would provide for their business community and the fact that it would make them more competitive and improve their exports.

Let me go to another fact. André Bourbeau, former Quebec finance minister, declared earlier this year that Quebec did not lose money by harmonizing its tax rates with the GST. To the contrary, he said that the operation has generated hundreds of millions of extra dollars to the Quebec treasury.

A comment was made earlier about the fact that because Quebec did not receive compensation for this harmonization it was forced to increase corporate tax rates to make up for that compensation.

• (1245)

I cannot make it any clearer than that. Harmonization occurred and revenues went up. If there were any increase in tax rates for corporations in Quebec it was solely because of the decision made by the Quebec government at the time. It had nothing to do with whether or not Quebec qualified for compensation. Any linkage to that is truly false.

For the three Atlantic provinces, with their less developed economies and such problems as fish stocks, harmonization carries a painful interim cost. There is no denying that. That is why we developed this compensation formula and why they will receive about \$960 million of assistance over four years to deal with the

Supply

structural adjustment they are required to make as a result of harmonization.

It is surprising and quite frankly frustrating that our approach has been turned into a political football. There is tragic cynicism at work here, the type of cynicism that always knows the price of everything but the value of nothing.

Who can argue with the value of helping provinces to provide the environment to industry to help it thrive, not just one sector or two sectors but all businesses in the region? It is particularly true for the Atlantic region, which is why it has moved to accept the harmonized approach.

By what illogical leap can it be suggested that because some provinces qualify for assistance it should then be provided to every province, even to those who will not suffer major losses?

I will return to my example of 1971 when changes were made to the income tax system and every province received compensation because they were adversely affected. That was not a prescription. It is a comment we cannot agree with.

Since I only have a couple of minutes left, let me close by saying that I reject the competing point of view so often expressed by the Bloc and in effect by the official opposition that opposes any compensation. It ignores the obligation framed by 130 years of Canadian history to help disadvantaged regions become equal partners in a strong, vibrant and growing country.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I heard so many strange things in that speech that I hardly know where to begin to set the record straight.

First, I do not know where the member was earlier when I presented some technical arguments. Had he been present, he would have understood that one should not get too close to the tree and ignore the forest. That is what he is doing now. We must consider all the basic data, the overall data in the case and see what happened before and after the harmonization at all tax levels.

If he looks at the data—and if he does not know, he should ask his finance minister because I suspect there is some ill will in this case—he will see that there are increases in tax rates for businesses and for individuals. Certain goods were no longer taxed, which generated losses for the Quebec government. These goods are now subject to the new harmonized tax, but the losses are still there.

This was demonstrated to him earlier. If what we are proposing is nonsense, what is the government afraid of? The member should ask his finance minister. What is he afraid of? What does he fear if

his case is so strong? He should submit this case to the committee of experts.

I want to make a last brief comment. He referred to a former finance minister; I know he referred to Mr. Bourbeau. I would tell you that this is no reference. He is the one who left Quebec flat broke with an unprecedented deficit of \$5 billion. So this is no reference.

[*English*]

Mr. Tony Valeri: Mr. Speaker, once again the manipulation of information is becoming an art form.

• (1250)

Since it is a fact it should be quite clearly on record that harmonization resulted in an increase in revenues for the province of Quebec. The formula put in place that deals with structural change to a tax system speaks to giving compensation to provinces that suffer a reduction in revenue. More specifically, any province with a loss exceeding 5% because of harmonization would qualify for assistance.

Quebec revenues went up after harmonization. Essentially as part of this formula it would not qualify, as British Columbia would not qualify, as the province of Ontario would not qualify, and as the province of Alberta would not qualify. If they were to harmonize they would not qualify just as Quebec does not qualify given that they are partially harmonized and not fully harmonized.

Mr. Gerald Keddy (South Shore, PC): Mr. Speaker, having listened to the hon. member's comments I do not know where to start. Because of time restraints in the House it is obvious we will not have time to meet all the concerns raised by the hon. member.

I have a couple of questions. He spoke about the foundation of the HST. For the rest of the members in the House, when the tax was originally brought in it was called the blended sales tax in Nova Scotia. However the initials BST were a little tough for the government to swallow so it was changed to the HST.

The hon. member made a lot of suggestions about partisan politics. We listened to a certain amount of Liberal propaganda. Does the hon. member understand how on a workhorse the reins go up through the hames and attach to the horse? Does he understand the commands gee and haw or droite and gauche? Does he understand why those commands are given, that they are given to a horse because it is wearing a set of blinders? Therefore the horse listens to the commands. If the blinders are taken off the commands do not seem quite as specific.

You said that when the HST was brought in it lowered the tax rate to 15% in Nova Scotia. That is not entirely correct. It lowered it to 15% on some things, 18% on automobiles and on second hand

cars the tax is still there. The tax is not revenue neutral. It gathers more tax than the two combined taxes used to gather. What is the government prepared to do about that?

The Acting Speaker (Mr. McClelland): Before the hon. parliamentary secretary has a chance to respond, I remind hon. members to address each other through the Chair.

Mr. Tony Valeri: Mr. Speaker, I cannot profess to be a rider of horses. I am not quite sure what the hon. member was talking about in terms of reins. I will put those comments aside and try to deal with the facts.

If the hon. member is saying that in Atlantic Canada the provinces are earning more revenue now that the taxes are harmonized, compared to prior to the harmonization, the Atlantic provinces would not qualify for compensation. His statement is incorrect. The provinces Atlantic Canada because of harmonization are earning less government revenues.

If the member is saying that Atlantic provinces are earning more money today because of harmonization than they were prior to harmonization, that is incorrect. The reason assistance is being provided to the Atlantic provinces is that harmonization has brought some structural change to the Atlantic provinces. As a result of that structural change they were to experience a greater than 5% reduction in the retail sales tax. That is why they are receiving assistance.

Mr. Rick Casson (Lethbridge, Ref.): Mr. Speaker, I heard some comments from the hon. member opposite that I liked and that surprised me.

• (1255)

He said that high taxes were killing jobs. It was great to hear that from across the House. We have been saying that for a long time and we know it. The small businesses I have talked to complained about filling out one set of tax forms. If it is taken from two to one, what is the difference? They are still filling out a set of tax forms. It is still taking their time. They still resent having to be a tax collector for the government.

When they had meetings a consensus was brought to bear that businesses wanted a harmonized tax system. Was a question put to them on whether they wanted a tax at all? Was that ever raised? They were to have harmonized taxes. Did they want two taxes or one tax? What do we do about the GST which the government promised to get rid of but is still in place?

We talk about increased revenues for provinces and the federal government. Where is that revenue coming from? It is coming out of the pockets of families and businesses. The emphasis should be on putting the money back.

Supply

You have commented on the consensus and I want you to elaborate on that—

The Acting Speaker (Mr. McClelland): I remind hon. members, once again, that we must address our comments to one another through the Chair. It tends to keep the level of debate more controllable.

Mr. Tony Valeri: Mr. Speaker, I will respond to a number of the points made. I thank the hon. member for the question and for his comment that he agrees with a number of things I have said.

On the actual forms that need to be completed with respect to the GST or harmonized sales tax, there is no question I did a fair amount of work on the small business sector in the House during the last session. Regulatory burden and compliance burden were big issues for the small business community. As a result one form was eliminated by those provinces that harmonized, which provided for some reduction in the burden of compliance.

As well, I believe it was announced recently by the revenue minister that there would be a reduction in the period of time small businesses would have to remit sales taxes to the federal government. If they are earning less than \$30,000 they are exempt. Over that amount they can now go to a quarterly period rather than having to remit it on a monthly basis. Again this speaks to the reduction in the burden of compliance.

With respect to the pressures in terms of axes there is no question that as the finance committee went across the country taxes were an issue that spoke to the competitiveness of the country. The finance minister has said over and over again that when the government and the country can afford to provide substantial and sustainable tax relief to Canadians they are committed to doing it. At the initial stage a very targeted tax relief will be provided for those most in need.

[*Translation*]

Mr. Odina Desrochers (Lotbinière, BQ): Mr. Speaker, the motion moved by my party today shows once more that the Liberal government continues to deal with Quebec on a different basis.

Despite repeated demands from the Quebec government, it systematically refuses to grant any compensation for tax harmonization in Quebec. Its repeated rejections of legitimate Quebec demands have been condemned time and again by Bloc Québécois members and the Quebec finance minister, Bernard Landry, who has to deal with a \$2 billion shortfall. In a similar situation, maritime provinces received \$1 billion. Thanks to that money, the governments in these provinces, especially New Brunswick, are now better able to compete with the other provinces and with Quebec.

By acting this way, the Liberal government, even when it tries, through its federalist propaganda, to sell the merits of the best

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country in the world, is clearly trampling all over Quebec by hiding behind the smoke screen of a financial model that results in inaccurate calculations by the finance minister.

Whatever financial method the finance minister is using, we know how he views the province of Quebec, a unique province that, since 1993, has been hit by drastic cuts, the sole purpose of which is to discredit the Quebec government.

• (1300)

Had it not been for the tactics of the Liberal government, the Government of Quebec would have already presented a balanced budget to the people of Quebec.

The Minister of Finance is hard-headed, or he seems to have problems understanding our arguments. Last December, two Quebec government ministers once again demanded that Quebec receive \$2 billion in compensation for harmonizing its provincial sales tax with the GST. It should be remembered that Quebec harmonized its sales tax on its own and without any financial assistance. Quebec businesses bore the financial costs of this reform.

Last May, in his speech, the Quebec Finance Minister reminded us that on April 26, 1996, the Liberal federal government announced with great fanfare the signature of memorandums of understanding with three Atlantic provinces, whereby their respective sales taxes would be harmonized, effective April 1, 1997, at a combined rate of 15%.

The reason for this decision by the federal government, according to the Minister of Finance, was to compensate the financial losses borne by these three provinces. At the same time, he announced an adjustment assistance program whereby close to \$1 billion, that is \$423 per capita, would be paid as compensation. But nothing for Quebec, as the federal government showed once again that it could not be fair to Quebecers.

When he tabled his budget in the National Assembly, the Quebec Minister of Finance strongly condemned this action by the Liberal government. I would like to quote Minister Bernard Landry:

The adjustment assistance program gives the three Atlantic provinces a competitive advantage over Quebec. Because of this compensation, these provinces are able to reduce their sales tax rate by 4 percentage points and to give businesses full rebates on their input taxes. Because of the federal government's financial assistance, they can make their tax system more competitive, without having to increase their other taxes and without reducing input tax credits for businesses in order to finance the cost of harmonization with the GST.

After many requests and months of waiting, Quebec finally received from the federal government, in August 1996, the detailed results of its analytical grid used to review Quebec's request. We are attempting again today to bring the federal Finance Minister to admit that his calculations are incorrect.

I will quote again Minister Bernard Landry:

By considering only the sales tax revenues of the provinces that have opted to harmonize with the GST and not the complete tax burden, the adjustment assistance program fails to consider the provinces' global tax policy. In this way, this program unduly benefits the Atlantic provinces, which have the highest sales taxes in Canada.

This is what their renewed federalism, their more flexible federalism, is all about, complete with the homeland of the French language and, more recently, the unique character of Quebec and Quebecers which nine other Canadian provinces now want to recognize. This is how the federal government wants to define the unique character of Quebec.

I do not want to fight over figures, but let us take the time to see how the Liberal government behaves in its dealings with Quebec.

The conflict between Quebec and Ottawa arises from the fact that compensation is calculated based upon an economic model and some kind of simulation. The federal government has tried to estimate the amount to the losses the Atlantic provinces and Quebec will incur during the four years following the harmonization. This simulation is applied to all provinces and only takes into consideration the sales tax revenues.

By using only the sales tax revenues instead of the total provincial tax base to determine if the provinces deserve any compensation, Ottawa is treating the provinces and Quebec in the most unfair way possible.

• (1305)

It is obvious that the federal Minister of Finance is unjustly penalizing the provinces for their previous fiscal choices. Indeed, eligibility for federal compensation depends on the way the provinces choose to structure their taxes. The more a province relies on sales tax to generate revenues, the more a change in that tax rate is likely to produce major revenue losses, and the more that province is likely to receive federal compensation.

The adjustment assistance program is arbitrary since it does not take into account the fiscal realities in the different provinces and in Quebec nor their actual financial capacity to harmonize their sales tax.

The compensation requested by the Government of Quebec is very reasonable. I remind you that the compensation paid to the Atlantic provinces equals almost \$1 billion, which represents an average of \$423 per inhabitant while the compensation demanded by Quebec represents \$273 per inhabitant.

Numbers talk and I submit that the Minister of Finance should be competent enough to recognize the difference between the Atlantic provinces and Quebec. Since the beginning of this session, the Minister of Finance seems to have forgotten a basic rule of

etiquette which says that when asked a question, one must answer, and more importantly, one must tell the truth.

I sometimes wonder if the minister still remembers that rule. With all his empty answers, we come to question how serious he is. When we know that there was a 60% gap last year between his estimates and the actual deficit, we can easily see why he cannot really understand Quebec's situation.

I wish to take this opportunity to say that the political decisions of the Liberal government since it took office in 1993 are being criticized throughout Canada and Quebec. Poverty is on the increase, students are in debt and have no jobs, the EI reform is unfair to everyone, and social and health services have been hard hit. And the Liberal government dares to talk about a humane approach to finance. Enough is enough.

The Minister of Finance knows very well what the Government of Quebec intends to do with the financial compensation it is requesting for harmonizing with the GST. It will be used over a period of four years to cover the cost of input taxes for Quebec businesses.

In the riding of Lotbinière in Quebec, businesses would put this \$2 billion to extremely good use by becoming more competitive on Canadian, North American and international markets. The Minister of Finance knows this, and that is why he is refusing to pay. Once again, he sits tight and Quebec pays.

Why? Because we are unique. There are many examples of the Liberal government's bad faith. Their centralizing tactics pervade their every action. The throne speech was very revealing in this regard, and the recent moves by the Minister of Health, as well as those by the Minister of Human Resources Development, with his youth strategy, represent serious interference in provincial jurisdiction.

It is all a numbers game. The federal government seems to have trouble understanding what Quebec is going through. As for the GST harmonization, in light of the actions of the present Liberal government, we have a very good suggestion. It was announced by the leader of the Bloc Québécois, Gilles Duceppe, during the last election campaign.

At that time, Mr. Duceppe suggested to the Liberal government that an independent arbitration panel be created to resolve the impasse, which is very harmful to Quebec's economy. Quebec's Deputy Premier and Minister of Finance is prepared to challenge the federal finance minister's figures. The repeated refusals by the federal minister say a lot about the weakness of his government's arguments.

• (1310)

If the minister is so sure he is right, why is he hiding behind a series of vague and inexplicable refusals?

Supply

This is why all members of the House must vote in favour of this motion that could, once and for all, shed light on this shady business by the federal finance minister, who continues to shirk his responsibilities in this debate.

In conclusion, the behaviour of the Liberal government merely strengthens the argument that the only real solution to all Quebec's economic problems lies in sovereignty.

Mr. John Bryden (Wentworth—Burlington, Lib.): Mr. Speaker, I think it is all very clear. The Bloc wants compensation for the GST for reasons that are not valid.

It must be remembered that the Premier of Quebec is the former leader of the Bloc Québécois. When Mr. Bouchard was leader of the official opposition, he argued in favour of sovereignty. Before the referendum, he said that it was possible for Quebec to stand alone. He said that sovereignty was simple. Then there was the referendum.

Now, Mr. Bouchard is Premier of Quebec and has to deal with an unhealthy economy in that province. Unemployment is high, there are problems in the business sector, and Mr. Bouchard has made major cuts. I think Mr. Bouchard is looking to get money from the rest of Canada to pay for the cuts he made.

Mr. Loubier: It is our tax money.

Mr. John Bryden: Mr. Speaker, that is true. It is very simple.

I have a question for the member. Is it true that Mr. Bouchard is still the real leader of the Bloc and it is he who is leading the attack against the government on this subject?

Mr. Odina Desrochers: Mr. Speaker, the 44 members of the Bloc Québécois are mature men and women who do not need the founder of their party to hold them by the hand.

But to come back to the motion, why are we debating this motion today? It is very simple. We could talk about financial arguments, financial models, figures, billions and percentages, but the members opposite do not understand.

Yesterday, the Minister of Health was saying that things were clogged up. I have the impression that, on the issue of compensation for the GST, the members opposite are pretty clogged up. They have great difficulty understanding what they are being told.

An hon. member: Their ears are blocked up.

Mr. Odina Desrochers (Lotbinière, BQ): In order to resolve this, we in the Bloc Québécois have a revolutionary suggestion to make, an equitable suggestion, as follows: Appoint a representative of your government. We in the Bloc Québécois will receive the Quebec representative and then these two will select a third person, and the three will see who is right. But I am convinced Quebec is the one that is right.

Supply

[English]

The Acting Speaker (Mr. McClelland): The hon. chief government whip on a point of order.

ROUTINE PROCEEDINGS

• (1315)

[English]

SPECIAL JOINT COMMITTEE

APPOINTMENT OF MEMBERSHIP

Mr. Bob Kilger (Stormont—Dundas, Lib.): Mr. Speaker, I believe you will find consent for the following motion:

That the members on the special joint committee created to review Term 17 of the Terms of Union of Newfoundland and Canada, from the House of Commons, be as follows: Claudette Bradshaw, Pierre Brien, Gerry Byrne, Elinor Caplan, Paul DeVillers, Michelle Dockrill, Sheila Finestone, Raymonde Folco, Peter Goldring, Inky Mark, Bill Matthews, Joe McGuire, Lawrence O'Brien, Rey Pagtakhan, Louis Plamondon, Werner Schmidt. And, that George Baker, Michel Bellehumeur, Norman Doyle and Jason Kenney be associate members of the said committee.

(Motion agreed to)

GOVERNMENT ORDERS

[Translation]

SUPPLY

ALLOTTED DAY—GOODS AND SERVICES TAX

The House resumed consideration of the motion and of the amendment.

Hon. Martin Cauchon (Secretary of State (Federal Office of Regional Development—Quebec), Lib.): Mr. Speaker, I am pleased to speak on this motion by my colleagues in the Bloc Québécois.

Once again, however, allow me to point out the extent to which the people on the other side of the House are looking down the wrong end of the telescope or are failing to look at the other side of the coin.

The motion of the member for Mercier says, among other things:

That this House condemn the government for blatant unfairness to Quebec in the matter of the GST, the government having denied it compensation—

If ever a party failed to look at things objectively, if ever a party had the bad and annoying habit of acting and interacting only out of

political interest, this is it and here it is doing it again in the motion by the hon. member for Mercier.

I might point out in passing that this approach does not serve the interests of the people they should be representing.

On the subject of the famous GST, it must be understood that its harmonization benefited Quebec as a whole. It must also be understood that, since harmonization in 1991, tax revenues have risen—and I have the figures here—from \$5.11 billion in 1989-90 to \$6.15 billion in 1991-92.

Across the way, they seem to be playing the victim game, but the figures speak for themselves and show that there has been substantial gain for the province of Quebec. On the subject of the rules of the game, the Government of Canada acted fairly. It intervened realistically. It also honoured the needs and the realities of each province when it intervened.

On the subject of fair share, the issue is the GST, but we could look further and more specifically at the issue of the Government of Canada's intervention in the whole of Quebec. I, myself, am responsible for issues of economic development.

• (1320)

My colleague tells me that my work is rather well received by the Bloc members. Thank you very much.

When there is talk of economic development, to paraphrase what the Bloc members have just said, I think that indeed the Canadian government is doing a respectable job, a job that meets expectations and requirements. Let us look at the figures.

Quebec businesses receive 40% of tax credits for research and development. I see that my colleagues are taking notes on this, so they must not have realized that. These figures are to the advantage of Quebec but there has been an attempt to conceal them.

Quebec businesses receive 33.5% of direct federal assistance for R&D and to date—an important point—57% of investments under the technology partnerships Canada program were paid to companies in the province of Quebec.

It must also be taken into consideration that, when we are talking taxes, it must be understood that the Canadian government also pays administrative costs to the Government of Quebec. And you will see, if you look at these, that we are far from being a government that does not pay the Government of Quebec its fair share.

Speaking of that contribution, what is involved is financial contributions for administration of the tax, an amount that has hovered around \$100 million yearly since 1992-93.

I mentioned economic development earlier. The Canadian government is active in quite a few areas in Quebec, but if we focus

only on economic development, I believe that once again, Quebec comes out a winner. Indeed, once again, Quebec is dealt with very fairly and equitably.

We in the Canadian government are committed to dealing with the province of Quebec equitably and, first and foremost, to ensuring that the development of the province's economy can continue.

When I talk about helping and assisting Quebec, seeing that the province can develop further at the economic level, you will have guessed that I am referring to the federal office for regional development. At present, the work the federal office is doing in the province of Quebec is much appreciated by all stakeholders that we work with and are in contact with on a daily basis.

Our vision of economic development is one of respect, a vision that sticks to realities and needs. This is therefore a vision, which, like Canadian federalism, changes as needs change over time. Right now, our vision has to change, as the economy is changing. We are at the crossroads between two types of economy.

All players in the economic field have to start rethinking their way of doing things. The same goes, naturally, for private sector businesses, which now have to carve out specialized niches for themselves, better target their markets, seize every opportunity to increase their competitiveness and adjust to globalization.

And what goes for many players in terms of economic development also goes for the Canadian government. That is why, to take appropriate action in Quebec, we also introduced a change in our programming.

• (1325)

This all began in 1995. We consulted everyone, we consulted the business community, and the message was clear. People wanted us to revamp all our programming. They wanted us to be more in touch with the community and to reduce paperwork to a strict minimum. Above all, and this is the important point, people wanted us to make sure that the government was in a position to help businesses make the transition to the 21st century by adjusting to the new phenomenon of globalization.

The federal office of regional development understood the message and we took action, with a view to continuing to be able to give Quebec its fair share, but also to continuing to deliver all the services of the Canadian government to the public. We took action and created a new program, IDEA-SME, which is for regional small and medium size enterprises. So we are essentially talking about economic development in sectors of the new economy.

But we also developed tools for helping in special contexts, tools that give us maximum flexibility to meet these needs.

Supply

Here are some examples of this flexibility. Members will recall the problem of the dwindling groundfish stocks in Atlantic Canada. The federal office implemented the well known Coastal Quebec program, a program I had occasion to report on not so very long ago. The Coastal Quebec program was another example of a flexible government able to react in terms of needs as well as local urgency.

There is another example of action that is appropriate and that corresponds to the situation. You will have guessed that I am referring to the unfortunate events in Saguenay—Lac-Saint-Jean in July 1996. We intervened, along with all the other federal departments that were called in. The Federal Office of Regional Development for Quebec set up what we called the federal liaison office in Jonquière. And we worked in partnership with the other level of government and with the municipalities to ensure that, once again, the public would be adequately served and that its interests would be looked after. We left partisan politics behind, something the Bloc is incapable of doing.

Bloc Quebecois members are incapable of rising—

Mr. Michel Guimond: Tell us about the GST.

Mrs. Francine Lalonde: This is why you are not inviting us.

Hon. Martin Cauchon: You see, they are yelling. They are incapable of rising to a level where, together, we could discuss the real needs of communities. Every time these people are involved in a issue, they get into partisan politics, and this is the major difference.

Actually, there are a number of differences and one of them is the ability of Quebec members sitting on this side to serve Quebec well, to care about its development and its population, in a positive context, in the context of the current federal system which—and I can already hear some grumbling from the other side—is evolving, which has proven to be flexible in the past, and which will continue to do so.

As regards the program we put in place in the Saguenay—Lac-Saint-Jean region, we worked in partnership—as we on this side of the House know how to do it—with the public's interests in mind. We also created a specific program in addition to the emergency measures taken. That program had a \$50 million envelope provided essentially by the federal and the Quebec governments. This is yet another good example of co-operation.

• (1330)

I could speak for hours about the Canadian government's economic involvement in the province of Quebec. Again, speaking of an involvement that is focused on specific needs, I will of course mention the community development program. What a great program that has demonstrated its value locally for close to 20

Supply

years. What a great program that is aligned to fit in with local realities and that was ultimately designed to help us continue to serve not only well, but also better, the needs of the business community in the province of Quebec.

Of course, within the community development program, there are also, tied with all this, the community futures development corporations. There are 54 such corporations across the province.

Mr. Guy Saint-Julien: In Abitibi.

Hon. Martin Cauchon: They are in Abitibi also, as my colleague just mentioned. They offer investment funds, and in addition to everything else, they have an extraordinary team that people have access to, a team that knows what economic development is and that has a lot of experience.

When we speak of community futures development corporations, we speak basically of a team that has \$82 million in assets. Annual investments in Quebec by CFDCs—and this is important when people talk about having a fair share, the numbers are there—are in the order of \$23 million. So we can see that these people are active locally. These people carry out business with the local community. In fact, speaking of being active locally and of conducting business, we have developed recently—the Government of Canada in partnership with CFDCs—programs allowing to better focus on the needs of regions in Quebec.

Let me just mention the CFDCs youth initiative. This is basically a grants program with a budget of \$6 million that is intended for young people up to age of 34 inclusively. The beauty of this program is that it was structured and designed by the CFDCs in co-operation with the federal office of regional development, to enable us to respond to the needs of young people in Quebec.

The unemployment rate among young people today is around 17%. The statistics are not very encouraging neither, in the area of keeping our youth in our regions. So this youth initiative is designed to keep young people in the regions and also to help them build their own businesses.

Another area we have developed, in addition to involvement in the community, is a new vision of economic development. This is essential because of globalization. I often hear other governments and even critics opposite speak about economic development and I notice that these people, when they succeed in forgetting party lines and when they deal with a particular issue, often base their premises on ideas from the past.

I have two minutes left. As I said, I could talk all day about economic development. To conclude, when we speak about economic development today, we must stop thinking in terms of geography and we must think instead in terms of networking to succeed in competing internationally, and that is what the global-

ization of markets is calling upon us to do. We must be capable of networking, not only on a national basis, but also on an international basis. This is a positive vision that can help Quebec.

• (1335)

In closing, when we speak of fair shares, I think you have proof in the few words I have just spoken that not only has Quebec received fair treatment as far as the GST is concerned, but when we look more specifically at the question of economic development, there again you have an example that speaks volumes about the services the Canadian government can render and the assistance the Canadian government already renders to all regions, all entrepreneurs. The purpose of so doing is, of course, to serve.

I and my fellow MPs for Quebec have the greater interests of their constituents at heart. As a result, we can built together, unlike what is happening within the Bloc.

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, it is odd to hear the Liberals singing the praises of the GST. I have been listening to them since this morning. These are the folks who, back in 1993, were carrying on so, promising to scrap the GST, you will recall. Even an influential minister of that party saw fit to tender her resignation over it, and to get re-elected shortly after on it.

The minister has just accused us of partisan politics. This morning, I heard a western MP accusing the government of having bribed, bought off the people of the maritimes with this \$920 million supposedly given to the maritimes to harmonize their tax with the GST, because the shortfall was over 5%.

When a government, which alone knows the date the next election is to be called, goes around waving \$960 million for fishers hard hit by the employment insurance reform, might we not assume that it is trying to bribe the public? Fortunately, this sort of tactic does not work particularly well. I would ask the members of the party in power who come from the maritimes to rise and speak to the topic of the day. I invite them to do so. We would like to hear what they have to say on the subject.

When the minister responsible for regional development tells us that this subsidy was awarded totally fairly, I would like to know where he is getting his information from. What is this 5% based on, if it is not arbitrary? How can the Minister of Finance justify this 5%? Why not 8% or 2% or 1% or 14%. Where does the figure 5 come from and how can he justify it?

The minister makes me think of this. Suppose his car hit mine the day my employer announced I was going to get a raise. I ask him for compensation and he says "Well, no. You just got a raise, you can pay for the repairs". This is his sort of reasoning. I would like him to tell us what justification there is for 5%.

Supply

[English]

The Acting Speaker (Mr. McClelland): Before the hon. parliamentary secretary has a chance to respond I would ask the House to be careful throwing around terms like “bribe”. I was not here this morning. I do not know if the term was imputed to a specific individual that it would be proper. It happened earlier today, so let us not use that kind of word at least when this Speaker is in the chair.

[Translation]

Hon. Martin Cauchon: Mr. Speaker, you can see the people on the other side are incapable of moderation. Their language alone forced you to intervene.

[English]

The Acting Speaker (Mr. McClelland): The hon. parliamentary secretary is a very skilled orator and I am sure we all appreciate it. Thank you.

• (1340)

[Translation]

Hon. Martin Cauchon: Mr. Speaker, listening to my hon. colleague’s remarks brought to mind this old proverb I used to hear as a child. My father would always tell me “Martin, there is none so deaf as those who will not hear”. All I can do is repeat the figures, which speak for themselves, which I quoted in my speech.

Regarding harmonization—I am repeating myself because, from what I can see, on the other side, when the figures are positive, they just will not hear them. But I am a patient man; therefore, I will repeat them.

Regarding harmonization, since 1991, sales tax revenues clearly increased, going from \$5.11 billion in 1989-90 to \$6.15 billion in 1991-92. And they are complaining about unfair treatment.

I get the impression that the word does not mean the same thing depending on which side of the House one sits on. We must not be using the same dictionary. In terms of involvement in economic development—

The Acting Speaker (Mr. McClelland): The hon. member for Saint-Hyacinthe—Bagot.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I heard a different proverb from my father in my youth, one about losing sight of the forest for the trees. I think that this is what our colleague, the hon. member for Outremont and minister responsible for regional development in Quebec, is doing.

I have great respect for my colleague, but I wonder how well he knows the issue of harmonizing. If he had paid any attention to the analyses we have submitted to him, he would have realized that the GST is an issue that needs to be considered globally. A global look at what the fiscal situation was before harmonization, in 1989, and after harmonization, in 1991, shows that taxation adjustments had

to made to absorb the transitional costs associated with this harmonization.

The hon. member referred to an increase in revenues. I am sorry, but these revenues do not come from the federal government. They come from the taxpayers who were forced to pay more, to pay for the transition to a harmonized system, actually. This is the reality.

So, respectfully, will he admit that the suggestion made this morning by the Bloc Québécois is totally non-partisan? It provides that the government should appoint three experts. The first one would be appointed by the federal government, the second one by the Quebec government, and the third one jointly by the first two, so as to have an objective review that would protect Quebec’s interests, which so concern the member for Outremont, because there is a lot at stake here.

So, I ask. If the hon. member is protecting Quebec’s interests, might it not be a good idea to make representations to his minister and to convince him?

Hon. Martin Cauchon: Mr. Speaker, to go back to the proverb referred to by the hon. member, we must not confuse the tree with the forest.

How could I possibly say that the Bloc is not strictly motivated by political interests given that, in the matter of the GST, harmonization has proven very beneficial to Quebec. So, Bloc members are only motivated by partisan politics. It could not be any different.

[English]

Mr. Jake E. Hooppner (Portage—Lisgar, Ref.): Mr. Speaker, I would like to ask the hon. parliamentary secretary a question. It is nice to hear the kettle calling the pot black. The present Canadian heritage minister said in this House that everyone knows the GST is largely responsible for a flood of cross border shopping that is costing thousands of Canadian jobs.

Why is the parliamentary secretary pursuing the GST policy and killing the jobs of Canadians with a tax that places a heavy burden on our tourist industry? I think the Bloc has very legitimate cause for feeling a little hurt by the GST. That was the comment of the present heritage minister.

I would like to ask the hon. parliamentary secretary how he justifies that comment?

• (1345)

Hon. Martin Cauchon: Mr. Speaker, I would like to point out that the harmonization of the GST by the government is based on a process which is equitable and which has been very respectful of the need and reality of the provinces.

Let us look at the situation per se regarding the province of Quebec. Harmonization not only benefits the Government of Quebec in terms of having more revenues but consider also that the Canadian government is paying a financial amount to make sure

Supply

that the province of Quebec will manage or proceed with good administration of the tax per se.

I do not understand the point made by the member of the Reform Party considering the fact that across Canada the harmonization has been respectful. Harmonization has been well received by all the provinces across Canada. Even looking at Quebec we will see that its minister of finance does not speak much about the tax because he knows that harmonization is benefiting the province.

[*Translation*]

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I rise to address the motion of the Bloc Québécois, which reads:

That this House condemn the government for blatant unfairness to Quebec in the matter of the GST—

[*English*]

The official opposition opposes the motion because this is a motion which only speaks to one province. What Canadians need generally is tax relief. Not for one province but for all ten provinces. Not for some Canadians but for all Canadians. We oppose special tax deals which try to create special privileges for people based on this kind of politics.

What we really oppose most of all is the kind of tax record the government has foisted upon Canadians over the past several years. It is a tax record which has resulted in stagnant economic growth, declining family income and record high levels of unemployment. I said it before and I will say it again, we are now in our 86th month straight of over 9% unemployment, or is it the 87th month. I have lost track. I have lost track after seven years of record high unemployment, the longest period of unemployment since the great depression.

I am 29. Even before I got my first real job unemployment was over 9%. My entire professional life, I and people of my age have known nothing but record high levels of unemployment. What about youth unemployment for my generation, when it reaches levels of 25% in some regions of this country, including some parts of the province of Quebec. It is 17% overall.

The government's tax record is record taxes. I would like to point out that the government promised not to raise a penny in taxes before it was elected in 1993. I remember because at the time I was involved with the Canadian Taxpayers Federation, a group of grassroots taxpayers. The group was a little bit skeptical when these Liberals came calling in October 1993 and promised after their brilliant fiscal record of the Trudeau years not to raise taxes and not to increase the debt.

We were a little skeptical. We asked the Prime Minister, as did Canadians, would the first red book involve any tax increases given the manifold promises included in it. The Prime Minister said no,

there were no tax increases in this plan, except there might be a war and in the case of a war, they might have to raise taxes.

Well there was a war, it was a war on Canadian taxpayers. The government decided to raise those taxes 36 times. It decided to piggyback on the most nefarious tax grab of all, the Mulroney deindexation of the income tax brackets, something that sucks \$3 billion a year out of the pockets of average Canadians. Most shamefully of all, these Liberals, the government which applauds itself as a paragon of integrity, promised, made a solemn commitment to Canadians that it would scrap, kill, abolish, eliminate, get rid of, trash the GST. Well the last time I checked, the GST was still there. Canadians are still paying it as much or more than ever. That I think is the mother of all political lies, of all political mistruths ever uttered by a politician. The government should hang its head in shame.

• (1350)

Mr. Speaker, I will be sharing my time with the hon. member for Portage—Lisgar in a few moments.

It is interesting that the government still claims to be in favour of the GST when recently a number of focus groups were conducted by one of the Liberal government's favourite hack polling firms. It got a bunch of Canadians together behind closed doors and asked them a bunch of questions about the GST. The government was trying to find a way out of the impossible position it found itself in by defending the Mulroney GST.

Those Canadians in those focus groups said they thought the GST was an atrocity. They thought it ought to be abolished. They said that there was no way they would let the government out of that commitment, the promise it made in the 1993 election.

What happened? The government filed the focus group tests away in some filing cabinet in the back of the finance minister's office until some enterprising taxpayer decided to find out what kind of information about the GST was being generated at the expense of taxpayers. What did the finance minister have to say when this access to information request was made to release the results of these polls and focus groups? He said that no, Canadians will not be allowed access to what they said about the GST at their expense. Not only did the Liberals lie about the GST promise, they would not even let Canadians see what Canadians advised the government to do because they knew how humiliated they would be if the facts came out.

My question to my hon. friends opposite is, what are they afraid of? Why do they not want to let Canadians see what those focus groups said? What are they trying to hide?

It is really shocking. The one thing this government still has not learned is that Canadians want to keep more of what they earn. The Liberal Party has always believed that tax dollars are moneys that

the government somehow has a proprietary claim on. We in the Reform Party believe that the money people earn belongs first, foremost and finally to them and their families so that they can support themselves and their businesses and help the economy to grow.

Increasingly Canadians are beginning to realize that the top economic priority for this country is tax relief. The government said that 50% of any future surpluses would go to new spending. It did not think that a party such as ours would be able to demonstrate public support for tax relief. The government thinks people are greedy because they want to keep a little bit more of their earnings, because middle class families want to be able to take a vacation every now and then on the money they earn. The government thinks that is greedy.

The government assumes that Canadians would be opposed to tax relief. But lo and behold, this past weekend a poll came out. Fortunately it was a public poll, one not commissioned by the government or we would not have seen it. This poll shows us that the number of Canadians who want tax relief now has tripled in the last couple of months. Now 35% of Canadians are demanding immediate tax relief. Only 9% want to spend any of the surplus as opposed to the government's priority to spend only half the surplus on useless programs and bureaucracies.

The priorities of Canadians are becoming increasingly evident. Canadians are calling for tax relief. They are calling for integrity in government. They are calling for the promise on the GST to be kept. My challenge to members opposite is to do what is right for a change. Cut spending, balance the budget so that we can scrap the GST and maybe they can salvage a little patina of their now much tarnished political credibility.

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Mr. Speaker, we heard a few proverbs here a couple of minutes ago and I have one of my own. When it comes to fiscal management, this Liberal government is a few sandwiches short of a picnic.

• (1355)

I was reading a list of ways you can tell someone is from Saskatchewan. The first thing on the list was that the manager of the Payless shoe store in Minot knows you by name. That is a humorous example of a very sad truth in reality. The reality is that the regressive tax regime of this government is forcing Canadians to shop outside their own country. If the Liberal government cannot see that reality and realize that something is wrong, then I suggest it is not just a few sandwiches short of a picnic but the whole basketful.

An hon. member: You are going to agree with him, too.

Mr. Jason Kenney: Mr. Speaker, yes, I will surprise my colleagues opposite by agreeing with the hon. member.

Supply

An hon. member: You are a few sandwiches short, too.

Mr. Jason Kenney: I am a few sandwiches short as well. That is right.

The arrogance of the Liberal Party of Canada never ceases to amaze me.

I have to make a confession that I do not think I have made in this place before. It is a sad confession, but it is true. I used to be one of them.

An hon. member: Oh, no.

Mr. Jason Kenney: It is true. But I learned from my mistake and I went on the high road. I decided to no longer support the party of taxing and spending and broken promises.

I was a young Canadian concerned about no economic future. I was a young Canadian concerned about a future steeped in debt given to me by this Liberal Party. I had had it. When I finally saw a party which was willing to stand up against public borrowing and tax increases and spending my future, I decided to support that party.

All I can say to the hon. member is that too many Canadians are going to shoe stores in Minot to buy their shoes. Too many Canadians are going south of the border because of this tax burden. It is time we kept that business, those dollars and those jobs and those futures here in Canada, at home where they belong, by giving Canadians tax relief starting with the GST.

Mr. Rob Anders (Calgary West, Ref.): Mr. Speaker, I challenge the hon. member for Calgary Southeast to talk about how many tax increases the Liberals have brought in since 1993. I dare him to mention them in the House.

Mr. Jason Kenney: Mr. Speaker, it is a difficult challenge but I think I am up to it.

Before I answer that very prescient question I would like to remind the hon. member that there was a government in this place between 1984 and 1993. I think it was governed by a guy by the name of Brian Mulroney, a name not very—

Some hon. members: Oh, oh.

Mr. Jason Kenney: They groan. My PC friends groan whenever the name is mentioned. I can understand why. That government raised taxes 71 times in nine years. It was a shameful record that increased taxes on the middle class family by nearly \$3,000 a year. It was a record that deindexed the tax bracket so that middle income earners were pushed into a higher bracket.

In response to the hon. member's question, this government has now raised taxes at last count 36 times. However after the CPP it will be 37 times. After the seniors benefit it will be 38 times. We have lost count how many times this government has raised taxes. All I know is that billions and billions of dollars representing hope and opportunity for the future has been taxed away.

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The Acting Speaker (Mr. McClelland): It being close to 2 o'clock, we will now proceed to Statements by Members. [Translation]

STATEMENTS BY MEMBERS

[English]

HOUGH HAVEN FARMS

Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington, Lib.): Mr. Speaker, for four years two brothers, Robert and Duncan Hough, have worked 10 acres of their family farm for the Foodgrains Bank. Today it is a privilege to recognize the family who operates Hough Haven Farms.

Each year the Houghs have been raising corn and donating the proceeds to the Foodgrains Bank. In turn, the dollars and grains are directed toward food related projects in the developing world.

The Hough family first got involved in the Foodgrains Bank when Andy Palmer of the Napanee Rotary Club approached them seeking support. For four years Hough Haven Farms has been generously donating land and labour. Others are also involved. For example, this year Bradshaw Feed, O'Neill Feed and Tri-County Agri-Mart donated seed and fertilizer. Supporting the Foodgrains Bank is truly a co-operative effort.

• (1400)

Farmers and their suppliers are making a big difference by sharing the Canadian harvest with those in need around the world.

I am very proud to stand in the House today to recognize the humanitarians who are making these important contributions.

* * *

CANCER

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Ref.): Mr. Speaker, prostate cancer kills more men in Canada than any cancer except lung cancer. The treatment of the 20,000 men who are expected to be diagnosed with prostate cancer in Canada this year will cost our health care system approximately \$300 million.

The medical community considers prostate cancer as the male equivalent of breast cancer. Their incidence and mortality rates are very similar. Both diseases are very serious and are analogous as both are hormonal.

The government promotes itself on gender equity. Perhaps it is time to rethink its definition of equal. Before allocating any money for medical research, I urge the government to base its decisions on scientific, measurable and transparent criteria. Fairness across the board is the only way.

RIDING OF LAURENTIDES

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, the riding of Laurentides has been heavily affected by the policies of the federal government.

Whether in its inaction and lack of interest in the Mirabel airport question, or in its controversial move of the employment centre from Saint-Jérôme to Saint-Antoine-des-Laurentides, the government has turned a deaf ear to demands from various socio-economic groups in my riding.

While the Bloc Québécois members have been working like mad along with provincial and municipal elected representatives to make Quebec a prosperous nation, the federal government is, through its policies, thumbing its nose at the wishes of the community and flouting the basic principles of responsible government.

When I see the federal government acting in this way, it seems to me more essential than ever to make Quebec a sovereign country and to do so as soon as possible.

* * *

[English]

NATIONAL VETERANS WEEK

Ms. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, this is National Veterans Week and Canada's native people as well as black Canadians, Japanese Canadians and French Canadians all gave up their lives as true Canadians in support of our country's quest to ensure that the fundamental principles of human rights would be respected and valued throughout the world. Too often their contribution, if acknowledged at all, is done so by addendum, by afterthought.

Black military heritage in Canada is still generally unknown and unwritten. The fact that approximately 600 black soldiers served in a segregated, non-combatant, labour battalion during World War I is one of the best kept secrets in Canadian military history, as is the service of several thousand blacks in World War II.

Nearly 150,000 French Canadians enrolled in the Canadian Armed Forces between 1939 and 1945. Japanese Canadians were turned away during the first world war—

The Speaker: The hon. member for Ottawa West.

* * *

ALICE TAYLOR

Ms. Marlene Catterall (Ottawa West—Nepean, Lib.): Mr. Speaker, it is a privilege for me to pay tribute to Alice Taylor of Ottawa, a longtime friend.

Mrs. Taylor celebrated her 100th birthday last Friday. She is Canada's 1997 Silver Cross mother, the only person ever to have been honoured to represent the motherhood of Canada twice.

Mrs. Taylor is visiting Parliament today and on Monday will be presented by the Speaker with a copy of the page from the Book of Remembrance commemorating the death of her son, Richard, who died following an attack on his tank during the march from Normandy to Falaise.

Mrs. Taylor represents all Canadian mothers who lost loved ones to the war. But she also represents all the homefront heroes who preserved a country of civility and love for our troops to come home to. She also represents a century in which this country moved from colonial status to a proud place on the world stage due in large part to the—

The Speaker: The hon. member for Edmonton East.

* * *

REMEMBRANCE DAY

Mr. Peter Goldring (Edmonton East, Ref.): Mr. Speaker, whilst skies rained shells and proud men died, a soldier penned prose of bitter truths. His pen spoke out from the fields of war 82 years ago. He spoke for all that have faced their soul in the finality of the theatre of war.

Whether Korea, the gulf or two world wars, he could well be speaking of all brave men that have soldiered the world for Canadians' beliefs. His words are carved in the walls of this House and are enduring as the threat of future wars.

• (1405)

For our honourable war veterans and remembered war dead we pause to give our respect. "If ye break faith with us who die, we shall not sleep lest we forget".

* * *

[Translation]

CANDU REACTORS

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, not so long ago, the government decided to abruptly withdraw its annual contribution of \$7.2 million to the Tokamak project in Varennes, a research project on the development of nuclear fusion. It preferred to concentrate its efforts on Candu reactors, which still function with the virtually outmoded technology of nuclear fission.

Recently, Ontario Hydro decided to close seven of its Candu reactors. Why? Because after 15 years of use, these reactors are no longer safe. So now, after billions of dollars in investments, these reactors will be replaced by thermal power plants, which increase pollution levels by at least 50%.

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By putting all its eggs in one basket, the government tried to hoodwink Quebecers and Canadians. It went for profits in the short term rather than looking to the future and showing respect for the environment, which would be possible with nuclear fusion. In light of the proposed sale of two Candu reactors to Turkey and the Kyoto conference, we must conclude that the federal government has no vision whatsoever.

* * *

THE ENVIRONMENT

Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.): Mr. Speaker, starting this evening and until November 10, delegates from some 40 francophone countries will be gathering at a forum in Montreal on the subject of education and the environment.

This event of unprecedented scope, which was prepared long ago, is the logical next step to the hopes raised by the Brundtland report in 1982 and the Rio earth summit.

I would like to point out that our government has provided support for this event, which was organized primarily by the Centrale de l'enseignement du Québec and the Association québécoise pour la promotion de l'éducation relative à l'environnement.

On behalf of all Canadians with school age children, I am grateful for this remarkable initiative, which will make our children not only better citizens, but "envirocitizens" and citizens of the world better prepared to face the challenges of the 21st century. This initiative will serve as a solid base for a vast network of partners in matters relating to the environment and sustainable development.

* * *

[English]

REMEMBRANCE DAY

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker,

In Flanders fields the poppies blow
Between the crosses, row on row
That mark our place; and in the sky
The larks, still bravely singing, fly
Scarce heard amid the guns below.

We are the Dead. Short days ago
We lived, felt dawn, saw sunset glow,
Loved and were loved, and now we lie
In Flanders fields.

Take up our quarrel with the foe:
To you from failing hands we throw
The torch; be yours to hold it high.
If ye break faith with us who die
We shall not sleep, though poppies grow
In Flanders fields.

John McCrae was a Canadian physician and fought on the western front in 1914 but was then transferred to the medical corps and assigned to a hospital in France. He died of pneumonia while on active duty in 1918.

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[Translation]

SOMMET DE LA FRANCOPHONIE

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, as many members of this House know, the Sommet de la Francophonie will be held in Hanoi, Vietnam, from November 14 to 16.

The seventh summit will be a turning point in the development of multilateral francophonie. Indeed, this summit will elect a new secretary general, who will become a political spokesperson and arbiter of multilateral francophone co-operation.

The summit will also formalize the move of the Francophonie into a new era, by focusing on the information highway and promoting economic development.

Canada has been a leader of the Francophonie since its inception more than 25 years ago. The fact that the Prime Minister will lead the Canadian delegation to the Hanoi summit shows how important he feels our participation in this international forum is. He will be accompanied by the Minister for International Cooperation and Minister responsible for Francophonie.

I wish them both a successful participation in the seventh Sommet de la Francophonie.

* * *

[English]

SOUTH ASIAN COMMUNITY

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, I bring to the attention of the House that 1997 marks the centennial of the south Asian community in Canada.

• (1410)

It was in 1897 that the first official documents regarding the arrival of south Asians in Canada were recorded. The year 1997 marks a century for a community that today contributes fully to the cultural and economic dynamism of the country, yet continues to fight daily against discrimination.

Only in 1947, 50 years ago, were the south Asians awarded full rights of citizenship, including the right to vote.

Today Canadians of south Asian origin are active in all sectors of our society: professors, skilled workers, doctors or here in the House of Commons. This remarkable achievement should remind us of the importance of an open immigration policy based on the recognition of immigrants' contributions to development. Diversity is at the heart of our country's history and future.

For this reason I want to join my voice with others in congratulating Canadians of south Asian origin and heritage and commit to working against any initiative that would threaten to weaken—

* * *

[Translation]

QUEBEC GOVERNMENT

Mr. Denis Coderre (Bourassa, Lib.): Mr. Speaker, another scandal has rocked the beautiful Quebec City area. According to a secret memo from Quebec's international relations department, the separatist government plans to establish bilateral relations with secessionist regions of Europe.

The separatist government continues to act like a virtual sovereign government.

The same government will not take a stand on the sovereignist aspirations of Tibet, arguing that because of its current status Quebec cannot hazard an opinion on the matter.

A few days ago, the same separatist government admitted making an error in judgment with respect to Guadeloupe.

If we pay attention, next we will hear that Sylvain Simard is going to Corsica to promote its liberation.

The separatists should stop acting like amateurs and start behaving responsibly in a matter of such importance to Quebec and Canada.

Once again, the colonized separatists are acting like colonials. Quebec deserves better.

* * *

[English]

THE ECONOMY

Mr. Jim Jones (Markham, PC): Mr. Speaker, last Friday the Older Adults in Action group in my constituency of Markham shared their grave concerns with me regarding the level of the national debt. This group with over 700 members indicated that their number one priority is the paying down of the debt to lessen the burden their children and grandchildren face.

I urge the Liberal government to apply the suggestions received from Canadians. Let us eliminate this debt now by applying the surplus to the debt, stimulating job growth and implementing tax reductions.

An Angus Reid poll released last Saturday indicated that when asked what we should do with budget surpluses, 84% of Canadians favoured either paying down the debt or implementing a tax reduction. The government must commit to balance the budget and stimulate financial growth. This means giving Canadians tax

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breaks in the form of lower EI deductions to offset proposed hikes in CPP premiums.

We must commit to securing our financial future so that generations are left unburdened.

* * *

[Translation]

JACQUESVILLENEUVE

Mr. Claude Drouin (Beauce, Lib.): Mr. Speaker, yesterday, Quebecers paid a vibrant tribute to a new Canadian hero, Jacques Villeneuve. However, I was shocked to see the Société Saint-Jean-Baptiste use this event to try to score political points.

The SSJB's president, Guy Bouthillier, even boasted about it when he said that all events have a political dimension.

Jacques Villeneuve showed once again that he was a true champion by not falling into this disgraceful separatist trap. Yesterday, we saw that Jacques Villeneuve, like the Liberal government, had firm control of the steering wheel.

Bravo Jacques, our new Formula One world champion.

* * *

[English]

JOHN MCCRAE

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, Canadians will pause next week to honour our war dead. The poem *In Flanders Fields* will be read often on November 11.

In Flanders Fields was written by Guelph native John McCrae. Guelph—Wellington is the proud home to the McCrae Museum, John McCrae School and John McCrae Branch of the Canadian Legion.

Last month Toronto businessman Arthur Lee purchased John McCrae's war medals at an auction and promptly donated them to the McCrae Museum. In doing so, Mr. Lee reminded us all of the importance of being Canadian and asked that Canada remain united.

On behalf of the residents of Guelph—Wellington and every Canadian, I rise to thank Mr. Lee, who is with us here today. Mr. Lee, thank you for your generosity, for your love of Canada, the best country in the world.

Some hon. members: Hear, hear.

ORAL QUESTION PERIOD

• (1415)

[English]

ENVIRONMENT

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, government members profess to be the great guardians of the environment. Greener than grass they are. They are going to save the planet at Kyoto.

Yet this same government, when it smells cash, bypasses its own environmental review laws to sell nuclear reactors to China and bypasses its own environmental protection standards to sell nuclear reactors to Turkey.

Why does the government violate its own environmental standards?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, in handling all these transactions the government is confident that we have followed all appropriate rules and regulations both in our country and internationally in countries that are potential purchasers of Candu reactors.

There are certain matters that certain parties have referred to the courts for litigation. Obviously we will await the results of that litigation to see what the courts might say.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, forgive us if we are a little sceptical about the reply of the Minister of Natural Resources.

Yesterday he tried to hide the fact that the Liberals sold nuclear reactors overseas without following Canadian environmental protection standards. He said "The policies of AECL are to conduct environmental analyses of all its projects", but last night AECL said that it does not do these assessments on foreign sales.

I ask the minister of natural resources who is telling the truth, the minister or AECL.

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the hon. gentleman should have a research department that extends beyond monitoring CBC news. What was quoted on the news last night was 15 or 20 seconds out of perhaps a 20 minute or half an hour interview.

The hon. member might be interested in AECL's position. It will be issuing a statement later today that will demonstrate complete consistency with what I said yesterday.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the minister is emitting a cloud of confusion. Yesterday

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the prime minister said in the House that everything was made public when he signed the nuclear deal with China, but that is not true.

The Liberals refused to reveal whether Canada must accept China's nuclear waste. They will not reveal the secret financing deal and it is still a secret whether or not Canada has agreed to be held liable for nuclear accidents in China.

Why does the government not clear the air and make public all details of the AECL sales to China and to Turkey?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, everything that is required according to law to be released is released. If there are further matters that are subsequently dealt with by the courts, of course those court judgments will be followed.

In the meantime, the hon. gentleman should understand that Candu and AECL are involved in commercially competitive situations. I am sure the hon. gentleman would not want to expose a major Canadian corporation to a competitive disadvantage internationally as long as that corporation is following all the relevant rules and regulations, which it is.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, the Canadian corporations the minister talks about do not know which set of laws to follow. There are two of them, the government operates with such a double standard.

The government waives its own laws for the China Candu reactors. Its own justice department told it that it may well lose a court case over it. Then what do government members do? They turn around and make the same kind of bargains with Turkey. They just do not get it.

How can we be sure that the double standard the government operates by will not cause a global disaster? Where is the proof?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, at least part of the proof is in the record of Candu internationally so far, which is recognized as one of the world's leading technologies with respect to the generation of nuclear power.

• (1420)

The hon. lady should know that in developing any of these facilities, whether they are in Canada or anywhere else in the world, they must be licensable according to Canadian standards as established by the Atomic Energy Control Board. They must meet and they do meet every nuclear safety regulation established by the International Atomic Energy Agency.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, Canadians are nervous about the double standard. It looks like

watermelon. The Liberal government looks so green and caring on the outside, but when it is cut open it is still Liberal red. That is all there is to it.

It waives its own laws to outbid the U.S., Japan and the French-German consortium, and the minister knows it. It has one law for Canada and another law for other countries in the world. Frankly we are sick and tired of this double law.

I want to ask the minister one more time. When we say the government is throwing out its ethics just so it can make a shameless sale of Candu reactors in Turkey, why?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I am sure the tens of thousands of employees across Canada involved in working in connection with the Candu technology will be very interested in the hon. lady's condemnation of them.

In fact Candu complies with every rule and regulation of the Atomic Energy Control Board and every rule and regulation of the International Atomic Energy Agency. The Candu has an exceptional record of technical performance everywhere that it has been established either in this country or around the world.

* * *

[Translation]

DRINKING WATER

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, two letters written by officials from the Quebec health department—one dated September 26, 1995, and the other May 2, 1996—clearly stated that drinking water comes under the jurisdiction of Quebec's environment department.

However, the federal government went ahead with Bill C-76 in December 1996, and then Bill C-14 last Friday. Yesterday, the Quebec environment minister stated unequivocally that he disagrees with this measure.

Will the Prime Minister or the Acting Prime Minister admit that the federal government never had Quebec's support on this bill?

The Speaker: The parliamentary secretary.

[English]

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, the hon. member well knows there is a letter from the minister of health of Quebec, the Minister of Health's correspondent in Quebec.

Correspondence and consultation took place. There was an exchange of letters. There was an indication by the minister of health, in an area that is under the competence of the Minister of Health of Canada, that there was agreement. Consultations took

place and the result is a piece of legislation that we see as Bill C-14 today and that was before us in the last parliament—

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, for the hon. member's information, Bill C-76 was never debated in this House.

I would like the parliamentary secretary to rise in his place and tell this House that he does have a letter from a Quebec minister or the Quebec government supporting Bill C-76 or Bill C-14.

Does he have a letter of support from the Quebec government, yes or no? If he does, let him confirm it, and if he does not, then he should stop talking nonsense.

[*English*]

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, I have difficulty understanding feigned outrage.

We have already admitted there was correspondence with the minister of health in Quebec. The Minister of Health of Canada has done what he is required to do, consult with his counterparts.

The letter from the ministry of health in Quebec indicated there was no problem with the legislation then before the House, legislation which the Bloc chose to ignore in the last parliament and which is substantially the same as Bill C-14 in this Parliament.

We are operating in the jurisdiction over which we have authority and that is all the legislation represents.

[*Translation*]

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, no minister of the Quebec government has given his support.

My question is for the Minister of Intergovernmental Affairs. Whatever this government may say, it remains that things are off to a very bad start with this bill from the Department of Health.

Will the minister admit that the way this government is dealing with the issue of drinking water has sown the seeds of a new federal-provincial dispute, since it takes Quebec's agreement for granted without having held real consultations with Quebec's political leaders?

• (1425)

[*English*]

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, we can keep going on this, but it is the practice of the Department of Health like all other federal departments to consult with their provincial counterparts when there is legislation before the House.

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Both the federal Department of Health and the department of health in Quebec were in communication. There was consultation which indicated there was no problem with the legislation.

The Minister of Health for Canada is responsible for the health of Canadians, and that is the ministry or the department which consulted to ensure that the legislation received the appropriate—

[*Translation*]

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, the federal government never consulted the Government of Quebec about Bill C-14, which has now been introduced in the House.

Since the Government of Quebec is presently holding consultations on its water management policy as part of its forum, and in light of the apparent mess which is about to emerge, can the Minister of Intergovernmental Affairs ask his colleague to withdraw his bill?

[*English*]

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, why would the Minister of Health remove a piece of legislation which addresses the health of Canadians and for which he and his department have sought and received positive responses, I might say, also from the—

An hon. member: You are lying, you are lying.

Mr. Joseph Volpe: It is not a lie. It is the deputy minister of Health in Quebec who is responsible for maintaining communications with the federal Department of Health.

The Speaker: Colleagues, I thought I heard a word. I am going to let it pass. I do not know that I heard it correctly. I want to make sure that all the words we use today are parliamentary.

* * *

CANADA PENSION PLAN

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, last week the finance minister told the House that all provincial governments had agreed to the consultation document on gender analysis of changes to the Canada pension plan. That information is not correct. In fact the minister will know by now that federal and provincial status of women ministers have agreed that the gender impact analysis done on CPP changes was inadequate.

Now that the minister knows this, will he conduct a comprehensive analysis of the impact on women of all pension reform options being considered?

Hon. Hedy Fry (Secretary of State (Multiculturalism)(Status of Women), Lib.): Mr. Speaker, I think the hon. member is mistaken. Having been at the federal, provincial and territorial ministers' meeting in Halifax I can say that the federal, provincial and territorial ministers for the status of women did not say anything about gender analysis in the CPP phase 1; but they did request unanimously that in phase 2, which is coming up, there be

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comprehensive gender analysis done in light of new information that has come about with an economic indicators project launched at that meeting.

I know our finance minister is very interested in looking at those indicators and doing the appropriate thing.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, if the minister will not listen to concerns about gender analysis in this round of CPP, why would we trust them to say they will listen to gender concerns in the next round?

Will the finance minister and the Minister responsible for the Status of Women also deny testimony before the finance committee that documents precisely how CPP changes penalize women for living longer?

Does the minister deny that women are hurt most by freezing the basic exemption? Does the minister deny that women are hurt most by cutting the death benefit? Does the minister deny that—

The Speaker: The hon. minister of multiculturalism.

Hon. Hedy Fry (Secretary of State (Multiculturalism)(Status of Women), Lib.): Mr. Speaker, on the contrary. Because of gender analysis it was done in part 1 of the CPP. All the things that affect women positively were retained in the CPP: all of the dropout conditions in the CPP, the time off for maternity leave and the issue of spousal benefits, survivor benefits. All these were maintained and will be dealt with further in part 2.

* * *

• (1430)

THE ENVIRONMENT

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, I have a letter signed by the federal Minister of the Environment dated October 28, written to her provincial colleagues that says this:

We can assume that there will be two or three provincial or territorial representatives included in the Kyoto delegation. This would include one representative of a provincial or territorial energy department and one representative of an environment department.

How does the government square this statement, written in a letter dated October 28, with what it said in the House of Commons about including the provinces in the Canadian delegation at Kyoto?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I and my colleague, the Minister of the Environment, have had extensive discussions with our counterparts. Those discussions are ongoing.

I am told that the tradition with respect to provincial involvement in international delegations is one or two representatives of

the provinces who then report back to the full group collectively. We have decided that in this case it would be useful to expand that to three. The provinces may make additional requests. We will consider that matter when we meet with all of them next week in Regina.

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, as usual the minister is showing himself badly informed. In Rio, he will know because his colleagues, the Minister of Finance and the minister of the environment of the day were there, there were 7 governments out of the 12 possible governments that were represented in Rio.

I want to ask another question about an addendum to this letter that explains to the provinces the Japanese position but does not explain to the provinces the Canadian position.

I would like to know how the government expects provincial governments to buy in and implement a position that it will explain to them on November 12, only 19 days away from the summit. Does it realistically think the Canadian provinces can accept, comprehend and implement such a position only 19 days away from the summit?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the attachment to the letter was the fulfilment of a commitment that the Minister of the Environment made to keep all her counterparts fully apprised of the various positions or potential positions being taken by various countries around the world.

She also made the commitment, as have I, that we would work very hard with the provinces in the development of the Canadian position. We are trying to be inclusive rather than unilateral. Perhaps that approach will have more success in Kyoto than the approach taken by the hon. gentleman—

The Speaker: The hon. member for Medicine Hat.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, Canadian law is supposed to apply to everyone. Reformers are so idealistic to believe that it should even apply to the Canadian government. What a radical notion.

Now that the government has shown it is willing to break its own environmental laws to cut a business deal, why in the world would it expect any would-be polluters in Canada to obey the laws of this country?

Why is the government saying do as it says, not as it does?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, given the unctuous admonitions of the Reform Party, I really must point out that the very law it is holding up waving with

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great fanfare today is the very law that it voted against in the House of Commons when it had the opportunity.

The government of Canada is following all applicable rules and regulations. We are confident of our position. Some others have proceeded with a court proceeding. We will see the results of that court proceeding in due course.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it looks like the highest price is the law for the government.

What we have here is a double standard; one set of laws for most Canadians who follow them every day and then there are the Liberals who are guided by the law that if you do not get caught then it is okay.

How can we say to a pulp mill or a mining operation that if it pollutes we will prosecute it to the full extent of the law but when a government blatantly and knowingly ignores its own laws, that is just the way we do business in Canada?

How can the government say “if you don’t like it, lump it because we are government and we are beyond the law”? How can it say that?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, obviously the Government of Canada is not taking the position the hon. gentleman alleges.

In all these transactions we have followed the rules that we believe to be applicable. If others have a different point of view they are free to challenge that procedure in the courts, as some have, and the courts will rule in due course.

We are satisfied with our legal position and are confident that position is the correct one.

* * *

• (1435)

[Translation]

CANDU REACTORS

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, my question is for the Prime Minister. The secret cabinet decision report dated April 24, 1997 reveals that the government proposes to get around the Environmental Assessment Act by conducting shadow assessments of foreign projects.

Will the government make a commitment to fully comply with the law by making public any information necessary for conducting an environmental assessment before giving final approval to funding the sale of CANDU reactors to Turkey?

[English]

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, I have said this before and I will repeat it. A Candu plant, in order to be built either in Canada or anywhere in the world, must be licensable according to Canadian standards which are established by the Atomic Energy Control Board. As the hon. member will know, those standards are very stringent.

In addition to that, every Candu facility must comply with all the safety regulations of the International Atomic Energy Agency, and Candu has an exceptional record in complying with those rules and regulations everywhere in the world.

In addition to that, AECL ensures nuclear safety in all technical aspects of reactor siting, design, construction, commissioning—

The Speaker: The hon. member for Quebec.

[Translation]

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, according to this same cabinet document, the government intends to break the law in the name of international competitiveness.

Is this because Canadian environmental laws are no good or is it simply that the government is irresponsible and prepared to do anything to sell its last CANDU reactors?

[English]

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, if I understood the question correctly, it was whether the government is being irresponsible. The answer is no.

* * *

THE SENATE

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, yesterday the prime minister angrily dismissed the idea of letting Albertans elect their own senator. In doing so he stuck his finger in the eyes of Alberta’s premier, Alberta’s Liberal leader, the legislature and the people of the province.

As a diversion he pointed to the Charlottetown accord but, as the justice minister will know, there is nothing in the current Canadian Constitution which prevents the government from appointing the winner of a provincial Senate election to the Senate.

What possible legal and constitutional reason does the government have—

The Speaker: The hon. Deputy Prime Minister.

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the position of the Constitution is very clear. Appointments to the

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Senate are made by the Government of Canada via the prime minister. We intend to abide by the Constitution.

Before in question period Reform Party members were talking about obeying the law. Why do they not want us to obey the law when it comes to the Canadian Constitution?

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the Deputy Prime Minister knows better than that. There is nothing in the law that prevents the Government of Canada from appointing to the Senate someone who has been elected provincially.

Albertans are sick and tired. They have made this clear numerous times. They do not want unelected, unaccountable senators having anything to do with passing laws or spending money.

When is democracy, not patronage, going to govern appointments to the Canadian Senate?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I wonder why the leader of the Reform Party is rejecting the very process which led to his own father's serving here for so many years.

If the leader of the Reform Party wants to have senators who are accountable, why does he propose a system for which there is no re-election after someone is first elected?

* * *

[Translation]

VCN MARINE RADIO

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, my question is for the minister responsible for the Coast Guard.

The future of the Magdalen Islands marine radio station is still unclear. About ten days ago, the parliamentary secretary announced that it would be moved to Rivière-au-Renard and this week, departmental officials are meeting with the employees to talk about their relocation.

• (1440)

Can the minister give us the assurance that before taking a final decision, he will review the warnings I gave him about the breakdowns that would create huge security problems in the Gulf of St. Lawrence?

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, at the beginning of Oral Question Period, the hon. member handed me an envelope. Apparently, this envelope contains some information about the Coast Guard radio station in Cap-aux-Meules.

Of course, before giving him an answer, I would like to carefully read the information he has given me. Then, I will be able to make a decision in light of his information.

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, I just wanted to give the minister a reminder, as he already received a copy and discussed the issue with me.

If I understand correctly, the minister just told us a few moments ago that he has yet to make a final decision. He intends to take our arguments into account.

Why is the minister wasting \$75,000 to relocate these employees, when he is not sure yet if these people will have to move or not?

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I just received an envelope that contains a letter from the hon. member. If he wants me to provide him with a straight answer, to tell him if the Cap-aux-Meules station stays or goes, then I would prefer to review the information he just handed me. I have not had the opportunity yet to look at it and I would like to do so out of courtesy for the hon. member.

* * *

[English]

CANADA PENSION PLAN

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, the finance minister's new CPP fund is already in trouble. It turns out its 10 year value will be \$41 billion less than the figure he gave us just two months ago. It makes one wonder how shaky his other predictions are.

Will the minister tell us how much premiums will have to increase to cover his \$41 billion mistake?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is no change in the premiums. The hon. member ought to know that actuarial assumptions, economic projections, are updated. It is simply a question of projections and indeed there will be changes in those projections next year. It all depends on what one assumes for interest rates, for mortality and growth.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, unfortunately this is just the latest example that the minister cannot do his math when it comes to the Canada pension plan. It took only two months before his CPP fund figures were wrong by a whopping \$41 billion. Here is the chance for him to get it right. Will he give Canadians his best estimate about how long it will be before he hikes their CPP premiums over 9.9%?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the federal finance minister and the provincial finance ministers very clearly stated at the time it was set up, and I will repeat it now, that there will not be an increase in the premiums beyond 9.9%.

Oral Questions

I will now ask if the Reform Party will admit to the Canadian people that it is prepared to renege on the \$600 billion liability to Canadians who are currently contributing to the plan.

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[Translation]

CANADA POST

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, my question is for the Minister of Labour.

Yesterday, Marc Gravel, the conciliation commissioner in the postal dispute, tabled his conciliation report. We understand that it will be eight or ten days before both parties receive the report.

Is the minister aware that any delay in making the report public will increase tensions at Canada Post and the likelihood of a postal strike before Christmas?

[English]

Hon. Lawrence MacAulay (Minister of Labour, Lib.): Mr. Speaker, I have received the conciliation commissioner's report. It is my responsibility under the Canada Labour Code to have the report translated and then released to both parties. Over the last 10 years or so it has taken on average nine days to evaluate, translate and release these reports. This is a short report and I would expect that it would be released sooner than that.

* * *

• (1445)

THE ECONOMY

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Mr. Speaker, an experimental index of social health developed by Human Resources Development Canada suggests there is a growing gap between the health of the economy and the well-being of Canadians.

My question is for the Minister of Human Resources Development. Does he concur with the findings in the report, and if so, what does he suggest be done to narrow the gap?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I would like to thank the member for his very important question.

The government has a very important role to play to level the playing field between the economic health and the social health of this country.

Under the leadership of the Prime Minister and with the hard work of the finance minister our fiscal house is in order. That allows us to have surpluses in the country which we will be investing toward children, in the national child benefit, toward

programs for persons with disabilities and toward the aboriginal head start program in order to have a better society.

* * *

CANADIAN ARMED FORCES

Mr. Jim Hart (Okanagan—Coquihalla, Ref.): Mr. Speaker, recently we stood in this House and honoured the men and women of the junior ranks in the Canadian Armed Forces for their outstanding performance during the Manitoba flood. They did not get a pay raise. In contrast, Canadians are shocked to learn today that tainted colonels and generals in the Canadian Armed Forces have received so-called performance bonuses.

Can the minister explain how people the likes of Vanier, Roy, Boyle, Murray and Labbé have received performance bonuses while our troops have received nothing?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, again the research from the Reform Party is not very good. It was over a year ago that this performance pay was allowed. It was allowed in accordance with a Treasury Board decision. It reinstated performance pay for people at executive levels throughout the public service and included the RCMP and the Canadian forces.

I cannot comment specifically on who got it and who did not get it because that is not in accordance with the Privacy Act. Individuals within the forces as within all the public service have a right to privacy in this case.

Mr. Jim Hart (Okanagan—Coquihalla, Ref.): Mr. Speaker, it is fun to get up to do a few rounds with the latest Minister of National Defence. What he is saying is 100% pure balderdash. The minister knows that some of the most infamous senior brass in the military not only qualified for but pocketed that performance bonus, people like Murray, Boyle, Labbé, all cited in the Somalia commission report for lacking leadership capabilities.

How can the minister stand in this House in front of Canadians and justify performance bonuses for these people?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the hon. member cannot assume who got it and who did not get it. He does not know. He is guessing.

It is in accordance with a general provision for people in the public service. It was also provided for the people in the Canadian forces. I might add that in terms of the rank and file, there have been two increases to close the gap between public service and Canadian forces personnel this year, one on April 1 and one on October 1. We are also working on another economic increase which will certainly give the rank and file of the Canadian forces a very deserved increase in pay.

*Oral Questions***NATIONAL DEFENCE**

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, my question is also for the minister of defence. In paying \$474 million to cancel the EH-101 in 1993, the Prime Minister said that it was a Cadillac when we needed a Chev. This government is on the verge of reversing itself when it announces the decision to purchase the Cormoran which is the kissing cousin to the EH-101 and if not a Cadillac certainly is a very heavy Chevy.

When the minister makes this announcement next week, what assurances will he give the public that the Cormoran is the top value for money helicopter for our search and rescue team?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, there has been no determination as to when the announcement will be made. No decision has yet been made.

• (1450)

When the decision is made it will be done on the basis of what is the best value for the Canadian taxpayers and what meets our operational needs. It indeed will not be the Cadillac version that the Tory government was trying to push down our throats. It will be a more modest version of a helicopter. Without saying which one it is, it is going to be a lot cheaper than what the Tories would have foisted on us.

* * *

FOREIGN AFFAIRS

Mr. Svend J. Robinson (Burnaby—Douglas, NDP): Mr. Speaker, my question is for the Minister of Foreign Affairs. It concerns the upcoming APEC summit.

Section 19 of Canada's Immigration Act bars the admission of persons who are heads of a government that is or was engaged in gross human rights violations or crimes against humanity.

Will the minister explain why Indonesian President Suharto, guilty of genocidal policies in East Timor and massive human rights violations in Indonesia, is not being barred under the Immigration Act or charged with war crimes if he sets foot on Canadian territory?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, as a lawyer the hon. member should know that any determination of that status is by the courts under international law. There has been no such decision by any international court under any international law.

President Suharto will be a guest of Canada at the APEC summit and I expect he will be given the proper courtesy that any guest of Canada is afforded.

[Translation]

SEARCH AND RESCUE HELICOPTERS

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, in 1993, before I became a member of the Conservative caucus, the Tory government included in the helicopter contract the cost of training, spare parts, maintenance and any other costs incurred prior to the helicopters' coming into service.

Why is the Prime Minister swindling Canadians by not including in his contract all additional costs when taxpayers know full well they will end up paying the whole bill sooner or later?

[English]

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, I heard the word helicopter so I jumped up. I did not hear much of anything else other than something to the effect that he was not part of the previous Conservative government prior to our taking office in 1993. Thank goodness for that. He is most fortunate because they really botched up the helicopter job when they were in power.

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, the Prime Minister is telling Canadians he is saving them a billion dollars. Does he think Canadians are not paying attention?

It would be nice if he tabled in Parliament all costs of cancelling the helicopters, but he will keep his partisan political secrets. When is the Prime Minister going to fess up and tell Canadians about the extra billion dollars it is costing to keep our three *d* helicopters, decrepit, dilapidated and dangerous, in the air?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, we do not fly dangerous helicopters. There is no doubt that these helicopters are getting toward the end of their lives. There is no doubt that they need to be replaced and will be replaced soon.

If the Conservatives had not botched this up previously, there might have been a helicopter long before this. We are going to get good value for the Canadian taxpayer. We are going to buy helicopters that are off the shelf type and not the developing kind of helicopter, a proposition that would have cost us a lot more money.

Even with the penalty that had to be paid to cancel the previous sad deal, we still will be saving taxpayers' money.

* * *

REGIONAL DEVELOPMENT

Ms. Aileen Carroll (Barrie—Simcoe—Bradford, Lib.): Mr. Speaker, this government is moving down the information highway and rural communities demand that they not be left behind. They

demand a share in the economic benefits of this knowledge based society.

My question is for the Parliamentary Secretary to the Minister of Industry. What is being done to ensure that Canadians wherever they live share in the economic and social potential of these future developments?

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, let me make it clear that the regional development agencies are working in regions across Canada to ensure that the regions are developed. In addition, communities futures programs across this country are assisting small communities to ensure that lending and information is available. The community access program which we have been promoting for the last number of years in 1,250 communities, 9,500 schools and 1,200 public libraries makes it easier for rural communities to have access. In addition the Canada community investment program has been assisting small and rural communities.

* * *

• (1455)

CORRECTIONAL SERVICE

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, the solicitor general's own internal survey of nearly 5,000 prison guards said the solicitor general could do a much better job of protecting the public and his prisons were too cushy. Seventy-six per cent of prison guards said the correctional service could be more accountable to outsiders.

Can the government explain to Canadians why it is ignoring the prison guards' recommendations?

Mr. Nick Discepola (Parliamentary Secretary to Solicitor General of Canada, Lib.): Mr. Speaker, the survey which the hon. member refers to is the second in a series of surveys that are determined and designed exactly to find out the employees' opinions.

The survey itself as the member says reports that 50% of respondents claim that there would be much less crime if the prisoners were more uncomfortable. I do not understand from that how they can ascertain that the prisons are very cushy. Last week we had the same party saying that the prisons were too dangerous. This week they are saying that the prisons are too cushy. I wonder which wild rose the hon. member has been smelling lately.

* * *

[Translation]

SOCIAL HOUSING

Mr. Réal Ménard (Hochelaga—Maisonnette, BQ): Mr. Speaker, my question is to the minister responsible for the Canada Mortgage and Housing Corporation.

Oral Questions

The federal government has indicated that it intends to withdraw from social housing. At the present time, the federal government is spending about \$2 billion on housing. To date, agreements have been signed with Saskatchewan, Newfoundland and New Brunswick.

Could the minister bring us up to date on the negotiations between his government and Quebec in the area of housing?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, to start with I would like to tell the hon. member that we signed agreements with four provinces and territories, and that we are negotiating with other provinces. There are negotiations with the province of Quebec and, naturally, we hope that they will come to a satisfactory conclusion and that an agreement will be signed as soon as possible.

* * *

[English]

YOUTH

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, my question is for the Minister of Justice.

Yesterday the city of Victoria released a critical report on the problem of sexually exploited youth, many of whom trade in sex for the basic necessities of survival. This issue has been of serious concern for years but has been too often ignored.

Will the minister commit to review and act upon these urgent recommendations?

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I thank the hon. member for her question. In fact she raises a very serious issue and one that I can assure her my provincial colleagues and I will be discussing when we meet at a federal-provincial justice ministers meeting early in December.

* * *

NATIONAL DEFENCE

Mr. Gilles Bernier (Tobique—Mactaquac, PC): Mr. Speaker, the 1993 deal to purchase helicopters included an ironclad guarantee that at least 50% of the components would have been made in Canada and 10% of every EH-101 sold worldwide would have been Canadian made. This would have meant jobs for Canadians, new technology for Canadian businesses and a substantial increase in tax revenues for the Canadian government. These helicopters would have paid for themselves.

Will the minister of public works explain why Canadians have to pay extra money for his helicopters—

The Speaker: The hon. Minister of National Defence.

Business of the House

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, I do not understand the audacity of the party that fouled up the previous deal on helicopters to stand up and say all these things.

Let me tell you, Mr. Speaker, there are going to be a lot of jobs in all parts of this country when this helicopter deal is finalized. That is something we are insisting upon in the bidding process. We want jobs created in this country.

* * *

● (1500)

PRESENCE IN GALLERY

The Speaker: Today we have a very special group with us as well as two other individuals whose presence in the gallery I would like to draw to your attention.

First, I would like to introduce Ernest Alvia “Smokey” Smith who won the Victoria Cross at the Savio River in Italy on October 21-22, 1944, and also Mrs. Alice Taylor, the 1997 Silver Cross mother.

Some hon. members: Hear, hear.

[*Translation*]

The Speaker: My colleagues, I wish to draw your attention to the presence in our gallery of four recipients of the governor general performing arts awards.

[*English*]

I am going to introduce them individually, but I would ask you to hold your applause until I have introduced our four recipients: singer/songwriter, Mr. Gordon Lightfoot; metteur en scène de théâtre, Mr. Jean-Pierre Ronfard; conductor and impresario, Mr. Nicholas Goldschmidt; and the co-founder of the National Ballet School, Miss Betty Oliphant.

Some hon. members: Hear, hear.

The Speaker: My colleagues, on your behalf, I will be receiving our guests today at a reception in Room 216. I include Mr. Smokey Smith and Mrs. Taylor along with the recipients of the governor general’s Award. I cordially invite all of you to come and meet our invités distingués.

* * *

POINTS OF ORDER

ORAL QUESTION PERIOD

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, I would like to refer to an issue in oral questions under Standing Order 37.

I note today that one party in this House during question period had a question and a supplementary. That party used two different

questions to two different ministers. I would like to ask you, Mr. Speaker, to clarify whether this practice is acceptable or not.

The Speaker: I always welcome innovative things in this House. If a party chooses to have its members split a question, I have been allowing that for the last four weeks now. The answer to your question directly is yes.

MEMBER FOR MEDICINE HAT

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, the hon. member for Medicine Hat wishes to let it be known that he was never involved with the Conservative caucus.

The Speaker: I think that will warm the hearts of both caucuses.

* * *

● (1505)

BUSINESS OF THE HOUSE

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, I would ask the government House leader to update us on the business of the House for the remainder of this week and for the first week that we are back after the break.

As well, I would ask him to update the House on any business rightfully belonging to this House which has been redirected to the Senate.

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to inform the House of the following:

[*Translation*]

I think there will be a resolution tomorrow about the report stage and the third reading of the bill on warrants to arrest, that is Bill C-16.

With your permission, before I continue, I would like to thank the House leaders of all parties for their co-operation in achieving consensus on what I am about to read.

Next week, there will be a parliamentary recess in honour of Remembrance Day. Afterwards, on Monday November 17, the government will propose consideration of the motion on amendments to the Constitution Act concerning the school system in Quebec. An agreement has been reached, so it is still possible we could sit until we conclude the debate, in order to proceed with the vote on the following day. Therefore, the first vote will be taken on Tuesday, November 18.

On November 18, we will consider Bill C-11 on customs duties. That will be followed by Bill C-15, an act to amend the Canada Shipping Act, and by Bill C-18, the legislation on powers of designated customs officers. After that, we will consider Bill C-17 on Teleglobe Canada and Bill C-14 concerning the safety of water destined for human consumption.

On Wednesday, November 19, and Thursday, November 20, also pursuant to the agreement reached, we plan to consider Bill C-4, an

act to amend the Canadian Wheat Board Act. Votes on that will be deferred according to whatever the whips decide at that time.

So this is the legislative agenda for the rest of this week and for the whole week following recess.

[English]

The Speaker: I believe there is unanimous agreement to revert to Statements by Ministers.

ROUTINE PROCEEDINGS

[English]

REMEMBRANCE DAY

Hon. Fred Mifflin (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.): Mr. Speaker, 79 years ago on the 11th hour of the 11th day of the 11th month the guns of the great war finally fell silent. The war to end all wars was over. The toll in millions of lives lost was appalling. Nations were shattered as the flower of their youth lay slaughtered on the killing fields of Europe. And across Canada, mothers and fathers, brothers and sisters, sons and daughters wept at the loss of their loved ones.

We are fast approaching another Remembrance Day, a brief moment in time when Canadians pay homage to those young men and women who have given their lives in service to their country throughout this century. It is a time to remember those whose blood stains the soil of nations they have helped to liberate from tyranny and oppression.

It is a time as well to honour and to thank the families of those who died and the veterans still among us for their sacrifice and their commitment to peace. We are indeed privileged to have two of those individuals with us today, as you have recognized, Mr. Speaker: Mrs. Alice Taylor, this year's Silver Cross mother, and Victoria Cross winner, Sergeant Smokey Smith.

Some hon. members: Hear, hear.

Hon. Fred Mifflin: Most of us are familiar with the now famous names of countries and campaigns in which our Canadians fought and died.

• (1510)

[Translation]

In our history books, we read of Vimy and Passchendaele, Beaumont-Hamel and the Somme. From our fathers and grandfa-

Routine Proceedings

thers we have heard about the disasters of Hong Kong and Dieppe, the victories in Italy, France, and Belgium, and the liberation of the Netherlands.

[English]

And the images of the Korean war would be among the first to flicker across our television screens.

What we can never really understand is the terrible, terrible suffering that our veterans must have endured. And whatever the war, whatever the campaign, endure they did.

For the ground forces in the mud, muck and mire of the trenches, if bullet or bayonet did not get you, disease would. Whether in the freezing cold of the blood soaked European battlefields or in the hell holes of prison camps in Hong Kong and Japan, or in the rice paddies of Korea, death was never far away. Death by dogfight or enemy flak met our airmen. Treacherous seas and death by wolfpack awaited our seamen.

We have also read the impersonal statistics of war: over 60,000 slain in World War I, over 42,000 in World War II, 516 lost in Korea. Nor have our peacekeepers been immune from death and terrible wounds. But they are just numbers on a page. They do not tell the human tragedy behind each and every loss.

I have a letter that I think does put a personal face on the tragedy, the suffering and the loss. It is a letter written to his mother by a young army lieutenant serving in France on the eve of the battle of Amiens on August 7, 1918, very close to the end of the war. He was one of five brothers who served in the great war and in the extract from this powerful letter he makes reference to three of his brothers. The words speak for themselves.

Dearest Mother,

This is the evening before the attack and my thoughts are with you all at home, but my backward glance is wistful, only because of the memories and because of the sorrow that would befall and darken your lives should anything happen to me in tomorrow's fray. Otherwise my eye is fixed on tomorrow with hope for mankind and with visions of a new world. A blow will be struck tomorrow which will definitely mark the turn of the tide—

I have no misgivings for myself in tomorrow's encounter. It does not matter whether I survive or fall. A great triumph is certain, and I shall take part in it. I shall strike a blow for freedom, along with thousands of others who count personal safety as nothing when freedom is at stake—

We shall strive only to achieve victory. We shall not hold our lives dear. The hour is all the more dramatic for me because, for the first time since I came to France, I am close to the spot consecrated by the blood of our gallant dead.

It was here that noble Raymond fell and Joe and Kenneth shed their blood in freedom's cause. I trust to be as faithful as they.

I shall be my mother and father's son tomorrow. Again God bless you all.

Your son Hedley.

The next day 110 men would fall in this battle and among the numbered dead was young Hedley Goodyear, in his early 20s.

Routine Proceedings

War, freedom and peace are not just the business of government and the military. It is a personal concern, it is a personal issue, as this testimony of Remembrance Day holds fast.

Let us not forget. N'oublions jamais.

Some hon. members: Hear, hear.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, I rise to join with the minister and other hon. members in paying tribute to those brave Canadians who lost their lives or suffered injury in the wars of the 20th century. We also pay tribute to those who came home, our veterans and those who serve in our armed forces today.

The veterans that I know face each passing Remembrance Day with a combination of pride and sadness. The pride of course comes from knowing that they participated in the preservation of freedom and democracy, not only for themselves but for other generations of Canadians and other people around the world. Their sadness arises from the lurking fear that no one really remembers or really cares.

• (1515)

I am reminded of a sad, old World War I song by the Australian Eric Bogle, sung so well by Canada's John McDermid, which puts the following words into the mouth of a crippled vet. He said:

And so now every April I sit on my porch
And I watch the parade pass before me;
And I see my old comrades, how proudly they march,
Reviving old dreams and past glories.

But the old men march slowly,
Their bones stiff and sore,
Tired old men from a tired old war,
And the young people ask,
What are they marching for?
And I ask myself the same question.

To those who feel this sadness on Remembrance Day, I want to say not as a member of Parliament or as the Leader of the Opposition but as the father of five children, that we do remember what you are marching for and that we are eternally grateful.

Two years ago my wife and I took our oldest son to the airport from which he was to leave for a year of travel and study in Asia and the south Pacific. It was a time of mixed emotions for us, sadness that he was leaving home for an extended time for the first time, but excitement that he was now through high school and off to see the world before going on with his studies.

I could not help thinking at that time how different our situation was and how infinitely preferable it was to that of parents who took their young people to the bus station or train station 80 years ago or 60 years ago at the outset of the first and second world wars and the terrible emotions they must have felt as they sent their young people not off to study, travel and work abroad in peace, but to fight in a war from which they might never return.

It is because those parents and those young people were prepared to make those sacrifices that we have not had to make them. It is because they suffered those terrible emotions that we do not have to suffer the same.

When I see the veterans marching past the cenotaph, even if their step is slower now and the bones may be stiff and sore, that is the answer we should give to those who ask, what are they marching for. They marched long ago and they march today for you and for me. And for that we owe them our profound and everlasting gratitude.

[Translation]

Mr. Maurice Godin (Châteauguay, BQ): Mr. Speaker, today, as the Bloc Québécois critic for veterans issues, I would like to pay tribute to our veterans. This week, we will carry out together the promise that was made to them by the 35th Parliament, that is to extend the period of commemoration of Remembrance Day.

Indeed, on November 2, 1995, at the commemoration of the 50th anniversary of the end of the second world war, Parliament decided to honour the courage and sacrifice of its military personnel by designating the week preceding Remembrance Day as veterans week.

The main reason that motivated Parliament in its decision was to educate the present generation, which has been fortunate enough to live without any major conflict for more than half a century, on the sense of duty and the freedom dearly won by Quebec and Canadian military personnel. To preserve the present peace that is still too fragile, we must remember the lessons of history and apply its teachings.

Let us remind all that democracy has a cost and, as such, it must be preserved at all cost.

More than 1.5 million Canadians served during the two world wars and in the Korean war and, we will never say this often enough, more than 110,000 soldiers lost their lives during the two major world conflicts, while several hundreds of others died during the Korean conflict and in peace missions under the United Nations.

• (1520)

We must not forget either all the civilians who gave their lives for the cause and those who, behind enemy lines, steadfastly prepared the final victory of the allied forces and democracy.

We must not forget the scope of human misery, the extensive human losses and the horrible suffering endured by all populations during these wars. During the second world war alone, civilian losses were estimated at more than 40 million.

It is up to us to remind each new generation of young Quebecers and Canadians of the sacrifices made for a noble cause by an entire generation, be it at Dieppe, in Hong Kong, Korea, concentration camps, not to mention the deportations, and the list goes on.

Routine Proceedings

One of the primary responsibilities of the Department of Veterans Affairs is in fact to keep the memory of their deeds and sacrifices alive.

Those are memories I had in mind when, last August, I participated in the ceremonies commemorating the 50th anniversary of the landing in Dieppe, in Normandy, and with equal gratitude, this weekend, I will be attending ceremonies on the old continent with parliamentary colleagues and veterans, as part of the Canadian delegation.

Humbly I shall pray at the military funeral service for Canadian airmen who died in the second world war but whose remains were just recently found in Belgium, reminding myself that the future of our children was built on the tombstones of our dead.

This week, let us pay tribute to our veterans. We must learn from these dark hours of history so that never again we will have to relive such sad events.

Our thanks to all veterans and to those who are no longer with us. At the going down of the sun, we will remember them.

[*English*]

Mr. Peter Mancini (Sydney—Victoria, NDP): Madam Speaker, on behalf of the New Democratic Party across Canada, my colleagues and I join with all members of the House in recognizing this coming Tuesday as Remembrance Day.

We believe that we would do well to pause and reflect on its meaning. I will do so myself. I had four uncles who served in the second world war, three of whom were prisoners of war. They do not discuss those days with me very much but I know that they have paid a great price for the freedom that I have to be here today.

We should also remember and honour all those who have made the supreme sacrifice and who willingly gave everything for the cause of peace, and for the cause of democracy.

We must remember the sacrifices and commitment of all those who pursued peace on our behalf in all of the wars, conflicts and peacekeeping missions around the globe.

Also we must not forget the contribution of those Canadians who served in the Mackenzie-Papineau Battalion in the Spanish civil war and the members of the merchant marine.

I take this opportunity to remember someone familiar to this House who worked tirelessly for veterans and who showed, perhaps, what we can do, a Canadian who devoted much of his life to securing benefits for those gentlemen and ladies who served in the war and their families. That is the late Stanley Knowles. He was a tireless champion on behalf of our veterans and achieved much on their behalf.

We believe that it is part of our obligation to try and build the kind of world for which our veterans gave their lives. We believe this is a time for us to renew our commitment and our efforts in the pursuit of peace and democracy around the globe. We hope we will find a way to make life better for those who suffered and continue to suffer as a result of war.

We are honoured to join in this moment of recognition and remembrance for those who died and for those who served and are still with us. In the tradition of Remembrance Day, we say from our hearts, we will remember them. Their spirits watch us in this House and watch how we deal with the legacy left to us.

• (1525)

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Madam Speaker, I rise today on behalf of the Progressive Conservative Party of Canada to pay tribute to the many Canadians who risked their lives, and for those who fell in the cause of peace and freedom that we enjoy today in Canada.

This Remembrance Week commemorates those who sacrificed their lives so that we might enjoy the ways of freedom and the many who gave their lives at an early age. Myself and many Canadians at the age of 18 or 19 were finishing school, heading off to university or starting a career. Although we share the same age, the lives of those who served may have ended. Clearly the ultimate sacrifice made by earlier generations in our country has helped to ensure peace, security and the opportunity for subsequent generations.

Historians often note that Canada is one of the few countries in the world that came about peacefully, without bloodshed. While Confederation did not directly result from military battles on our soil, Remembrance Week reminds us that today Canada was forged by yesterday's battles beyond our borders.

The muddy fields of the Somme, the dark skies over the Rhineland, the cold, murky deeps of the North Atlantic, Hong Kong at Christmas; these are the many places where our soldiers, sailors, airmen, merchant marines, nurses and doctors put their lives on the line. They fought for their families, their communities and their country. They defended Canada against aggression as members of the army, navy, air force and the fourth arm of our fighting services, the merchant navy. Many never returned from battle.

The central structure of these Parliament Buildings, the Peace Tower, houses the memorial chamber. In that chamber are the books of remembrance which hold the names of every Canadian who died for our freedom. Each day a new page is turned.

The altars hold the books for the Boer war, the first great war, the second world war, the Newfoundland memorial, Korea and the merchant marine. Some of the names on those pages today include William Locke, flying officer; Edmund Masters, able seaman;

Supply

Alphonse Roy, soldier; William Worden, private; James Daniel, second engineer; Germain Houle, private.

We remember them and honour them not just today, not just this week and not on November 11 but here in Parliament each and every day. Alexander Yorkton, corporal; William Zorn, sergeant; Richard Nankervis, lance corporal; Pierre Joquet, chief engineer; Francis Holland, private; Joseph Jackman, able ordinary seaman.

These names, along with the more than 100,000 names that appear on these tear stained pages are the many reasons that we remember our war dead, our veterans and their families, not just November 11, but 365 days of each year.

[Translation]

The Acting Speaker (Ms. Thibeault): I would now ask the House to rise and observe one minute of silence in memory of the departed.

[Editor's Note: *The House stood in silence*]

• (1530)

[English]

The Acting Speaker (Ms. Thibeault): I wish to inform the House that pursuant to Standing Order 33(2)(b) because of the ministerial statement government orders will be extended by 20 minutes.

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—GOODS AND SERVICES TAX

The House resumed consideration of the motion and of the amendments.

Mr. Jake E. Hooppner (Portage—Lisgar, Ref.): Madam Speaker, it is a pleasure to rise in the House today to say a few words on the Bloc motion.

Before I start into my little speech, I want to commend my hon. colleague from Calgary Southeast on his comments on this motion. I would like to point out to this House that here is a young man who was led down the broad path of taxation and spending. He followed the advice of political pundits who said that this was the way their life would be regulated, that this is the direction that our youth would have to take.

He came to the pinnacle of truth, he looked down and saw the big debt hole and said, "Hold it, I am not jumping". He looked back and saw Reform and he said, "There is my answer. Live within

your means. Be comfortable. That is the way the government should be run".

What did this young man do about it? He became active in politics. And here he is. Here is the man who is going to change the future for many young people down the road. Here is the man who is probably going to be on that other side some day and will say, "Look at what those people did. Look at the suffering they have created". He will fix it like some of our other young colleagues who are sitting with me in this House. And I am proud to be a colleague of theirs.

I would now like to say a few things about the Bloc motion. I kind of feel sorry for the Quebec government, that it got rooked into this deal.

I do not agree that the deal should ever have been made but I know they have been suffering. If members want to hear what the Liberals said in opposition, here is what one of the members said and he is still in the House today: "We created a monster. Now we have an underground economy so big that no one can even account for it". That is exactly what we heard.

An hon. member: Who said that?

Mr. Jake E. Hooppner: He is presently the public works and government services minister. Yes, that was his view of the GST when he was on this side.

An hon. member: So it definitely was a Liberal.

Mr. Jake E. Hooppner: Here is another Liberal who graduated to that other place after they were elected. This is what he said: "The GST has undermined Canadians' confidence in the fairness of our tax system". That is exactly what this motion is talking about, the unfairness.

There is an old saying my dad used to remind us of. He said that if you are going to play with fire you are probably going to get burnt. This is what the Quebec government was doing with the GST. It saw the federal government raking in the dollars and it figured, why not harmonize it, broaden it a bit and then rake in some more money. All of a sudden, it realized that its economy was stopping, that it was deadening itself, it was killing itself. That is what was happening. Then the pain started coming and it did not know how to cure that pain.

This reminds me of another little incident with my two older children when they were about five or six years old. My wife came to me one noon and said, "Jake, we have a pocket gopher in our garden eating all our vegetables. You better get a gopher trap and catch that varmint". What did I do? I went out and put a trap in the hole the gopher had dug and covered it up, never suspecting that my two youngsters were watching to see how I did it. That is what the Quebec government was doing. It was watching the federal government putting on taxes.

Supply

• (1535)

Within an hour my kids thought there should be some results. When you do something you have to have results. They tried to uncover the hole and they got their hands in the gopher trap and ow, it hurt. My son and daughter came screaming home, "Dad, help, help". That is what the Bloc is saying today, "Help. There is pain".

What did I do? I had to reduce my kids' pain. I took the trap off. But if we look at what the Bloc did to soften the pain, they put a gopher trap on the other hand and then they really had pain. And now it is really hurting. They created it themselves. How can they blame the federal government? They looked in the mirror to see how it was working.

An hon. member: A partner in crime.

Mr. Jake E. Hoepfner: A partner in crime. A very good comment.

I did the right thing. I took the gopher trap off my kids' hands which relieved the pain totally and made them happy again. That is what the Quebec government should have done. It should have removed the tax. Instead it harmonized it and created twice the pain. If you want to help heal a problem, you do not make it bigger, you put something on it to cure it.

I want to give another couple of examples of how they could have listened to the Liberals when they were in opposition and how they could have solved the problem. This is what the present finance minister said in the *Montreal Gazette* on April 4, 1990: "I would abolish the GST. The manufacturers sales tax is a bad tax and there is no excuse to repeal one bad thing by bringing in another". The finance minister admitted that.

The finance minister had a good idea. He knew what he was talking about. On June 21, 1994, after he was elected he became the finance minister, and this is what he said in the *Ottawa Citizen*: "It is almost impossible to design a tax that is more costly and more inefficient than the GST". He had the answer.

We were sitting on this side, waiting for the GST to be killed, to be abolished, to be scrapped. What did the Bloc and the Quebec government do? They said, "Let us jump on the gravy train. Let us get some extra taxes. Let us make things roll in this country. Throw in another tax. That is the way to go".

Here is what a writer said in 1996 about the GST. I am citing this to show how destructive the GST has been to our economy. He said: "My message to the Prime Minister comes after yesterday's chilling report from Canada Mortgage and Housing Corporation which shows that new home construction across the country crashed to a 35-year low last year. That makes 1995 the worst year for our homebuilders since 1960, outstripping the pain of 1994 when we hit a 10-year low, and for Toronto it means a loss of another 10,000 construction jobs".

Are we surprised why the Quebec government is feeling the pain? I am sure it hit Montreal. I am sure it hit Quebec. That is just in the housing industry. What did it do to the service industries?

I can remember that in Winnipeg in my own province it killed tourism. It killed restaurants, small businesses and the service sector. As the member said, we cannot even afford to get a haircut because we have to pay tax on it.

• (1540)

An hon. member: So why did they not kill the tax?

Mr. Jake E. Hoepfner: I do not know why they did not kill the tax. They were talked into trying to jump on the tax train and grab as much as they could, forgetting that it would hurt more in the end. I feel sorry for the Quebec government but it is not just Quebec that has been hurt, it has hurt us right across the country. It is the taxpayers who are suffering. They will continue to suffer until we dismantle, scrap, kill or abolish the GST. That will probably only happen when the Liberals are back here and we are over there.

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Madam Speaker, I could not help but listen intently to the very informative speech from my hon. colleague.

Out west there is a little parasite. It gets onto human beings and livestock and will suck the lifeblood right out of you. We call it a tick. I often wonder if maybe it got its name from politics, from governments trying to suck the lifeblood out of people through taxation.

We know that basically we work more than six months out of the year just to pay taxes in this country. That means out of every eight hours that a person works, four hours are going to pay taxes in order to keep the governments of our country going.

Does the hon. member think it is fair for the people of this country to work so hard and put in the time that they do to pay over 50% back in taxes to the government to absolutely squander in any way it sees fit without having any input from the taxpayers themselves?

Mr. Jake E. Hoepfner: Madam Speaker, what I would like to point out to the member is that this tick is very dangerous. If there are enough of those ticks they will not just keep on sucking that red blood, that Liberal blood as we would say, in the tax system, they will kill the animal or the person. The worst of it is that the tick is not that bad. The pain is not that bad. But we have the darn mosquito that continually sucks that red blood. It continually acts like a tax collector. The more it has, the more it wants. It becomes habitual.

When there are little ponds sitting around that are kind of stale that seems to really attract those suckers. It seems to be what also attracts the Liberals: "If we can find an elephant or some industry that we can keep sucking, let us do it". When there is a bankruptcy,

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the Liberals' philosophy is that it will create another job. Their philosophy is that some other sucker will come along.

It does not seem to be working too well because the provincial Liberal governments have been falling by the wayside like the mosquitoes and ticks when we start swapping them left and right. That is what is going to happen in the political field as far as the federal Liberals and politics are concerned. It happened to the Conservatives who invented the GST. Now the Liberals are trying to take credit for inventing it. I do not know what the deal is here but I imagine they are hoping that will give some credence to the Conservatives with their philosophy and hope that maybe some day they can swap some seats again. However, I am afraid it is getting late in the day and these tax suckers, these mosquitoes, will finally kill themselves.

* * *

• (1545)

[Translation]

BUSINESS OF THE HOUSE

DIVISION ON OPPOSITION MOTION DEFERRED

Mr. Bob Kilger (Stormont—Dundas, Lib.): Madam Speaker, I have three motions to table, subsequent to discussions among all parties. I ask for unanimous consent to do so.

You will find that there is unanimity on the following motion:

That, at the conclusion of today's debate on the Opposition Motion, all questions necessary to dispose of this motion be deemed put and a recorded division be deemed requested and deferred until Tuesday, November 18, 1997, at the expiry of the time provided for Government Orders.

[English]

The Acting Speaker (Ms. Thibeault): Does the hon. whip have the unanimous consent of the House?

Some hon. members: Agreed.

The Acting Speaker (Ms. Thibeault): Carried.

(Motion agreed to)

GOVERNMENT BUSINESS NO. 4

Mr. Bob Kilger: Madam Speaker, I have an additional motion, following the discussions among all the parties.

That, notwithstanding any Standing Order, with respect to Government Order, Government Business No. 4, on November 17, 1997, the House shall continue to sit until no member wishes to speak, whereupon the question shall be deemed to have been put and a division requested and deferred to the conclusion of the time for the consideration of Government Orders on November 18, 1997, provided that during this debate, no dilatory motion nor quorum call shall be received and provided that, if it is necessary for the purposes of this Order for the House to sit after the ordinary time of adjournment on November 17, 1997, there shall be no proceedings pursuant to Standing Order 38, on that day.

The Acting Speaker (Ms. Thibeault): Does the hon. whip have the unanimous consent of the House?

Some hon. members: Agreed.

The Acting Speaker (Ms. Thibeault): Carried.

(Motion agreed to)

[Translation]

JACQUES VILLENEUVE

Mr. Bob Kilger: Madam Speaker, it is unanimously moved:

That the Parliament of Canada congratulate new Formula One world champion Jacques Villeneuve and highlight his contribution to enhancing our national pride worldwide.

The Acting Speaker (Ms. Thibeault): Does the whip have the unanimous consent of the House to move the motion?

Some hon. members: Agreed.

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

Some hon. members: Yes.

(Motion agreed to)

* * *

SUPPLY

ALLOTTED DAY—GOODS AND SERVICES TAX

The House resumed consideration of the motion and of the amendment.

Mr. Denis Coderre (Bourassa, Lib.): Madam Speaker, I am always greatly pleased to participate in these debates and today we are obliged to respond to this Bloc motion, with which they are trying once again to cause instability.

When one is a member of the Bloc, things are easy. One makes all sorts of motions. All that one has to do is to say it is the federal government's fault—

Today we are talking about harmonization, and, once again, the Bloc Quebecois is looking for a lifeline. With all they have done in recent weeks, the issues of the biker gangs and drinking water, their flailing away in the water, they are looking for something to cling to. They think they have found one more life raft to cling to called the harmonization of the GST and the QST, and they say they need compensation.

I am not an economist, but I know how to count. In 1990, the governments of Quebec and Canada announced they had signed an agreement. In agreeing to harmonize, they realized over the years that revenues increased by over \$2 billion.

You seek compensation because you have been misled. You seek compensation because you have lost something. Perhaps they lost their credibility, but for sure Quebecers gained a lot.

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• (1550)

They started by setting up a Quebec sales tax. This tax cost them over \$1.3 billion. They understood that harmonizing would make things a lot more attractive for businesses. They would become more competitive. What happened? Harmonization was indeed a positive thing.

They are still going after the government, and we certainly know why they are. Why? Simply because elections are coming up in Quebec. We have seen the disastrous state the PQ government is in. It does not know how to administer its own funds and has to come up with something. They need to find ways to get elected.

What is in the PQ separatist stew every time? It is the federal government's fault. In order to win votes, they say it is the federal government's fault.

We had a federal election in 1997. What happened? In 1997, the Bloc Quebecois lost 500,000 votes and 11 seats. If the Bloc were so strong, if it had the absolute truth, it would have won.

Mr. Yvan Loubier: You lost your majority.

Mr. Denis Coderre: We won in terms of votes and in terms of seats.

If an election were held tomorrow morning, the Bloc Quebecois—and I am quoting our friend Jean Lapierre, the former Bloc member, who says the Bloc has no reason to be in Ottawa—would take quite a beating. It would disappear from the political map.

In 1993, it was passion that brought Bloc members here. In 1997, it is pensions, because they have no other reason to be here. Year in year out, they look for reasons to save their leader's political life. They have to apologize. They always have to say that errors of judgment were made. We saw that.

On what was said about biker gangs, I personally would have been ashamed. It is sad, so sad. And when we get back to the economy, they show us once again that it is just a shot in the dark.

One thing is certain: we were right and, to paraphrase what my good friend and colleague, the hon. member for Outremont, said, our government acted without engaging into partisan politics. When we choose to protect the interests of Quebecers and all Canadians, we can see that we are doing something positive. Why? Because we have the figures to prove it.

In 1991-92, Quebec's revenues increased by 20.4%; in 1992-93 by 17.4%; in 1993-94, by 9.1%. It is with this money that, together, we can help improve people's quality of life.

I took some courses in economics. My knowledge of macroeconomics tells me this is positive. Even editorialists agree. However, when one has nothing to say, when one constantly tries to justify

one's existence, we end up having to put up with things like this. I find it most unfortunate.

The figures speak for themselves. When Reformers take the floor, all Canadians start laughing. Flip-flaps, flap-flops, flip-flops, you name it, they do it all.

In 1990, when, unfortunately, a Reformer was elected for the first time, he said "We will scrap the GST". In 1991, the current leader of the official opposition changed the Reform Party's position on the GST. He said:

[*English*]

It could not be repealed because it would increase the deficit, but in public speeches the Leader of the Opposition talked about applying part of it to the debt, which would keep it even longer.

In 1992 the Reform changed its position again, saying that it would reduce the GST in stages after the budget was balanced. In 1994 in the finance committee minority report on the GST the Reform Party supported harmonization.

[*Translation*]

I do not understand. On the one hand, they are saying it is terrible, that we are trying to buy Canadians. On the other hand, they keep changing their minds.

• (1555)

Do you know why we have been elected? Because we look after the interests of Canadians and we have a consistent policy. When we all work together as partners with the Quebec government, when the separatist government understands that we have to co-operate in the interests of Canadians, we all benefit from it. Statistics confirm this. More improvement is needed. There is always room for improvement. I hope we will keep on improving things, but, at some point, we have to stop talking about allegations and stick to the facts.

What we want to do is make sure Canadians can have a decent living. Our policy has been effective. Thanks to its revenues and good management, the Canadian government will finally balance its budget. All countries that are members of the OECD and other countries throughout the world speak about the Canadian miracle. We will balance the budget because everything is going just fine, with increasing revenues and good management in the government. Obviously, we will then look for ways to ease the tax burden. I will certainly be doing that. We have demonstrated that we were a responsible government, we have made the right decisions, and that is what Canadians think also.

Later on, we will have to look for the means to make our businesses more competitive. Facts prove it: compensation would mean losses. Once more, Quebec has had a winning partnership with the federal government. Despite all the partisanship of the

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Bloc Quebecois, we realize one thing: when Canadians and Quebecers are given the facts, they understand that the federal government has looked after their best interests.

The Acting Speaker (Ms. Thibeault): The hon. member for Winnipeg North Centre, for questions and comments.

Mr. Denis Coderre: Madam Speaker, excuse me but I had said that I would share my time with the hon. member for—

The Acting Speaker (Ms. Thibeault): Yes, that is the information that was received by the Chair, and that is what was understood.

[English]

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Madam Speaker, I have a question for the hon. member. He talked a great deal in his speech about inconsistency and hypocrisy on the part of others in the Chamber. Certainly when it comes to understanding the Reform Party there is some merit to his argument.

However, if we are talking about inconsistency, where there is the greatest question, it comes down to the Liberal Party.

How could the member make those comments in view of his party's record with respect to consistency or lack thereof on the GST? In 1993 his leader, the prime minister of the country, said the GST would be gone within two years. Now, four years later, it is still with us. In fact it is being expanded and harmonized in terms of provincial sales tax in parts of the country.

How is it consistency in terms of Liberal policy when we have such obvious gaps and discrepancies in income tax policy and such unfairness in the whole system?

How does the member find it consistent that we have a situation before us today whereby Revenue Canada has allowed a family trust of \$2.2 billion in assets to be moved to the United States, thereby avoiding taxes?

How is it consistent that we have today in Canada close to 8,000 Canadians with incomes over \$100,000 paying no tax?

How could it ever be consider consistent to have untaxed corporate profits amounting to somewhere in the neighbourhood of more than \$41 million every day?

How is it consistent to see such discrepancies in terms of the burden being shifted more and more to low and middle income Canadians and to see such wealthy individuals and such large corporations avoiding paying any taxes at all?

• (1600)

[Translation]

Mr. Denis Coderre: Madam Speaker, I would like to know where the member was when we were grappling with the economic mess and succeeded in taking this country out of that slump.

We acted with transparency. We were stuck with a \$42 billion deficit. We have a debt to control. We acted responsibly and with speed and, moreover, we will reach a zero deficit in 1998.

Ms. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Madam Speaker, there is a really unpleasant aspect in the opposition motion presented today. It is something that is worse than the false claim that an injustice was done to Quebec when it harmonized its sales tax with the GST.

Once more, the Bloc is trying to convince Quebecers that they are victims of Canadian federalism. But Quebecers are neither victims, as the Bloc claims they are, nor fools.

Quebeckers established a dynamic and strong society within the Canadian federation. This explains why recent polls clearly show the failure of the separatists' strategy based on lies and fairy tales.

The truth is the country we built together is an incomparable success, as is evidenced by the United Nations' statistics that show, year after year, that Canada is the best country in the world to live in.

Even on the issue of the financial advantages of federalism, the Bloc is mistaken when it describes Quebec as a loser. The facts are clear.

Let us start with today's motion. This motion claims that Quebec is treated inequitably because it did not get billions of dollars as compensation for harmonizing its sales tax with the GST.

In this, the Bloc is echoing its provincial masters. It espouses the position of the Parti Quebecois government. But I would say to members of the Bloc that we are getting close to year 2000 and that in a couple, one member is no longer subject to the will of the other, nowadays.

The Quebec government referred to the assistance received by the harmonized Atlantic provinces, expressed in proportion to their populations, to justify its entitlement to adjustment assistance. This wrongly implies that federal programs are structured in such a way.

First of all, let us make one thing clear: the federal government still pays the province of Quebec for the administration of the GST. Quebec has received some \$100 million a year since 1992-93.

However, as other speakers mentioned today, the fact remains that the only purpose of adjustment assistance is to compensate for part of the revenue shortfall experienced by some provinces after they agreed to participate in an harmonized sales tax system. Again, its only purpose is to compensate for part of the revenue shortfall, not for the revenue increase.

Federal government programs are designed to meet the specific needs of each province and to take into account their particular situation, but not to distribute benefits equally among provinces on the basis of population.

Thus, the equalization program is aimed at providing the provinces with a lower tax capacity with the resources they need to pay for high quality programs and services for their residents.

• (1605)

With this program, Quebec, which has less than 25% of the population, will receive this year 48% of total equalization payments, or \$4 billion in federal transfers, when other provinces like Ontario, British Columbia and Alberta are not even eligible.

Equalization is not the only direct transfer to Quebec. The province also receive its fair share of the CHST, which will reach \$6.8 billion this year.

In 1997-98, these two transfers to Quebec, that is to say, the GST and equalization, will amount to \$10.4 billion, which is more than for any other province. This amount represents over 27% of Quebec's anticipated revenues and almost \$1,400 per person, about 25% more than the national average.

When faced with a particularly acute cigarette smuggling problem, Quebec asked the federal government to reduce its tobacco tax. We agreed. We reduced the tax by \$10 a carton, more than in any other province. Indeed, in giving Quebec what it wanted, the federal government lost revenues estimated at \$300 million in all of Canada in 1994-95.

Quebec also receive other benefits from the federal government. I would like to enumerate a few. Companies established in Quebec receive about 40% of research and development tax credits. To date, 57% of the funds invested by the Canadian technological partnership program went to Quebec companies.

As for middle and long term financing, the Export Development Corporation spent 47% of its budget in Quebec, more than in any other province. That is strong strategic support for our exporting companies. Thirty-seven percent of the Business Development Bank of Canada investments are concentrated in Quebec. That is a significant contribution to the financing of small and medium size businesses in Quebec.

Under the Canadian infrastructure program, the federal government gave \$683 million to Quebec as its 33% share of the cost of rehabilitating local infrastructure.

In closing, to go back to the issue of compensation for the harmonization of the GST, I will repeat that the adjustment assistance offered to the provinces, who needed it in their transition to a more effective sales tax system, was fair and equitable.

Quebec benefits greatly from several federal programs in areas where such assistance is needed. With regard to the adjustment

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assistance program put in place as part of the harmonized sales tax system, the need obviously does not exist. However, I remain convinced that Quebec's initiative to introduce a value added sales tax similar to the federal tax is legitimate and beneficial to both businesses and taxpayers.

As you can see, the facts in no way indicate that Quebec was treated unfairly. On the contrary. We have convincing proof that federal programs are based on equitable rules. When Quebec's needs and situation warrant federal assistance, such assistance is always provided and often exceeds the share that province should receive in proportion to its population.

• (1610)

[English]

Mr. Eric Lowther (Calgary Centre, Ref.): Madam Speaker, I would like to address a few comments to the members across the floor, particularly to the last two who spoke from the government side.

I think we have to consider a couple of things with what is being put forward with this motion. We must recognize that in Canada today, through the democratic process, Quebec Canadians have elected the Bloc members who are here in the House. There is something that has caused them to get frustrated to the point where they would choose to elect the Bloc members on this side of the House.

Although I do not agree with the motion that has been put forward by the Bloc, I do recognize some of the frustration that Quebecers feel with the current government. I was interested in hearing some of the comments that members across the way made earlier in talking about the integrity of the Liberal government.

I am reminded again of the GST promise that we have not had anything delivered on. Taxes have increased. We heard the member misquote our leader. He even said that the figures prove the Liberals' good performance. I refer to a \$600 billion debt, to taxes that take us six months to pay, \$45 billion in interest payments every year, 29 new spending increases in the throne speech. With all this he says they are lowering the tax burden.

They come in here and with this litany of tax and debts, they hold up the UN's announcement of how we are the favoured nation and the chosen nation.

If we are the best of a bad lot, is that the best we can do? I say that Canada has a great potential to do even more than we have, but we are limited by the government to the point that Canadians in Quebec have become so frustrated that they are electing Bloc members.

I ask the member who spoke previously when will this government realize that Canadians are asking for lower taxes and some integrity in government instead of the misguided increased tax and

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mismanagement that we continue to see from this government? That is the crux of the question.

If we could have integrity and proper management of the fiscal issues in this country, perhaps we would not be faced with Bloc motions such as the one we are dealing with today.

Ms. Marlene Jennings: Madam Speaker, I have a hard time keeping a straight face. When I listen to this member of the official opposition it makes me think that I am watching the film about Sybil. I am not denigrating people who suffer from psychiatric disorders. Sybil suffered from multiple personality disorder, which meant that each individual personality was not aware of what the other one was doing or saying.

Here we have a party which has changed its position regarding GST numerous times, even before 1990, and its members do not seem to remember each individual change. How many times have they changed their position? Let me count the times.

Before 1990 they exploited public opposition to the GST to get two of their members elected to this House. In 1991 the leader of their party reversed that position, saying it would not be repealed because that would increase the deficit, and yet in speeches he gave he talked about applying it to part of the debt.

• (1615)

Anyone with a brain in their head knows that if you apply it to the debt it increases the amount of time the tax would be in force.

Then in 1992 they changed their position again. My God, how many times is that?

[*Translation*]

Mr. Gilles-A. Perron (Saint-Eustache—Sainte-Thérèse, BQ): Madam Speaker, I want to thank you for giving me the opportunity to speak to the motion regarding the harmonization of the GST and the QST in Quebec.

The motion reads as follows:

That this House condemn the government for blatant unfairness to Quebec in the matter of the GST, the government having denied it compensation without letting it submit its arguments to an independent arbitration panel made up of three experts, the first to be appointed by the federal government, the second by the government of Quebec, and the third jointly by the first two.

The GST Act came into force on January 1, 1991. As everyone knows, the federal government of the day implemented this new tax in great haste without a thorough analysis of its application, causing many technical difficulties.

Today, this legislation is still criticized, mainly by small and medium size businesses which are forced to collect this tax for the federal government, thereby incurring considerable administrative costs. A business must collect this 7% tax from the consumer. It is reimbursed through an input tax credit. This tax credit may be

requested by each individual in the production and distribution chain, with the result that it is the consumer, and the consumer alone, who pays the GST.

It would be normal and fair for the consumer to have some say over where his money goes, since he is well aware that the GST is a very important source of federal revenues. Furthermore, this is why, despite their 1993 red book promise, the Liberals have not yet abolished the GST. Yet this tax adds considerably to the tax bill of already overtaxed citizens.

We in Quebec were good sports. We were the first to harmonize the tax, just as we were the first to defend Canada's interests in the free trade issue. Now that other provinces want to follow Quebec's lead and harmonize the GST, the federal government is getting generous. If the federal government gave \$1 billion to certain governments in the maritimes, why is it refusing to give the people of Quebec their fair share for harmonizing the GST? Is it the size of the cheque required that is scaring it off?

Speaking of the size of the cheque, in the interests of fairness, we in the Bloc Québécois are suggesting through this motion that the federal government create a neutral arbitration panel, with one representative to be appointed by the federal government, one by the Quebec government, and one to be neutral. One of the things this committee would be called upon to do is to work out the amount of this cheque.

Imagine what the Government of Quebec would do with this \$2 billion it has coming to it. It could certainly improve its public image, which has taken a beating because of the cuts of over \$2.237 million made by the federal government in social transfer payments to Quebec. And this does not stop the Minister of Finance from tooting his own horn in every public forum about the good job he is doing.

• (1620)

It is not difficult to arrive at a zero deficit with the methods used by our dear Minister of Finance; all you have to do is cut social transfers to the provinces by 54% and shamelessly dip into the employment insurance fund. This money belongs to the unemployed and to the employers who contribute to it. In fact, speaking of the employment insurance fund, we recommend strongly to the Minister of Finance that he lower the employment insurance premium rate from \$2.90 to about \$2.50.

With these new rates, small and medium-sized businesses could, among other things, start investing in job creation. Even with these rates, the employment insurance fund surplus would allow the Minister of Human Resources Development to reevaluate the eligibility requirements for employment insurance.

Yes, it would be interesting if the Minister of Finance, instead of digging directly or indirectly into the pockets of the less privileged in society, could respect the commitments he made in 1995 to

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reduce departmental expenditures by 19%. It is much easier for the government to act as it does than to tackle the real waste problem.

Has this government really taken steps to stop waste? No. Think of the billion dollars that this government foolishly let slip from the state's coffers when it privatized our air traffic control system.

Let me remind you of the facts. The Minister of Finance himself had estimated our air traffic control system at \$2.6 billion. As for the Minister of Transport, he had estimated it at \$2.4 billion. So we can say that the average value of the air traffic control system is \$2.5 billion. Why was this system sold for \$1.5 billion, as the Auditor General of Canada asked in his latest report.

I repeat the question: How can this government shamelessly and without regret justify this billion dollar shortfall that could have been used, for example, for our young people, our single mothers, our old people?

Speaking of young people, I must tell this House how appalled I am that in 1997, children are going to school in the morning on an empty stomach. This does not seem to sadden our Heritage Minister, when you consider how freely she is throwing our money to the wind.

We must not forget that it is that same minister who was forced to resign because of an 1993 electoral promise that was not kept, namely that "we Liberals will abolish the GST". Not only did she come back, but she continues to waste people's hard-earned money with her bogus projects. We have for instance her flag project, which is blowing in the wind and scattering taxpayers' money around. In 1996-97, this foolish initiative cost \$15.5 million.

I will mention only that project, but I can tell you today that with all her useless programs, that minister has spent \$94.6 million of the taxpayers' money.

What a disgrace! Let us think about hungry children.

I cannot go on about this government's shameless wastefulness because it makes me ill.

• (1625)

Before wasting money needlessly, let us think of all our people who are living in poverty.

I believe that any self-respecting government which is interested in making proper use of its taxpayers' money should, before it spends money needlessly, get the go-ahead from all of its elected representatives, without any partisanship. Second, it ought to follow the recommendations of the auditor general to the letter. We must not lose sight that the auditor general's function is to watch out for the taxpayer's interests. Third, all governments ought to follow the lead of the municipal governments and pass anti-deficit legislation. Fourth, they should reform the corporate tax structure

so that it helps create jobs, and the personal income tax system so that it will be more equitable.

At the present time, we know that this supposedly sensible government is on the verge of spending hundreds of millions of dollars on helicopters without having the decency to reveal all the pertinent details of the purchase.

I am imploring the Minister of Public Works and Government Services to have the courage to break the chain and to consult his colleagues in the House before he issues a purchase order to the tune of several million dollars. This would offer him a golden opportunity to practice what he preaches, the transparency of government operations.

Indirectly, it is GST funds with which the Minister of Intergovernmental Affairs is allowing Guy Bertrand to take the case of the legitimacy of Quebec's sovereignty before the Supreme Court.

He and his colleague, the Minister of Justice, must put an end to this legal wrangling, which is costing the taxpayer a fortune.

Mr. Denis Coderre: Madam Speaker, on a point of order. I will be happy to hear my colleague, but on the subject matter of the debate.

The Acting Speaker (Ms. Thibeault): I would ask the hon. member to speak to the motion under consideration. You may continue.

First, the hon. member for Saint-Hyacinthe—Bagot, on a point of order.

Mr. Yvan Loubier: Madam Speaker, I would ask my colleague of Bourassa himself to stick to the subject. I listened to him and he did not say a word on the motion we moved. The only thing he tried to do was to destroy the reputation of my colleagues and of the Bloc Québécois and he talked about everything but the motion. He should apply his remarks to himself.

The Acting Speaker (Ms. Thibeault): This is not a point of order. The hon. member for Saint-Eustache—Sainte-Thérèse has the floor.

Mr. Gilles-A. Perron: Madam Speaker, I will continue with my speech.

It must be remembered that in a democracy only a people has the right and the obligation to determine its future.

We must put an end to the intrusion by the federal government into areas under provincial jurisdiction and, thus, bring overlap to an end.

Hon. members will understand that I am referring here to Bill C-14, a debate that will make us throw a lot of money down the drain.

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I will end my speech by inviting all hon. members, without reference to their political allegiance, to strongly support this motion.

[English]

Mr. Paul Bonwick (Simcoe—Grey, Lib.): Madam Speaker, before I direct a question to the hon. member from the Bloc I want to say that I was very shocked to hear about the promises my Reform colleagues made. They made promises to the Canadian people about what they would or would not do with the GST. How many times have they changed their minds just because of the political tide?

I suggest once and for all that they come out with a solid position, quit changing their minds and quit being hypocritical with the Canadian people.

Once again Bloc members are crying. They are holding their hands out to the Government of Canada, "please give us billions of dollars".

• (1630)

The question they should answer for themselves is whether it is fair for Canadians to pay Quebecers \$2 billion, for that matter even one penny. There has been no loss established. In fact, there has been a gain. I think members should ask themselves is it fair. I think not. It is hypocrisy. The answer will be somewhat from a spoiled child. Is the answer fair? I say no, it is hypocritical.

[Translation]

Mr. Gilles-A. Perron: Madam Speaker, we are not asking for any favours. We are asking for justice.

[English]

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Madam Speaker, I cannot help but sit here and chuckle over the word hypocrisy coming from the opposite; hypocrisy, the finest word the government has every used and abused to the Canadian taxpayer.

It was not that long ago, but it is kind of short in the memories of some of the Liberal members, who had to resign their seat over the misrepresentation of the GST.

The Liberal government, to the member from the Bloc, seems to forget that it campaigned to get rid of the GST. It sold that bill of goods to the people of Canada. I imagine it did the same in Quebec.

When we were debating the harmonization of the GST in the Atlantic provinces I can remember standing up in the House and giving a speech on the problems this would create in the Atlantic provinces. We all know that when governments start talking about harmonization, if you take the front part of the word it is harm. It harms the citizens of the country. It does not matter where this is tried. It found this out in the Atlantic provinces.

I would like the hon. member from the Bloc to answer a question. Who was in provincial power at the time harmonization took place in Quebec? Were they also led down the garden path by the government in power at the time?

[Translation]

Mr. Gilles-A. Perron: Madam Speaker, in 1990 it was the party of Robert Bourassa that was in office.

Mr. Ghislain Fournier (Manicouagan, BQ): Madam Speaker, I was offended by the remarks of the member opposite, who thinks Quebec is a welfare case that does not pull its own weight and that we should not be asking for what is owed us. As if we were asking for money that did not belong to us. This shows a lack of respect for Quebecers. The money we are asking for, the \$2 billion, is money we paid for. It is ours. We do not come here with our heads hanging. We paid this money.

You cannot speak that way, sir. It is an offence to Quebecers. I would be ashamed to speak that way, to speak such words in this House.

Mr. Gilles-A. Perron: Madam Speaker, I can understand the emotion and the indignation of my friend from Manicouagan. I can understand how a person can rise and jump about a bit. This is what happens when you hear all sorts of not very intelligent remarks in this House.

The Acting Speaker (Ms. Thibeault): It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hochelaga—Maisonnette—tobacco act; the hon. member for Sarnia—Lambton—trade.

The hon. member for Abitibi has the floor.

• (1635)

Mr. Guy Saint-Julien (Abitibi, Lib.): Madam Speaker, we are speaking about a part of the Bloc Quebecois motion, which says:

That this House condemn the government for blatant unfairness to Quebec in the matter of the GST—

First of all, let us talk about the position of the Bloc Quebecois. In its electoral platform, the Bloc said that Quebec, which chose a phased-in harmonization starting in 1991, has not received the same compensation as the three maritime provinces, since Ottawa offered them \$961 million as of April 1, 1997.

As far as the GST is concerned, the Bloc Quebecois considered that the transfer of all federal fields of taxation would create some interesting prospects for Quebec. Also, the bloc proposed a series of tax measures in the context of a sovereign Quebec. For example "A sovereign Quebec will have the power to abolish the GST and replace it with a tax on commercial operations better adapted to free trade". This quotation is from the *householder* published by Roger Pomerleau, the member for Anjou—Rivière-des-Prairies.

Supply

Mr. Denis Coderre: We fixed his fiddle.

Mr. Guy Saint-Julien: Since we are talking about GST, let us go back to the beginning of the GST. We will go back to the Quebec National Assembly on December 14, 1990. What I find strange in this vote is that Quebec decided to harmonize its tax. The Bloc Québécois and the Parti Québécois have always told us that this was a unanimous vote by PQ opposition members.

I will tell you this evening that there were several PQ members missing in the National Assembly. They were not there to vote against the GST. Several of them were missing. As a Quebecker, I thought it was a unanimous vote by the Parti Québécois in the National Assembly.

In his speech, the Minister of Revenue, Raymond Savoie, told the National Assembly:

The GST strikes me as a fairer tax because it is based on the consumption of goods and services. And the more goods we consume and the more services we use, the more justified it is to opt for this method of taxation as opposed to the traditional one based strictly on revenue ratio.

But the funniest thing—because we are still talking about the GST, we will stick to that—is that when Ms. Marois, now a minister, but then the member for Taillon, spoke to this bill, she was completely opposed to the opposition party, to her party, and said that for her, the important thing was that businesses should be more competitive. For her—Ms. Marois—it was more important that our businesses should be on an equal footing with other sectors in the United States. In that sense, she was in favour of this harmonization, or the movement, and the minister was very happy to hear that.

There is another thing that should be pointed out about the GST, because we must go back to where it all began, in 1990. It is important that Quebeckers and the people of Abitibi understand what the GST was. Why is the motion today coming from the Bloc?

Mr. Yvan Loubier: Because it is not coming from your neck of the woods.

Mr. Guy Saint-Julien: When you lost the election in 1985, the difference between the rate of taxation in Ontario and that in Quebec was 10.5%—this is still 1990—because today it is only 3.5% and on the decrease. It is steadily decreasing. It was not the intention of the government in power at that time, the Liberal government, to obtain compensation. They knew there was an agreement with Ottawa.

Throughout the speech by the Quebec Minister of Revenue, he is careful to stress the notion of fairness. We were guided by our wish to see that those with low incomes did not pay for this reform. We were not going to foot the bill for this reform. Measures were introduced.

• (1640)

These people are getting refunds. The opposition never says that low income Canadians receive GST refunds. It never says that the elderly and students receive GST refunds. We never hear anything about that, but it is good for these people. They tend to consume less that we do.

Measures were introduced. These people are getting refunds and these changes will cost nothing to families with an income of around 30 000 \$, for instance. They will lose nothing.

One thing should be said regarding the GST in Quebec, we are making changes, reducing it from 9% to 8% and to 7% in 1992. The overall impact should be beneficial, good for democracy and I believe empowering, or at the very least advantageous for Quebec society as a whole.

One thing is very important, and that is that the minister took note of the change and really sought to be fair. He noticed that the government was committed to the notion of economically advantageous mechanisms across North America and this is what this bill is all about. This is why Mrs. Marois supported free trade.

One thing in this debate in the national assembly was very important, the vote. When it took place, quite a few PQ members were absent.

But one thing should be said, according to my notes—

Mr. Antoine Dubé: Could the member give us the list of those who were present?

Mr. Guy Saint-Julien: Madam Speaker, if the hon. member wants to know who was there, I can send the list to his office. I can tell you that I have the list of those in favour and those against. Not bad for a member in Ottawa.

Let us talk about the memorandum of understanding between the two levels of government. On August 30, 1990, the Government of Quebec and the Government of Canada announced the signing of an agreement whereby the federal government fully transferred administration of the GST to the Government of Quebec which, in return, would harmonize the tax base of the provincial sales tax with the federal tax until January 1, 1992.

It had become necessary to replace the federal sales tax. Before the GST, the federal government had a manufacturers sales tax, a tax which had become obsolete in many ways, but was never mentioned by the hon. members opposite. That old tax had 26,000 exemptions. There were so many gaping holes in that legislation that the government of the time had to do something, hence the GST. With the replacement of the manufacturers sales tax with a more modern sales tax and the decision to harmonize the two taxes, Quebec was putting its economy in a better position to compete with the other provinces.

Supply

Mr. Antoine Dubé: Madam Speaker, on a point of order. Is the hon. member speaking on behalf of the Liberal Party or on behalf of the Conservative Party?

Mr. Guy Saint-Julien: Madam Speaker, I could answer that some of his colleagues have been members of a communist party and, today, we do not know whether they are speaking for the Bloc Québécois or for some communist party.

In agreeing to harmonize the two tax systems, Quebec was putting its economy in a better position to face competition from other provinces and other countries. Indeed, in reducing the cost of inputs and capital, it was making industries in the province more competitive.

There is also one thing we must talk about: the administration of the two taxes should be more efficient and less costly, both for business and for governments. As a result of the agreement, retailers were finally going to enjoy more uniform tax rules and introduce a single accounting system and a centralized administration.

Madam Speaker, you are telling me that my time is almost up. I thought I had 20 minutes for my speech.

The Acting Speaker (Ms. Thibeault): You have 11 minutes left.

Mr. Guy Saint-Julien: Do I have confirmation that I have 11 minutes left? Thank you. You see, this side also has learned to count.

• (1645)

The harmonization of Quebec's provincial tax with the GST was done in two stages. Thus, on January 1, 1991, the provincial tax base and the GST base were harmonized for personal goods, that is, personal property. As of January 1, I repeat, the base was extended. It now includes services and personal property.

What happened on January 1, 1992? Quebec, our Quebec, the Quebec of Quebeckers, the Quebec of the Abitibi people, the Quebec of Canada—because my Canada also includes Quebec—started administering the GST collected on its territory. In 1992, the federal government helped Quebec take on new administrative functions—the opposition is quiet about that—by handing over the infrastructure, i.e. facilities and equipment, and providing \$20 million over three years toward start up.

We know that several million dollars worth of facilities and equipment were involved. In addition, federal employees were offered comparable positions within the provincial public service. We know that people in the Quebec provincial public service are very well paid. They are in a very good position to do good work.

Both governments share on an equal basis the cost of administering the sales tax. What happened to revenue generated by the consumption tax in Quebec over five years? It increased by nearly

\$2 billion. Members opposite often throw figures like \$1 billion, \$1,000 million, \$2 billion, but now we are going to have the real figures.

We are still on the same topic. We were talking about the GST all along. Within five years, the revenue generated by the consumption tax in Quebec increased by nearly \$2 billion, or a 50% increase. Statistics show that, while Quebec collected \$4 billion in sales tax in 1987-88, in 1991-92 the new sales tax grossed \$6.158 billion.

When discussing sales tax revenue, it is important to know the real figures. They are all there. In terms of growth over 1989-90, with the GST—not the old outdated sales tax, but the GST—in 1990-91, Quebec's revenue increased by 2.7%, or \$240 million. In 1991-92, it grew by \$1 billion, or 20% more. And, in 1992-93, \$888 million.

The figures provided by Quebec officials tell us that, since 1990-91, the province received \$3.463 billion, for an average increase of 11.3%.

Quebec is once again using the obsolete federal estimate of \$4.8 billion regarding the revenues generated by a harmonized sales tax, instead of the revised amount of \$4.575 billion. So, what do we make of the inaccurate statements found primarily in Quebec's public accounts, particularly on page 218? It is important to know these facts.

The provincial government says one merely has to look at Quebec's public accounts or budget documents to see the extent of the costs generated by harmonizing Quebec's sales tax with the GST. However, these documents clearly show that revenues from the provincial sales tax increased by \$3.463 billion following harmonization in 1991.

The Quebec government uses the argument that the \$961 million compensation to the maritime provinces is equivalent to \$423 per capita, while the compensation claimed by Quebec amounts to \$273 per capita.

• (1650)

This comparison does not make any sense, since compensation is not at all calculated on a per capita basis. This is where the Bloc Québécois is mistaken, when it refers to \$961 million. These arguments are only based on the total provincial losses of sales tax revenues following harmonization.

Do you know where the Bloc Québécois' mistake comes from as regards the \$961 million? It comes from the fact that, in Quebec, government expenditures increased much more rapidly than federal transfers.

Mr. Odina Desrochers (Lotbinière, BQ): Madam Speaker, I do not know what to say about this confused, distorted and erroneous lesson in history. You know, I really wondered where the hon.

member for Abitibi was living today. Was he living in the past, in the present or in the future? Was he talking like a Conservative or a Liberal? At times, I could picture him here, or in his riding, even at the National Assembly. Figures were quoted to us, right and left. Everything is so confused.

It only goes to reinforce our request. All these figures, all the unclear statements like the ones we just heard, led us to submit a legitimate request to have an independent expert panel that would finally shed the light on this issue. I do not think arguments like those we have heard since the beginning of today's debate will convince us to back down. On the contrary, we will fight and we will get our \$2 billion in GST.

Mr. Guy Saint-Julien: Madam Speaker, I have a lot of respect for the hon. member. I know that the hon. member for Lotbinière has a lot of respect for Quebec, but I hope he has some respect for the National Assembly. What I have received today is the truth; it does not contain any error. The figures I quoted came for the province of Quebec and contain no mistake. Based on the assumption that the taxes would have been fully harmonized by 1990, and according to the formula applied to all of the provinces, Quebec, just like Ontario, Alberta and British Columbia, would not be entitled to any adjustment assistance.

Throughout the process, the Canadian government was very transparent. Civil servants had a lot of discussions to clarify some data. The latest figures I quoted today, that take into account the comments made by Quebec, were submitted in February 1997. I think it is important to point that out. The hon. member talked about errors being made and said that we received this information back in February. The rules are the same for everyone and the results are fair to all the provinces, in this area as on all the other issues where, very often, Quebec is a big winner, just like Jacques Villeneuve.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Madam Speaker, I would like to ask a question to the hon. member for Abitibi. He just told us that there were figures transmitted between Quebec and Ottawa officials, that everybody was getting along fine and that there was no problem. Where did he get that? The last figures laid on the table deal with a \$2 billion claim from the Quebec government stating that the federal government has shown blatant unfairness to Quebec in the matter of GST harmonization.

He can quote any old figures he wants—and he did come up with just about any old figures—the fact remains that, when looking at the tax structure before and after harmonization, when taking into account the need for Quebec to increase corporation taxes because the federal government did not give it any compensation, one can see there has been a cost, and this cost has been assessed and duly, seriously, calculated by the Quebec government and by the officials, and also endorsed by a consensus arrived at by every Quebec participant in the economic summit of last year. It has been endorsed also by the Canadian premiers at the St. Andrews conference.

Supply

There comes a time when we have to stop talking nonsense here. There is a \$2 billion claim on the table, there are formulas, there are cost assessments that have been made, and now we are asking that an objective panel review our figures and those of the finance minister. He should understand that. That is not hard to understand. If there is something simple for him to understand, it is that an objective, non partisan panel can make a serious analysis whereas he says just about anything. He should understand that.

Mr. Guy Saint-Julien (Abitibi, Lib.): Madam Speaker, I am trying to be fair. I received these figures today.

• (1655)

We never know when the opposition will present a motion. We learn about it in the morning when we get up with the chickens, at 5.30 a.m. The member said: "I do not understand the member across the way".

Mr. Yvan Loubier: You do not understand a thing.

Mr. Guy Saint-Julien: In 1990—I am giving you the background, it is important—on December 14, 1990, people accepted the GST in the National Assembly. A former member said "We will abolish the GST". Premier Lucien Bouchard should go to the National Assembly, instead of visiting other countries, and say to Quebecers "We will immediately abolish the GST". The Party Quebecois members could vote on that. They can do it. They have a majority.

The figures I mentioned today are real figures. I can tell you that when Quebec's needs or situation require it, the federal government is always there to give its financial support to our people, the people of Quebec, the people of Abitibi.

Some hon. members: Down with the GST.

[*English*]

Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP): Madam Speaker, I will be sharing by time with my colleague for Winnipeg North Centre. I do not know if I will be using all of my 10 minutes.

[*Translation*]

What I have to say about the HST will not take ten minutes. We must look at what is going on in New Brunswick and in the other Atlantic provinces. It is interesting to hear the Reform members and the government members talk about hypocrisy. I would say that if you put two cats in the same bag, only one will come out.

Some hon. members: Hear, hear.

Ms. Angela Vautour: The Liberals had promised to get rid of the GST. In my province, instead of getting rid of the GST, we ended up with a tax that makes no sense. We have low income families who now must pay 15% on diapers, 15% on electricity, and those people are not getting any compensation as was men-

Supply

tioned a few moments ago. We must look at how much these people are paying and how little they are getting in the end.

While a mother is paying 15% more for diapers, the person who has money and who wants to buy a \$45,000 car is paying less. This is not my idea of justice. To me, this is just another tax on the poor, and the rich are paying less once again. That is the Liberal way. It is clear.

This morning, I was in the human resources development committee, and even senior officials in the department were saying that Atlantic Canada was affected the most by unemployment insurance reform, by the fact that no jobs are being created in our region. And we are hit by this tax on top of all that. We are the provinces who pay the most for a stamp in this country. In the regions, where there are no jobs, there are no longer any programs to help people. There are Liberals in this House who are really proud of what they are doing. I think they should be ashamed of themselves.

We have to look at what the tax really brings. There are people who have no more money to buy things and this affects our merchants. Our small and medium size businesses are really affected by the BST—and we have a good definition for this BST where I come from.

An hon. member: Could you tell me what it is?

Ms. Angela Vautour: We are not allowed to say such things in this place.

I think we really have to go see what happened. The Liberals criticized the Conservatives. They got elected on the GST, really. They came back and said “Yes, yes, the deficit was bigger”. First things first, the deficit—that has to be settled right away. Who has paid down the deficit? It is the unemployed, it is old people, it is students, people without jobs, people receiving social assistance. Those are the people who paid down the deficit.

I do not see any large corporations in this country that put a lot of money on the deficit. But nobody mentions that.

I congratulate these people. Each time I have the opportunity I congratulate them for having paid down the deficit because without the underprivileged in this country, it would have never been paid down. The government did not look elsewhere to pay for it.

• (1700)

So the people from the Atlantic region are very disappointed with the GST or the BST. It was just another tax. They say they are not increasing taxes, but people are paying 8% more for electricity and heating. It is not a tax. They did not increase taxes. I would not want them to admit that they increased them.

It is very sad, in our regions, when we see the rate of unemployment and the rate of poverty, and when on top of that, we have a government that imposes such a tax on us. This is unacceptable.

Our businesses are being affected. The number of personal and commercial bankruptcies continues to rise, and this has to stop.

So I do not have to take 10 minutes to tell you that the GST stinks for me and it stinks for the majority of the people in New Brunswick and the Atlantic region. Only Prince Edward Island escaped from this.

It is true that there was a bribe. It is true that the former Premier of New Brunswick hurried to collect his \$1 billion in taxes in an attempt to save the face of the Liberal government. They were trying to find a way to say that they had gotten rid of the GST. But who is paying for that today? It is us, the people from the Atlantic region. It is always the people who have a hard time making ends meet.

So I will end on that.

[English]

People in the three Atlantic provinces that have the BST are very upset. It is a very unfair tax. It is the people at the lowest scale of income who are paying the most. They are paying tax on electricity. They are paying 15% tax on children's clothing starting from the first dollar. However, if you buy an article that is over \$93, you will pay less. There are not a lot of people down home who buy articles over \$100. A lot of families cannot afford that. They buy just the necessities but they are the ones paying the most because of the blended sales tax.

On behalf of the people that I represent, I want it on the record that we are very disappointed in the Liberal government for their broken promises and a tax that is very unfair to the people of my riding and the Atlantic provinces.

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, I have listened to the hon. member and I sympathize with her.

When the tax was debated in the House I remember speaking against the BST being introduced in the Atlantic provinces. I did not call it the BST but I did use two of those initials. I may have dropped the *t* a few times.

Many things were said by the government. Actually, its members were the official opposition when the GST was brought in. At that time Liberals said that public and private libraries would have to reduce the purchase of books and newspapers by about 10% annually because of the GST. The present Prime Minister said that.

The minister of finance said at that time that the goods and services tax was a stupid, inept, incomplete and incompetent tax.

All through the debate today we have heard about hypocrisy. I would think that this is the height of it. Now we have the Prime Minister saying it is his personal tax and how much he loves it. When he leaves the country and talks to other leaders around the world, he brags about how he introduced it and not the Conservatives.

Supply

I know the hon. member was not in the House during the time of the BST and the debate in this House. I wish she had been here. Perhaps we would have had more help. I do not recall hearing from her party at that time. I would like to know if anybody from the east has put into dollars and cents how much the blended sales tax has really cost the people back home.

• (1705)

Ms. Angela Vautour: Mr. Speaker, I do not have the figures with me but I can say, on a humane basis, that the figure is very high. That is the important part. It may be millions or billions. The important part is that the people from low income families are paying through the nose because of this tax. That is the only thing that is important. It is a very unfair tax that makes lower income people pay more again. That is what concerns me and my people.

[*Translation*]

Mr. Ghislain Fournier (Manicouagan, BQ): Mr. Speaker, I would like to congratulate the hon. member for Beauséjour—Petitcodiac who, unlike Liberal members opposite, has impressed me a great deal with her respectful, intelligent and heartfelt remarks. She spoke with great humanity. She is bringing to this House an attitude of great respect and she raises the level of our debates, whereas Liberal members keep attacking and belittling Quebec. She speaks about citizens in general and she does it respectfully.

I congratulate her.

The Acting Speaker (Mr. McClelland): The hon. member for Bourassa on a point of order.

Mr. Denis Coderre: Mr. Speaker, the House should know that each time the Bloc speaks nonsense and accuses the government of belittling Quebec, well, it is not Quebec we belittle, but Bloc Quebecois members.

[*English*]

The Acting Speaker (Mr. McClelland): That is not a point of order. It is a point of debate. The hon. member for Manicouagan.

[*Translation*]

Mr. Ghislain Fournier: Mr. Speaker, the hon. member opposite shows a lack of respect. He should know that we are legitimately elected representatives of Quebecers. We have 60% of all members from Quebec. We represent a majority in Quebec.

[*English*]

The Acting Speaker (Mr. McClelland): We will give the hon. member for Beauséjour—Petitcodiac a few minutes to wrap up before we proceed to the next speaker.

[*Translation*]

Ms. Angela Vautour: Mr. Speaker, I would like to thank the hon. member for his kind words. It is true that respect is sorely lacking in the House. It is something that can be felt by outsiders. I hope it will get better over time. This House is not necessarily known for respecting people.

[*English*]

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am pleased to participate in the debate on the opposition motion sponsored by the Bloc concerning the GST and the harmonized sales tax. I understand its reasons for putting forward this motion and the kinds of concerns that have been raised.

It is putting us all in an interesting position to debate the unfairness of some changes to a measure that is inherently unfair to begin with. As my colleague indicated in her comments, we are really discussing how two wrongs can make a right. It is important for us to deliberate on the very question of the need to introduce the GST by first the Conservatives and then the Liberals.

I will raise a couple of points in this discussion. The GST is a very regressive tax measure. That has been enunciated by a number of other speakers. It is in fact a good tax, but it is a good tax for business. It is a very bad tax for individuals. As we all know, unlike all other sales taxes, corporations do not pay the GST.

• (1710)

We are widening the gap between the haves and the have nots, creating an ever-widening gap between those who are struggling day by day to make ends meet and those who are enjoying an incredible amount of profits, dividends and luxury.

The people in our society today who need a break, some real tax relief, are the hard working women and men who have been trying desperately to make ends meet as real wages keep falling. What we are dealing with, and we have all experienced this for a number of years, is a tax measure that makes it even harder for those ordinary working women and men to make ends meet, who are forever left asking the question “Why is there so much month left at the end of the money?”

It was an inherently unfair tax to begin with, brought to us by the Conservatives and harmonized by the Liberals, a harmonization that heaps an even greater burden on individuals, hard working women and men, and gives an even greater break to the big corporations who are already enjoying incredible profits like we have not seen in recent times.

We are not only dealing with an inherently unfair tax, whether we are talking about the GST, or the BST or any other terminology that describes this harmonized sales tax, but we are also talking about a tax measure that was introduced in a most dishonest way.

Supply

We know the idea originated with the Conservatives. Canadians will never forget that it was the Conservative government that forced the GST through even though at that time fewer than 10% of Canadians supported it.

At that time it was the Liberals who strongly opposed the GST. They made very strong public statements about that opposition. I want to quote the Prime Minister who said on October 29, 1990, "I am opposed to the GST. I've always been opposed to it and I will be opposed to it always".

I want to quote the Minister of Finance who said on April 4, 1990, "I would abolish the GST. The manufacturers' sales tax which the GST replaced was a bad tax but there is no excuse to repeal one bad tax by bringing in another one".

What did the Liberals do after making those strong statements? They did a double take. They practised deceit and dishonesty when it came to the Canadian public and at the earliest opportunity in government supported the GST. It went further and moved to harmonize the GST and increased the burden on working Canadians everywhere.

That whole move to harmonize, to blend, the GST with provincial sales taxes, if applied across this country, represents a shift of another \$6 billion to \$7 billion of the tax burden from corporations to people. As we know from the debate today, families in Atlantic Canada and Quebec are suffering very much from this policy.

By breaking their commitment, by breaking their word, the Prime Minister and other Liberals in this Parliament abandoned an opportunity to make Canadian families better off.

Speaking of inconsistencies and shifting positions, let us not forget to mention the position of the Reform Party. Reform members are standing in this House today expressing concern about the GST, raising concerns about the whole debate we are having today with respect to the blending of sales taxes.

• (1715)

It was the Reform Party that said in this House in 1994 in a report on the GST that the Liberal Party was to be congratulated on its attempts to harmonize the GST with provincial sales taxes.

It was the Reform Party at that time that recommended that consumption taxes should be levied on the broadest possible base. This of course would mean extending the GST to food, to medication and nursing home charges.

Canadians were hoodwinked on this issue. They did not support the GST. They believed the Liberals prior to 1993 when they said they would not move forward on the GST. Instead, they got hit with

a double whammy, support for the GST and now a move to ensure a blending of the GST with provincial sales taxes across the country.

Our opportunity today is to suggest to the Liberal government particularly that there is an alternative to this kind of regressive tax policy. There are alternatives available to this government for both collecting necessary revenues and ensuring a measure of fairness in our tax collection system.

I raise in particular one such proposal since it is very much in the news currently and very much represents the unfairness in our system today. In about a month's time a group entitled Project Loophole will bring a matter to the courts pertaining to the fact that in 1991 Revenue Canada ruled that one family trust could transfer \$2.2 billion in assets to the United States without paying taxes.

That raised a whole lot of questions about how many other family trusts are being provided this option. How much money earned here as a result of hardworking Canadians is being moved out of the country without taxes being paid? How much profit is being earned by corporations and wealthy individuals without contributing to the tax base of this country? That is but one example of the unfairness in our tax system and the need for this government to look seriously at alternatives to the GST and the BST.

We are talking about people under financial stress searching for meaningful work, trying to combine two and three part time jobs just to make ends meet everywhere in this country, being faced ever and ever with a burden that is just beyond their reach and beyond human capacity for responding to.

I urge today that in this debate we come to some consensus around the need to look at a fair taxation system and with real determination to actually end this harmonized sales tax and phase out the GST.

Ms. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, it is quite interesting listening to the hon. member opposite discussing the motion, but it does not sound like she was discussing the motion.

I would like to know if she supports the merits by the Bloc's contention. The Bloc contends that Quebec is owed \$2 billion from the harmonization of the Quebec sales tax with the GST. Members have heard over and over again that Quebec has actually benefited by its harmonization to the tune of \$700 million extra per year.

Does the member agree with the Bloc motion that Quebec is owed \$2 billion as a result of having harmonized Quebec sales tax with the goods and services tax. That is the motion. I would like to hear from the member on that.

Supply

• (1720)

Ms. Judy Wasylycia-Leis: Mr. Speaker, with all due respect to the Liberal member opposite, I believe I have answered the question.

I indicated from the outset that two wrongs do not make a right. We are dealing with an unfair regressive tax measure to begin with. The blending of the GST with provincial tax does not make it any better.

Our position has always been and will continue to be to reverse the Liberal government's decision to harmonize the GST and the PST in Atlantic Canada and in the province of Quebec. We believe we must stop any further negotiations for harmonization in other parts of Canada. We would work to immediately to remove GST from books, magazines and family essentials like children's clothing. We would phase out the GST in the context of comprehensive tax reform.

That kind of package is workable. It provides a real alternative to the Liberal government. I would heartily ask for their support for this kind of alternative.

[*Translation*]

Mr. Denis Coderre (Bourassa, Lib.): Mr. Speaker, I always have a little trouble following the NDP's arguments. I understand that they are bleeding hearts and they are all for motherhood and apple pie.

I would like to mention two facts, however. The first is that we have seen the results of the NDP government in Ontario. It was an expensive lesson to the people of Ontario. The NDP supposedly represented social justice, but we saw what it cost.

Second, we can see what is happening in Saskatchewan. I would like her to explain to me, because I am sure she has very close ties with the premier of Saskatchewan—

Mr. Grant McNally: British Columbia, as well.

Mr. Denis Coderre: British Columbia, as well. Does she share the views of the premiers of British Columbia and Saskatchewan on harmonization? And, if they are not in touch, they should pick up the telephone a little more often.

What is happening, Mr. Speaker?

[*English*]

Ms. Judy Wasylycia-Leis: Mr. Speaker, I think the member does a great disservice to the vast majority of Canadians who share our concerns when it comes to the government's very regressive tax policies.

I remind the Liberal member that at the time the government was promising to abolish the GST after having seen the effects of it under the Conservatives, only 10% of Canadians thought it had any

possibility of benefiting the economy. Ninety per cent of Canadians knew at the time how harmful such a tax would be on ordinary working men and women. Those are the people already feeling tremendous unfairness in our tax system, where the burden has shifted so much from corporations and individuals to the shoulders of low and middle income Canadians.

The comments I made today dealt specifically with the needs of children who may not have mothers or fathers. Of course we support them. We will stand up any day to support the needs of survivors and the needs of children without parents. I hope the member opposite would share in standing up for such individuals.

I end by saying this issue is not narrowly defined and it does not affect a few people. It affects the vast majority of Canadians who want to see change.

Mr. Gerald Keddy (South Shore, PC): Mr. Speaker, I sat through this debate today as did the other members in the House.

Quite frankly I am a little exhausted, extremely exhausted, with the partisan rhetoric and the comments from the government side and the opposition side. Perhaps if we could have a bit of attention we can set the record straight. The comments of the Reform Party leave me perplexed. The member for Portage—Lisgar and the member for Calgary Southeast have both stated that the Reform Party would get rid of the GST. That is shocking. It is amazing. This is the tax critic. I want the explanation. I would like to see the numbers.

• (1725)

Let us go back to this little history lesson. The history lesson is very simple. We were in a situation in this country where we were looking at having free trade with the Americans. In order to have free trade with the Americans the Parliament of Canada, the government of the day, had to face the fact that Canadian businesses were faced with an extremely harmful and punishing tax called the manufacturers sales tax. It was 13%. Our companies which exported to the U.S. were penalized 13% on everything they sent across the border.

The only way we could have growth in this country, the only way we could have any possibility of a fair and level playing field to bring in free trade was to get rid of the manufacturers sales tax.

This is a simple lesson in economics. If you have this much money in one hand and you have this much money in the other hand and you are willing to throw that away, you have to replace it. You just cannot draw it out of thin air.

Therefore the GST was brought in to replace the manufacturers sales tax. We could continue to gather revenue. We could continue to pay down the deficit. Some day we could even think about tackling the debt.

Supply

Now we are in the situation of listening to a bunch of overblown rhetoric about getting rid of the GST. I am wondering if we are going to get rid of free trade too. Is that the way we are headed? I question the wisdom.

An hon. member: No partisan stuff coming from over there.

Mr. Gerald Keddy: What I am saying is very partisan and I am not a bit ashamed that it is partisan. Of course it is partisan. I will tell you what else, it makes sense. You cannot go out there and tell Canadians you are going to get rid of the GST and not think you are going to replace it with something. You are not going to pay down the debt overnight by snapping your fingers. It takes a plan and it takes action. You have to have both.

We have seen the Liberals flip-flop on the GST. We have seen Reform flip-flop on the GST. They were going to get rid of it. They loved it. They thought it was a good idea. We had to have free trade. Now they want to get rid of it.

Let us be practical. There has not been any thought provoking, innovative ideas on how to replace the GST. It is just plain rhetoric. There has been enough time wasted on rhetoric here today.

We have listened to the NDP, we have listened to all the parties, and there is no replacement here. There is no magic here. There are a lot of hard decisions to be made and that is all. Part of it is that this country has to continue to move forward, and moving backward is not moving forward.

Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.): Mr. Speaker, I really enjoyed those comments and I would like to be educated a little further.

I know the Conservatives really believe in cost cutting. They paid for 212 Conservative members for two terms and then they only paid for two members. What kind of a plan do you have to follow to do that? That really helped us here in the House. That relieved the debtload quite a bit.

What do we have to do to follow that plan? I would like the formula.

Mr. Gerald Keddy: Madam Speaker, unfortunately there was quality and substance and it did not get replaced with quality and substance.

• (1730)

Mr. Grant McNally (Dewdney—Alouette, Ref.): Madam Speaker, I appreciated listening to the comments from the hon. member to the right. I know he was not here from 1984 to 1993, but his former colleagues were given a strong mandate by the people of Canada to get the House in order and to take some fiscal responsibility with the country. However they continued in the same vein as the previous government they replaced. In fact they went from such

large numbers to two, as my hon. colleague mentioned, because of that.

My hon. colleague mentioned a plan of action. His former colleagues were given a plan of action and they did not follow through on it and were reduced to two members.

I just have to ask my hon. colleague how it is that he can talk about the policy of our party when in fact they are not willing to even look at the information and see what it is. To hear half truths and to say something does not mean that it is going to become true.

I would just ask my hon. colleague to take a look at the information and make an informed decision because that is what Canadians across the country are doing. They are taking a look at the facts and past performances and asking for a plan of action and some vision and people are coming to Reform. That is what is happening.

Take a look at the numbers in the House, my hon. colleague, in your caucus and in this caucus. Then we will see what will happen in the next four years.

I will just wrap up my comments and question by asking the regional party to the right what it is that it would propose to do to alleviate taxation in this country and to stimulate the economy. What is its plan because it did not do anything in the nine years it was here previously.

Mr. Gerald Keddy: Madam Speaker, the answer is very quick, very simple and to the point. Where is the plan? We are living the plan today. The success of this country today is directly from free trade. That is why we are cutting our deficit. That is why the government that happens to sit on the benches today can bask in the glory. However, it is not their policy, it is Tory policy that is already in place and here.

Mr. Randy White (Langley—Abbotsford, Ref.): Madam Speaker, am I to understand, and I am sure I did not just hear this, that we are all benefiting in this country and basking in the glory of parties past because of all of the good things they have done for us? I know it is hard for people watching this to understand, but I just wanted to get a clarification from this party from *Jurassic Park* over here. Does the hon. member truly believe that we are basking in the sunshine of the Tories and Liberals past? Is the sunshine in the order of \$600 billion worth of debt?

Mr. Gerald Keddy: Madam Speaker, repetition becomes boring after a while. Obviously the member did not listen to the answer the last time. The success of the country today is based 100% on the fact that the Conservatives brought in free trade. We had to bring in free trade. It is the policies that were put in place that allowed the deficit to be cut. That is why the economy is on an upswing. It will continue to do that. That is not a tough equation. Take a look at it.

Supply

• (1735)

Mr. Denis Coderre (Bourassa, Lib.): Madam Speaker, if it is *Jurassic Park* it is not for me. We already have a *Star Wars* trilogy because it is from another planet too.

[Translation]

When someone tries to take credit, and we know that there was a deficit of \$42 billion when we came to office, and that their economic policy was to bump up the deficit by \$10 or \$12 billion annually, I think he should watch those films. There will have to be another sequel.

What does the member want to do with the GST? Does he think the GST is good and does he think we should give the \$2 billion to Quebec? That is what I would like to know.

[English]

Mr. Gerald Keddy: Madam Speaker, I am not sure but I think I may have just heard the member refer to the economic upswing the country is in, to low inflation and low interest rates. I think he was obliquely taking credit for it.

I think he had better back up a little bit and look at who put those policies in place and understand why he is able to take credit for them today. The Prime Minister may take credit for free trade and the GST, but low inflation, a better economy and low interest rates did not happen overnight. And they did not happen from policies which have come in since 1993 either.

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Madam Speaker, I am hearing this litany of all the wonderful things we have to be thankful for in this country. I wonder, do these include in the hon. member's opinion an unemployment rate above 9% for the past eight years, a \$600 billion debt and record bankruptcies. Is this, in his opinion, the glory, the success of the two old parties?

Mr. Gerald Keddy: Madam Speaker, I spoke in the simplest terms I could find. I reached back as far as I could to put it in the Reform style mantra, that *ABC* type of thing that they like. I have explained it as best I can. I cannot explain it any more. It is quite simple. Look at the facts.

Along with that there has been an increase in the business climate and the economy of the nation. We do have unacceptable unemployment, absolutely. Something needs to be done about it, a lot more than just talking about it. We have to take some action.

An hon. member: But you did not do anything about it.

Mr. Gerald Keddy: I can repeat it one more time and then maybe we can put it to bed.

Free trade was brought in by one party. That allowed economic growth. It drove the manufacturing sector of this nation. It allowed this country to benefit from low interest rates, from low unemployment, from low inflation that we have today. If it had not been for that, we would have been in three or four times worse shape than we are in now.

Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.): Madam Speaker, there is a very interesting debate going on over there. It is quite comical.

I am pleased to have the opportunity to speak in this debate and to describe the many ways that Quebec benefits from the actions of the Government of Canada and especially from the social spending benefits that Quebec gets. One of the most obvious benefits is being part of the country that the United Nations has recognized as the best place in the world to live. As Canadians and Quebecers this is a shared privilege, and one that we can all be proud of.

• (1740)

Canada is a respected member of the G-7, of the OECD, of NAFTA, of APEC and other international organizations. Membership in these important organizations provides Canadians with the commercial linkages that are necessary for success in a competitive global economy. This is something that benefits all Canadians and especially Canadian companies doing business in world markets.

The Minister of Human Resources Development recently attended a meeting of employment and labour ministers of 29 countries of the Organization for Economic Co-operation and Development. At that meeting his colleagues from these other countries referred to Canada as the Canadian miracle. Our ability to meet the challenges of economic, political and social change that so many others are going through is quite remarkable and has added to Canada's international strength and reputation.

At the federal level we have been successful in restoring the nation's finances. The deficit this government inherited will be eliminated no later than 1998-99. The Canadian dollar is sound. There is a feeling of confidence and optimism in the national economy. Quebecers have been major beneficiaries of these positive developments through lower interest rates for mortgages and consumer loans and improved prospects for export sales.

Because of the dramatic improvement in our financial situation, we have regained some flexibility in our social program planning. One of the most significant examples of this is the national child benefit that was presented in the last federal budget. This novel idea is an example of a new style of Canadian federalism that works. All levels of government of every political stripe are working together to bring forward a new social program to help children and their families. This may be the most important new program of this generation. There will be many potential benefits for the people of Quebec.

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The mechanics are simple. The Government of Canada will increase the federal child tax credit and thus the income of low income families. This will reduce demands for social assistance payments at the provincial and territorial level. Each province or territory can then take its savings in social assistance and reinvest them in programs and services to directly help parents on social assistance move into employment, and low income working families to stay in the labour force. Each province will have new money freed up to use for its special needs.

Under the program as it is now conceived, beginning in July 1998 Quebec will have the use of an additional \$150 million to provide programs and services directly to Quebeckers. This program shares the same objectives as the family policy proposed by Quebec and it will help Quebec to implement it. The national child benefit is good for Quebec families and children, but the Government of Quebec so far has opposed it.

Fortunately, Quebeckers are able to participate fully in the national employment insurance program and are among its major beneficiaries. The legislation passed by this House one year ago to set up the new employment insurance system introduced several new measures to improve the employability of Canadians.

For example, a system of targeted wage subsidies was introduced to encourage employers to hire EI claimants by offsetting a portion of their wages. We expect this will help some 8,000 Canadians to gain valuable on the job experience this year, and many of these will be Quebeckers.

• (1745)

The new EI program also includes a self-employment assistance component to support unemployed individuals who want to start their own businesses. An estimated 6,000 new entrants will be supported under this part of the program this year, and many of them will be Quebeckers. Some 35,000 are taking training courses while receiving EI benefits, and many of these are Quebeckers.

It is clear that Quebeckers are benefiting very much from the new EI program. Of the \$880 million that will be reinvested annually in active employment measures across Canada, by the year 2002 about \$252 million, almost one-third, will be going to Quebec.

We are also concerned about providing support for areas of the country where unemployment is high and where jobs are hard to find. In these areas employment insurance eligibility requirements are the lowest and the benefit entitlements are the highest. Several of these special areas are in Quebec. We have also introduced the transitional jobs plan to work with local partners to invest together in creating lasting jobs in high unemployment areas.

At the national level about 400 transitional job fund projects have been approved, and 188 of them are in Quebec. There have

been 22,500 jobs created, and 14,500 of them are in Quebec. The Government of Canada has invested a total of \$158 million in these projects to date, and \$81 million of it in Quebec. The objective of the transitional job fund is to lever other source funds to create long lasting employment in high unemployment areas. It has proven to be a very useful program for employers and workers in the province of Quebec.

I refer to the labour market agreement that was signed by the governments of Quebec and Canada earlier this year. As well as demonstrating that federalism can and does work, this agreement signalled a transfer of active employment measures funded by the employment insurance account from the federal to the provincial levels of government. For the first five years of the agreement, the province of Quebec will receive some \$500 million a year to offer to its residents a tailored employment program and measures that will help them integrate into the labour market. That is a historical agreement, a major change in the way things are being done in the federation.

Over the next five years we estimate that the Government of Canada will have made available more than \$2.7 billion to Quebec under the labour market agreement.

The Acting Speaker (Ms. Thibeault): It being 5.50 p.m., it is my duty to interrupt the proceedings. Pursuant to order made earlier this day all the questions necessary to dispose of the business of supply are deemed to have been put and the recorded divisions are deemed requested and deemed deferred until Tuesday, November 18, 1997 at the expiry of the time provided for government orders.

[Translation]

The House will now proceed to consideration of Private Members' Business as listed on today's *Order Paper*.

PRIVATE MEMBERS' BUSINESS

• (1750)

[English]

CRIMINAL CODE

Mr. Randy White (Langley—Abbotsford, Ref.) moved that Bill C-211, an act to amend the Criminal Code (arrest of those in breach of condition of parole or statutory or temporary release), be read the second time and referred to a committee.

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He said: Madam Speaker, I believe this bill is before us today because as members of this House we are truly concerned with the need to improve the safety and security of our citizens.

This bill was not my idea. It is a product of many discussions between police officers and politicians across the country. I hope to be able to influence members of the House enough so that we get this bill into committee. I do hope members opposite do not take the view that this is already law because it is not.

Police officers in all of our ridings need our help on this issue. I will explain why. But first we should know that many politicians look at new ideas and ask, why? Good politicians should look at new ideas as a challenge and say, why not? That is where we are today.

I will first explain what Bill C-211 does. The bill establishes that a police officer may arrest without warrant, detain and bring before a justice a person the officer reasonably believes is in breach of a condition of a bail or a probation order, a condition of a conditional sentence or a condition of statutory release, parole or unescorted temporary absence.

Why is this necessary? Today if an offender, perhaps a pedophile, is in your community on unescorted temporary absence from a prison, and is at a children's playground, where he is not obviously permitted to be under the conditions of his unescorted temporary absence and someone recognizes him in the playground where children are and calls a policeman. That policeman must attempt to get a warrant for his arrest before arresting him.

Most of us understand the rationale of what it takes to get a warrant for arrest. It is difficult and it is time consuming. That is to say the least. It is abundantly clear that such a pedophile will not stay in that area very long knowing full well that a policeman is on his track.

To try to apprehend a pedophile on a release, on conditions, who is at a playground by getting a warrant signed by a judge somewhere in a community is just unreasonable to expect. The outcome of such a story unfortunately is all too often the same. The police do not apprehend the individual who is breaking the condition because they do not have a warrant. They know they cannot get it fast enough and the criminal gets away. Worse yet, in many cases, some unsuspecting person becomes a victim.

Our police need our help and understanding, not our fighting. Let us get this bill to a committee and have the police speak to it. They will tell us all in the justice committee exactly what the problems are. We will surely hear stories that will shake Canadians across the country.

We are today in a situation where I have police coming to me describing time and time again situations that are happening. Let me give some of the conditions imposed that a police officer may operationally find himself confronting when the officer encounters

an offender in our community during the course of his duties. In the course of a policeman's duties, he may respond to calls of service, traffic enforcement, field interviews, all those sorts of things that a policeman does in his everyday business.

• (1755)

Conditions given to a person on UTA, unescorted temporary absence or on parole, are like this: remain at all times within the territorial boundaries fixed by the parole supervisor. There are times when policemen find somebody outside those boundaries. Obey the law and keep the peace: they often find a person on UTA in a fight.

The person on UTA must at all times carry the release certificate and the identity card provided by the releasing authority and produce them on request for identification to peace officers. In many cases, police may ask for that identification card. If a person does not have it on them, what do the police do? They have to get a warrant. They have to say "Excuse me, would you wait here for six hours? I will be back". It just does not work.

A person on UTA cannot own, possess or have control of any weapon as defined in section 2 of the Criminal Code, except as authorized by a parole supervisor.

A person on UTA has to abstain from the use of alcohol. This happens in my community many times where a person out on a temporary absence or out from one of the many prisons we have in my area—at least seven federal and something like 10 provincial—is found in a bar. They know they are not supposed to be there.

It is not rational for a policeman to say "Just hang on there. Don't drink. Stay there. I'll be back in a little while". The reason the condition is put on that person in the first place is because that person got into trouble and ended up in a prison because they were drinking.

What happens when the policeman goes? Typically, the individual gets into trouble and it is an unsuspecting individual who is on the wrong end of the stick.

Another condition for a person on UTA is submitting to a breathalyzer on demand of a peace officer where reasonable grounds exist to believe the offender is breaching a condition of abstinence from alcohol or abstaining from the use of drugs other than prescribed medication and over the counter drugs.

Non-communication with specified individuals. More than once an individual out on UTA is right back with the bad crowd again. The police officer comes across the bad crowd in his normal course of business, knows the individual is there but cannot do anything about it.

Another condition is not to own or operate a motor vehicle. These conditions go on and on but I wanted to give the House an idea of all of the restraints or conditions that are on people who

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come out of prison where a police officer is basically hamstrung because he needs a warrant to arrest.

For example, an offender is released on parole with a condition to abstain from alcohol. Some of these examples actually have been given to me by police operating in this country. During contact with the police, the offender is found to be intoxicated, a direct violation of his parole.

The police officer has no authority to arrest the offender as a result of the condition of breach. Instead, the offender's parole supervisor must be notified. The parole may be suspended and then the police officer may take action if the offender is subsequently located again and arrested on the authority of a warrant issued pursuant to sections 118, 135 or 136 of the Canada Corrections Act.

Members can see why policemen basically look at the situation and say "I just can't get a warrant" and this is going to happen. It is in the process of happening so no action can be taken.

In the meantime, the offender has posed a risk to the community, say most police. To further frustrate the situation, the offender may have to submit to a breathalyzer on demand. If the offender is intoxicated and is demanded to submit to a breathalyzer but refuses, the police officer has no immediate authority to take the offender into custody.

Peace officers are given the responsibility to protect life and property, prevent crime, apprehend criminals and enforce the law.

• (1800)

A peace officer may arrest a person and assist in the prosecution of that person. Where the offence is disposed of by conviction, there are several avenues open to the court in dealing with the person.

If the person is placed on probation various conditions may be imposed on the person. Section 495 of the conditional release act permits the arrest of the person, without warrant, when a peace officer finds the person breaching any of the conditions of probation. However, an offender who is convicted and sentenced to a term of incarceration in a penitentiary, which is generally reserved for those more serious offences and repeat offences, may subsequently be released into the community with conditions.

Ironically, many of these conditions of release are similar to the conditions of probation. However, a peace officer has no authority to apprehend the offender whom the peace officer finds in violation of the condition. They can be actually very similar to the conditions of probation, yet they can arrest.

I talked to a young policeman in my riding, Mike Novakowski, who will be receiving a meritorious award for working so hard on this particular bill. He gives me this example.

He gives this example. If a person steals a chocolate bar from a grocery store and is charged and convicted of theft, it is not uncommon that when the person is sentenced they are placed on probation. When the person violates a condition of their probation and is caught by the police, police may arrest the person without a warrant and detain that person according to the law. That person may be charged and convicted of an additional crime, which is breach of probation.

However, says Mike, if a person is charged and convicted of aggravated sexual assault and is sentenced to a penitentiary, he or she may be released prior to expiration of the sentence on parole, on statutory release or unescorted temporary absence with conditions. If that person violates a condition of that release and is caught by the police, the police may not arrest that person without a warrant. Canada corrections must make an after the fact judgement, issue a warrant and then that warrant may subsequently be executed by police.

I know what I might hear from the other side, that this can be taken care of through other routes. That is what I am trying to explain. The other routes are going to Canada corrections, trying to get action taken for the particular situation the police are in and perhaps they might get a warrant or an after the fact judgement. The problem is you could be dealing with, in many cases are dealing with in my community, pedophiles, sexual offenders. Policemen cannot wait and even expect the convict, the offender, to stay there while they fetch a warrant. It is unreasonable to even ask.

The purpose of this bill is to protect our citizens even more by helping our police. This is really, and should be, a non-partisan issue in this House, an issue that can be resolved with the help of my colleagues. There are no financial implications to this bill and no inappropriate power given to our police officers; just more protection for you, me and our families as a Canadian people.

I know in this House that private members bills are an interesting subject and the subject of much debate. There is much controversy with private members bills because many of us believe they do not go anywhere unless the cabinet agrees. Many private members bills are not votable. Those that are seem to end up dying after second reading.

• (1805)

If they get to committee we seldom see them get out of committee and return to the House for report stage and third reading. I recall very few bills which have been successful. These bills would help ordinary Canadians.

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The motivation behind this bill did not come from a politician, it came from the police. They are asking for our assistance.

What we have to do is wake up to the fact that the people out there in the communities, the grassroots people, are going to their members of Parliament and asking for private members bills. They want them to be debated, voted on and carefully assessed.

I have seen bills enter this House which most people in Canada do not relate to in any way. Quite frankly, they could not care less. Many of the bills I see coming from my colleagues in the House are grassroots bills. They are effective. They do things. They protect. They change our society.

On April 29, I introduced a private member's bill in the House on victims rights. I guess I was a little naive at that time. I thought that when we all accepted it in the House it would go somewhere. Several million Canadians were hoping that one day they would see a national victims bill of rights.

We had a great debate in the House that day. Everybody agreed with it. It got stuck somewhere in committee. Parliament was dissolved for an election and the bill died on the order paper. No one on the government side resurrected it.

We had an interesting discussion in the House the other day when we debated a private member's bill on drunk driving. It was a votable motion put forward by the Reform Party. My concern at the time was what was going to happen next. Everybody in the House agreed with it. Where will it go? What assurances do we have when these bills go to committee that they will be put into effect?

Constable Novakowski, an Abbotsford policeman, put a lot of work into this bill. He did a lot of research. He and his colleagues believe in the House. They believe in what we are doing. They believe we can effect change for them and for their families and our families. We cannot disappoint these people time and time again. If truly good private members bills are introduced, regardless of who introduces them, we cannot continue to disappoint these people.

This is a practical common issue. I hope my colleagues on the other side do not once again say that it is already in place, that there are laws which affect it and that we can arrest these people. I can assure them that if they let this get to committee they will have police from every force in the country come to the committees to tell them that it does not work.

We must have change. There is nothing more frustrating than a policeman coming on the scene, knowing that an offender is ready to snap, ready to break, ready to reoffend, and there is virtually nothing they can do until that person perpetrates yet another crime.

That says nothing at all about our willingness.

• (1810)

I ask my colleagues to look at this and trust that we will do something within committees and bring these peace officers forward and say we will try to help them and try to help ourselves in doing so.

I ask members to vote positively for Bill C-211.

[*Translation*]

Mr. Nick Discepola (Parliamentary Secretary to Solicitor General of Canada, Lib.): Madam Speaker, I am pleased to address Bill C-211, a private member's bill, which seeks to amend the Criminal Code provisions relating to arrests without warrants.

I appreciate this opportunity to discuss an important aspect of criminal law which is not always well understood.

The bill, as introduced by the hon. member, would have two consequences. First, it would amend the Criminal Code by making a breach of a condition of parole or statutory or temporary release an indictable offence.

This means the police would have the power to arrest, without a warrant, an offender concerning whom it would have reasonable grounds to believe that he made or is about to make a breach of a condition of his parole or statutory or temporary release. This power is already provided in the Criminal Code for breach of probation.

The bill would also amend the Criminal Code by giving a parole board the power, following the arrest of an offender, to release him or to ask a judge to keep him in custody until it is able to issue a warrant of apprehension.

The present government has protection of the public at heart, protection from the potential risks of paroled offenders, and it has adopted several legislative measures or practices in this respect.

I would like to dispel certain inaccuracies and false ideas on which the hon. member's bill is based.

As far as the breach of conditions of parole, statutory or temporary release, as well as the prevention of such breaches, are concerned, I would like to point out that the Corrections and Conditional Release Act already gives correctional authorities all of the powers necessary to suspend an offender's parole.

An hon. member: No, it does not.

Mr. Nick Discepola: Read the law. This makes it possible for the police to arrest the offender and to place him in custody.

As for an offender who has received permission for an unescorted temporary release, an order for suspension may be issued if the reasons for which the permission was issued have changed or

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no longer exist, or if there is fresh information which would have altered the initial decision if available at the time it was made.

As for offenders on parole or statutory release, Correctional Services Canada and the National Parole Board may, at any time, issue a suspension warrant if they deem this necessary and reasonable for the protection of society.

Such a mandate would permit the reincarceration of a delinquent until his case could be examined by the National Parole Board.

Some people might wonder why the police do not have the same power of direct apprehension with respect to delinquents under federal responsibility who are on parole as they do for probationers.

I would like to clarify a few points on this matter, by explaining the significant differences between probation under provincial jurisdiction and parole under federal jurisdiction, whether we are talking of conditional release, statutory release or unescorted temporary absence.

[*English*]

Probation is a court disposition which is not granted by the parole board. It is a breach of probation and is a criminal offence because it constitutes a violation of a court order. And when a breach of probation occurs, police have the same authority to arrest the person without a warrant, as they would any other person who is committing a criminal offence.

Parole, statutory release and temporary absence, on the other hand, are not court orders. They are forms of conditional release granted either by the National Parole Board or the correctional service of Canada. All three types of releases are designed to facilitate the reintegration of offenders into the community as law-abiding citizens.

• (1815)

Conditions of parole, statutory release and temporary absence constitute restrictions placed on the offender that assist the parole supervisor in managing the offender's risk while on conditional release. Because breaches of these conditions do not constitute criminal activity, board members and Correctional Service Canada staff are in the best position to determine when it is necessary to suspend the conditional release in order to manage the offender's risk and protect the community.

[*Translation*]

A person on parole, for example, may have advised his supervisor that, for good reason, he will be 15 minutes later than the time set for his return to the halfway house. In such a case, the supervisor can, in full knowledge of the facts, decide not to suspend parole.

Without such information, however, a police officer could arrest the delinquent for failing to meet the condition, even though he may be no immediate threat to society.

This would conflict with the parole plans approved by the National Parole Board and would weaken the board's authority.

Although it could be argued that the member's bill is aimed at more serious offences, I would like to stress that, when police officers surprise an offender on conditional release in the act of committing a criminal offence, or when they have reasonable grounds to believe that a particular offender has committed or is on the point of committing a criminal offence, they already have all the power necessary to arrest him again without a warrant.

Therefore the issue raised by the member's bill is not whether the powers of the police should be broadened in order to allow them to make arrests without warrants, but rather whether the powers they now have, and the correctional practices in effect, are sufficient to allow the police to take rapid action in situations where offenders on conditional release present a risk to the community.

Our priority is the protection of the public, as I have already mentioned, and our government has taken many measures in this regard. There have also been a number of initiatives in recent years to improve the transmission of information between the Correctional Service of Canada and the police, in order to ensure better management of offenders on conditional release under federal responsibility.

[*English*]

One key information sharing improvement is the ability to enhance information of the Canadian Police Information Computer Network, commonly known as CPIC. Through a link between CPIC and the Correctional Service Canada offender management system, police forces have direct access to information on conditionally released offenders including their conditions of release.

To enable police to respond promptly whenever they suspect a federal offender has breached a condition of parole or unescorted temporary absence, Correctional Service Canada has a national network of duty officers who are available 24 hours a day seven days a week.

This network is in place in each region of the Correctional Service Canada and all police departments have been notified of the duty officer's phone number. Upon being advised by a police officer of a breach or potential breach of parole, the duty officer can issue a suspension of warrant right on the spot, which gives the police the authority to arrest the offender and promptly bring him or her into custody.

Again, to ensure the police can respond as fast as possible, the Corrections and Conditional Release Act also authorizes the facsimile transmission of warrants and gives police officers the authority to arrest the offender, without warrant, on the knowledge that one has been issued.

[*Translation*]

As the hon. members will note, the police already have the powers and the means they need to intervene quickly when they see that a federal delinquent has failed to meet the conditions of his release.

The member's bill assumes that the police are limited in the measures they can take to protect the public or that they are subject to unreasonable time frames, but the fact is that this has never really been proved.

I would point out that, in the absence of such proof, provisions that would give the police broader powers to arrest without warrant people on parole who have not committed a criminal offence will most likely not stand up to a challenge based on the charter of rights.

• (1820)

In conclusion, the government fully supports the objective of better protection for the community, and we cannot support this bill.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Madam Speaker, when there is talk of parole, probation orders and so on, I believe that there is misunderstanding among the public and I believe that the Reform Party also has a poor understanding, or perhaps it suits them not to understand, because it is such a juicy topic. They can drag out specific cases, and really talk altogether off topic.

The bill we have before us is a type of bill that does not reflect reality. I am not saying there are no problems in the parole system or in application of the Criminal Code. On the contrary, I believe there are shortcomings. I believe there is room for improvement in the Criminal Code and in the Corrections and Conditional Release Act. I do not believe, however, that Bill C-211 is what is going to solve the problem.

What is important here? Whether it is the Criminal Code and its provisions relating to probation orders, or the Corrections and Conditional Release Act, the criterion is protecting society. At this time, do the courts, the law enforcement bodies in Quebec and Canada have the proper tools to do their job properly? My answer must be yes.

Are the police officers, the correctional system, the courts, making the proper use of those tools, applying them in the way they were meant to be used? Maybe, maybe not. That depends on the circumstances.

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I sincerely believe that, with sections 494, 495, 496 and 497 of the Criminal Code, a broad range of cases are covered, as the Reform Party said just now.

I cannot sit by while they distort the facts. I am a member of an opposition party, but an opposition party that is fair. I try to do my job as honestly as possible, to be as realistic as possible, and I cannot, even though I am in the opposition, sit still and listen to nonsense spouted in the House. I will give you four examples that I heard during the Reform Party's discourse.

The first, and this is a favourite topic of the Reformers, was what they had to say about pedophiles. They say that a pedophile on conditional release who is near a playground will jump on the first victim he sees. I know it does not suit you to hear the facts. I know there is an immense gulf separating us, but I would ask you as politely as possible to at least listen to what Quebec has to say.

That having been said, with the provisions of the Criminal Code—

Some hon. members: Oh, oh.

Mr. Michel Bellehumeur: Madam Speaker, would you please ask that bunch of Reform members to keep quiet.

[*English*]

An hon. member: Maybe you don't have institutions like we do.

The Acting Speaker (Ms. Thibeault): Would hon. members please give everyone a chance to hear the speeches.

[*Translation*]

Mr. Michel Bellehumeur: Madam Speaker, I was saying that there are four items of misinformation and I will name them right off. Then I will give them the right information.

The case of the pedophile. The case of the person who is on probation and ordered to stay out of bars, and ends up drinking in a bar. The individual who is impaired and is arrested by a police officer, who can do nothing because the person is on parole. That is another such case. The thief who cannot be arrested even if caught in the act. These are all inaccuracies.

As far as the pedophile is concerned, if there are conditions attached to his parole and he is found by a playground, it is false to say that the police can do nothing. The police officer will use what I have here, the Criminal Code. Maybe I should give them a copy, as they seem not to have one.

• (1825)

It indicates very clearly—under section 497—that a police officer, in fact, any person may arrest another person if he has reasonable grounds to believe that—

Provision is made in the Criminal Code for pedophiles and for a person in a bar too. On top of that, the Corrections and Conditional

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Release Act contains a mechanism respecting individuals released under certain conditions or on statutory release, who fail to meet the conditions. There are revocation mechanisms, the police can go and get them and so on.

The worst I heard concerns being under the influence. When an individual is on parole or statutory release and drives under the influence of alcohol, the arresting police cannot take him to the police station even if he refuses to take the breathalyser test.

Did the Reform Party recount anything more inexact or grosser this evening? I do not think so. Under the Criminal Code, under all the provisions pertaining to driving under the influence, anyone refusing to take a breathalyser test is committing an offence and can be taken to the station and charged with refusing to obey police.

Is it usual to twist the facts in such a way for political purposes? I think it is for political purposes.

The final example is theft, and breaking and entering. It is very true that the police may arrest an individual, as may anyone under section 494, whether or not he is a police officer, who notices an individual in the act of committing an offence arrest that individual, and particularly if he is a police officer. I think that there is a misunderstanding, or that they are deliberating distorting the meaning of these sections.

That having been said, I do not want to repeat what the parliamentary secretary to the Solicitor General said regarding the mechanism envisaged. It can perhaps be improved.

As I said at the outset, there is undoubtedly room for improvement, but this is not the kind of improvement needed. The more I listen to the Reform Party members, the more I can see where they are headed. In the end, what they want is a justice system that is a bit like a robot, that is programmed to apply the right sections. The judges would be replaced by a computer. All the evidence would be fed into the computer and out would come the answer, an inhuman answer that does not take into account every relevant fact and serves but one specific goal: scoring political points.

I may be a sovereignist, a nationalist, a Quebec nationalist, still I can recognize that some things work in this system. I think that, all in all, as flawed and imperfect as it may be, these things we should work at improving over time, our justice system is an excellent system.

I do not think that amendments like the one proposed in Bill C-211 before us this evening will do much to improve on the current system. On the contrary, I think it would confuse the courts, complicate things to achieve what the Criminal Code and the relevant legislation already provide for.

For all these reasons, the Bloc Québécois will vote against private member's Bill C-211.

[English]

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Madam Speaker, I remind members that this is private members' hour. I regret to say that from time to time we seem to get into the sort of debate which assumes that a bill put forward by a private member of the Reform Party is somehow a Reform Party bill and it is the Reform Party that is being supported or criticized. I would hope that private members' hour would not become politicized in that negative sense.

• (1830)

It may well be that many members of the Reform Party support the bill that has been put forward by the hon. member and it may well be that members from other parties will want to oppose that bill. But I caution against falling by default into a way of debating this bill that replicates the way we debate government legislation.

Having said that, I am here not to speak on behalf of the NDP but to share some of my own thoughts about this. I begin by saying that actually I am quite open minded about this. I do not claim to understand the law in this regard. I have heard conflicting claims.

There are people who say that the law as it stands provides adequate tools for meeting the problem that the hon. member has identified and he is bringing forward a bill in order to address it. I have heard the hon. member say otherwise. I have heard him accused of not paying attention to reality in the things that he has had to say. I do not know.

I do not understand enough about how parole is administered and dealt with in order to say with authority whether I think the hon. member is right or is wrong, or whether he is operating simply out of a political agenda, but I do not think so. I sense from the hon. member and from others that there is a lot of concern, not just on the part of the hon. member but on the part of many Canadians. They are mystified on occasion by how it is that people who are on parole get to be in some of the places that they are and get to do some of the things that they do while they are on parole.

If the police, the courts and the system as it currently stands are able to deal with this or have the powers to deal with this, it still remains an open question as to why it appears to so many Canadians that they do not, and that occasions arise in what seems to be a persistent way. I say seems because I do not have the research at hand, but it certainly seems this way to many Canadians and they feel the justice system is somehow letting them down in terms of public safety.

My attitude toward this bill at this point is that I have not made up my mind yet. That is why we give votable items three hours of debate. It is so that we do not all come in here in the first hour of debate with our minds made up. Some people's minds are made up. That is fair enough. For my part, I intend to review what has been

said today, to look at what is said in the second hour and indeed in the third hour.

Having said that, I just want to indicate that if what the hon. member who has put this bill forward is saying is true, I am concerned. I would be concerned when the police identify someone who is on parole in a situation which is in breach of those parole conditions.

If the police are saying that they cannot really do anything about it, that by the time they do whatever it is the law requires of them the person has noticed that the police have noticed them and has already been able to move on, then this is something that should be of concern. It should be of concern to people who are concerned about public safety, particularly if the circumstances of the breach of parole are such that it would cause us to worry about the safety of others.

I share the hon. member's concern about that situation but I am open to be persuaded as to whether or not the law as it currently stands has the ability to deal with this. But even that is not good enough in the sense that I would like to know that if it does have the ability to deal with it, why is there such a widespread perception that it does not use those tools.

• (1835)

It is not enough to say that there is the capacity to do a certain thing. We need to know that the system is designed in such a way as to create the will to use that capacity and to use the tools that are available to the police and to the courts now.

It may be that there is some flaw in the design of the system as it now exists which discourages police from using the powers that are now at their disposal. The member's bill might be an answer to that or it might not be.

There might be some other way of addressing this, which would argue it seems to me for why it might be a good idea to send such a bill to committee. The committee could report either that it is a good idea or that the problem the member has identified and which he is trying to address with this bill is a real problem but the bill itself for a variety of reasons does not do the trick or does not stand the test of scrutiny. There may be other alternatives.

All these things are open to us, and I look forward to listening to the debate in this hour and as it progresses. I hope other hon. members will do the same because we are all going to be called to vote on this at the end of the day, not at the end of this day but metaphorically speaking whenever the three hours is up.

We hope hon. members who speak next will have some light to shed on this. I am certainly hoping that I will be able to learn

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something on both sides of this debate from members who will speak after me.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Madam Speaker, I am very pleased to speak on this bill which has been introduced by the Reform member for Langley—Abbotsford and my counterpart as House leader in the Reform Party.

As mentioned by previous speakers, Bill C-211 would amend the Criminal Code as it applies to the arresting and detaining of individuals who breach their conditions of parole or statutory or temporary release. In principle I want to state at the outset that I agree with the bill. In my view it provides our law enforcement officers an additional tool in their fight against crime.

Giving the police increased power always is a contentious issue. I believe in this instance it talks of increased discretion to be exercised on the part of the police in their ability to fight crime and to do their job as peace officers. I fully endorse this.

The changes that are talked of here in section 495(1)(a) of the Criminal Code which would allow peace officers to arrest individuals who breach their conditions of parole or release, in particular, deserve support by this Chamber and its hon. members. I say so with some experience myself.

I listened very carefully to the comments of the hon. member from the Reform Party who had from the sounds of it consulted extensively with a peace officer in his riding. I have spoken personally to a number of police officers as well.

I have spoken to Constable Kevin Scott, Constable Dwayne Rutledge and other police officers from my riding of Pictou—Antigonish—Guysborough. I have sensed the frustration that many of our police officers sense when dealing with criminals who have gone through the process.

Criminals have been convicted after due process. They have gone through appeal processes and are serving time as their debt to society and upon being convicted and placed in an institution, having appeared potentially before a parole board, have been granted early release often with good reason. The principle to recall here is the fact that those individuals are paying a debt to society. If released early, essentially they are being given a break, a second chance, and while in society and taking advantage of the break that has been afforded them, they run afoul of conditions which for good reason have been placed upon them.

I listened again with great interest to the comments with respect in particular to pedophiles or individuals who have been told to abstain from alcohol. I would suggest that it is extremely important for police officers, who observe individuals who have these conditions placed upon them, to have the ability to act and to act quickly and decisively.

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I listened as well again with great interest to the comments of the Parliamentary Secretary to the Solicitor General. I agree that in its present form the Criminal Code does have provisions for police officers to act in a decisive way to get authorization to place an individual under arrest. The difficulty is in the timing. Officers do not always have the time to get the necessary authorization. They do not always have the time to get to a justice of the peace who will give them the go ahead, or to contact the parole officer involved, particularly in rural parts of the country.

• (1840)

In rural Canada detachments often have one or two officers. Often the justice of the peace is responsible for a vast territory. Human nature being what it is, that justice of the peace may be over at his neighbour's playing cards. He may simply be out in the barn. Unfortunately, justices of the peace are not always on call 24 hours a day, seven days a week.

This is a very timely debate. Another bill is presently before the House which is the so-called Feeney bill, Bill C-16. It touches on much of the same subject matter that is being discussed today.

I want to discuss another component of the amendment to section 497 of the Criminal Code. It would give the National Parole Board the opportunity to apply to keep a person, who is in breach of his conditions, in custody until the board can issue a warrant of apprehension. This is not an arbitrary detention. We are discussing the rights of an individual who has had the benefit of due process and has been convicted of a criminal offence. There is an important distinction to be made.

I do not favour voting rights for criminals, nor do I favour, in this particular instance, any sort of special treatment or special allotment or second chance. The individual is paying his debt to society. He has been afforded early release and has now run afoul of those conditions.

I generally support the change, with some reservations. Any form of arbitrary detention has to be carefully scrutinized. The key word is arbitrary. The provisions put forward by the hon. member of the Reform Party, I would suggest, are not arbitrary in any way, shape or form. The direction provided in this bill for detention may be vague and may eventually undergo the scrutiny of the charter of rights and freedoms.

I would suggest that this is true of any amendment made to the Criminal Code. That is part of the process of which we partake. It is part of the responsibility which is incumbent upon us in this Chamber. Defence lawyers, I am sure, will be ready to pounce on any detention of their clients which would later be proved unjustified. This is merely a caution that I raise.

Perhaps we could clarify the language in the bill. I am sure the hon. member of the Reform Party would embrace that, as long as it did not change significantly the principle which he is trying to bring forward.

The intent of this bill is positive. I am pleased to say that we in the Conservative Party support it.

I would also embrace another theme touched on by the hon. member, and it is that we should strive toward making the law not only more efficient but simpler. It should be more understandable, not only for police officers who have legal training, but for the public at large. I believe that the public at large is becoming alienated and, to some degree, very disgusted with our criminal justice system.

Overall there are changes that can be made to the Criminal Code. I believe this is the forum and the place for elected officials to partake of that process.

Another reason I support this bill is that it would open a window of opportunity for the National Parole Board to collect additional information on offenders when possible. It would be a responsible thing for them to do.

The offenders who break their terms of parole or conditions of release are once again breaking society's trust in their ability to respect the law. The National Parole Board consents to returning offenders to the mainstream of society on certain conditions. If those conditions are breached, then the board, in turn, must act responsibly and re-evaluate the risk to society posed by the offender. A convicted person forfeits the rights which are afforded to all Canadians.

• (1845)

The bill gives the National Parole Board additional authority to exercise that responsibility, and there is a larger question at play here. The question concerns the effectiveness of the Corrections and Conditional Release Act, especially as it relates to the National Parole Board.

The National Parole Board is operating as effectively as possible, but is it doing so to its full ability and is it doing so to the extent where it completely protects Canadians? I suggest there are examples, but I am not going to recite them at this time, that suggest that the National Parole Board has to re-examine its own effectiveness.

The mandate of the Corrections and Conditional Release Act is established by an internal board of investigation on incidents. These incidents should be brought forward and examined at length to see if the National Parole Board is living up to the standard.

I want to mention one further positive element of this bill that requires parliamentary study, the ability to exercise the arrests that these police officers are charged with. I think we have to look most specifically at whether this bill will improve the present law. Will it allow police officers to more effectively carry out the very onerous task that is imposed on them to protect society? If this will further

the cause of justice, then it is something we have to work together in a non-partisan way to see carried through to fruition.

[*Translation*]

Mrs. Eleni Bakopanos (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): Madam Speaker, I am very pleased to address this motion.

[*English*]

The hon. member's bill as drafted would do two things. First, it would amend the Criminal Code to make a breach of a condition of parole, statutory release or temporary absence a criminal offence. As a consequence police would have the authority to arrest without warrant an offender who on reasonable grounds is believed to have breached or is about to breach a condition of parole, statutory release or unescorted temporary absence.

This authority already exists in the Criminal Code for breach of probation, as the parliamentary secretary did indicate earlier.

Second, the bill would amend the Criminal Code to authorize a parole board, following an offender's arrest, to either release the offender or apply to a justice to detain the offender in custody until the board could issue a warrant.

Public protection from conditionally released offenders is a matter of serious concern to this government and an area where we have made several legislative and practical improvements.

I would like to clarify some inaccuracies and misconceptions on which the hon. member's bill is founded.

With respect to violations and preventions of breaches of parole, statutory release and unescorted temporary absence conditions, the Corrections and Conditional Release Act already provides ample authority for an offender's conditional release to be suspended by correctional officials. This enables police to arrest the offender and bring him or her into custody.

With regard to an offender on an unescorted temporary absence, a suspension warrant can be issued where the grounds for granting the absence have changed or no longer exist or when new information becomes available that would have altered the original decision.

With respect to an offender on parole or statutory release, a suspension warrant can be issued at any time by the correctional service of Canada and the National Parole Board when it is believed to be necessary and reasonable in order to protect society. Execution of this warrant provides sufficient authority to return the offender to custody until the case can be reviewed by the National Parole Board.

Some may reasonably question why police do not have the same direct authority to arrest conditionally released federal offenders as they do for probationers. I would like to briefly address this question by explaining the key differences between provincial

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probation and federal conditional release, be it parole, statutory release or an unescorted temporary absence.

Probation is a court disposition which is not granted by a parole board. A breach of probation is a criminal offence because it constitutes a violation of a court order, as was pointed out earlier.

● (1850)

When a breach of probation occurs police have the same authority to arrest a person without a warrant as they would any other person who has committed a criminal offence.

Parole, statutory release and temporary absences, on the other hand, are not court orders, as was pointed out earlier. They are forms of conditional release granted either by the National Parole Board or the correctional service of Canada. All three types of releases are designed to facilitate the reintegration of offenders into the community as law-abiding citizens. We know very well the position of the Reform Party on that.

Conditions of parole, statutory release and temporary absence constitute restrictions placed on the offender that assist the parole supervisor in managing the offender's risk while on conditional release. Because breaches—

[*Translation*]

The Acting Speaker (Ms. Thibeault): The time provided for the consideration of Private Members' Business has now expired and the order is dropped to the bottom of the order of precedence on the Order Paper.

ADJOURNMENT PROCEEDINGS

[*English*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

TRADE

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Madam Speaker, on October 29, I raised the question where do we sit as government with respect to a bill passed in the last Parliament known as the MMT bill, Bill C-29 or Bill C-94.

Members and people watching should know that this legislation came forward in the last Parliament for various stated reasons. The first time it came in, the government said it wanted to have a uniform blend of gasoline. To do that it had to remove MMT from Canadian gasoline because it did not exist in the United States. But the government knew or ought to have known that the American

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Environmental Protection Agency was about to license it and indeed it did.

Instead of pulling the bill at the time, the government proceeded to change its rationale. Instead of saying it was for a uniform blend of gasoline, it said it wanted to examine this as a public safety matter. But this was not case. It was not a health matter because Health Canada at that time was issuing statements saying there were no known health risks with MMT. It could not find any risks and would give a published statement to that effect.

The government on one hand was saying that public safety was the reason, and that is a very laudable and noble objective. But if I were to follow the rationale of the environment department, then I am sure there are a lot of other products we could outlaw, such as bacon or donuts, because they too are allegedly bad for your health.

In the end the bill passed the Commons. It forbids the importation of MMT. It is interesting to note that the environment department proposed a bill that is a trade bill. It is a bill that bans the importation of a product. The manufacturer of that product, Ethyl Corporation, now has the Government of Canada before a NAFTA trade tribunal.

What is the outcome likely to be? There are two possible outcomes. How is it going to affect Canadians? The answers are clear. If we loose this challenge under the NAFTA, we are going to pay \$201 million U.S. or we are going to have to revoke the law. Second, if we win the NAFTA trade challenge, Canadians are going to pay more for gasoline at the pumps.

I ask members here, in particular the parliamentary secretary, and those watching, who is going to pay? Canadians can pay at the gas pumps or Canadians can pay through their taxes.

I would ask that the next time parliamentarians want to talk about the price of gasoline they tell Canadians that, with respect to the increase in the price of gasoline, they contributed to the problem. I think this is the least that those who supported this bill can do for Canadians.

Mr. Julian Reed (Parliamentary Secretary to Minister for International Trade, Lib.): Madam Speaker, as the House will recall, an act to regulate the interprovincial trade and importation

for commercial purposes of certain manganese based substances, Bill C-29, received royal assent on April 25, 1997. The act came into force June 24.

On April 14, Ethyl Corporation, the sole North American producer of MMT, filed a claim for damages under the investor stated dispute settlement provisions in chapter 11 of the North American Free Trade Agreement.

• (1855)

The arbitration will be conducted pursuant to the North American Free Trade Agreement and the United Nations Commission on International Trade Law Rules which provide that one arbiter be appointed by each of the disputing parties and a third appointee appointed by agreement of the disputing parties.

Three highly respected international arbiters have been appointed to the tribunal. Ethyl Corporation has named Charles Brower, a lawyer practising in international arbitration in Washington, and the Government of Canada has appointed the Hon. Marc Lalonde, a lawyer in Montreal also practising international arbitration. Mr. Karl-Heinz Bockstiegel of Germany has agreed to serve as the presiding arbiter.

On October 2 the parties met with the tribunal to discuss procedural issues. At the meeting the schedule for the coming months was set. The first oral hearing will be February 24 and February 25, 1998.

The rules and procedures governing NAFTA dispute settlement were developed with a view to ensuring a just and cost effective resolution of disputes.

As this matter is currently before the tribunal it would be inappropriate for me to express any opinion on the merits of the case. That is for the competent tribunal to decide.

[*Translation*]

The Acting Speaker (Ms. Thibeault): The motion to adjourn the House is deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.56 p.m.)

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