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(HANSARD)

Thursday, November 27, 1997

Speaker: The Honourable Gilbert Parent

CONTENTS

(Table of Contents appears at back of this issue.)

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HOUSE OF COMMONS

Thursday, November 27, 1997

The House met at 10 a.m.

Prayers

• (1005)

[*English*]

PRIVILEGE

AMENDING LEGISLATION—SPEAKER'S RULING

DRAFTING LEGISLATION—SPEAKER'S RULING

The Speaker: I would like to deliver a ruling on the questions of privilege raised by the hon. member for Yorkton—Melville on October 21, 1997 and by the hon. member for Sarnia—Lambton on November 18, 1997.

[*Translation*]

The hon. member for Yorkton—Melville objected to an administrative change where House procedural staff were drafting legislative amendments for private members, rather than legislative counsel. The hon. member felt that this change would reduce the quality of service available to him and as such interfered with his ability to do his job as a member for Parliament.

[*English*]

The hon. member for Sarnia—Lambton, on the other hand, objected to his private member's bill being drafted by lawyers enrolled in the legislative drafting program at the University of Ottawa. The hon. member felt that this arrangement breached the confidentiality that applies to such matters and was evidence of inadequate legislative counsel support for members.

Furthermore, the fact that the program is headed by a justice department lawyer caused him to wonder about possible government interference in private members' bills.

[*Translation*]

I thank the hon. members for their submissions on this matter and the other hon. members who intervened. The legislative work of private members is an important part of what it means to be a member of Parliament. As your Speaker, it concerns me that some

private members feel they are not adequately supported in their legislative function.

[*English*]

As I indicated in my ruling on October 23, 1997 on a point of privilege raised by the hon. member for Sarnia—Lambton in respect of legislative counsel services, questions pertaining to resources provided to private members should be brought to the attention of the Board of Internal Economy and should not be raised on the floor of the House as a point of order nor as a point of privilege.

The matters raised on that earlier occasion and the matters now raised by the hon. member for Yorkton—Melville and the hon. member for Sarnia—Lambton involve in my view basic administrative issues. I had however committed to both hon. members that I would ensure this matter would get priority at the board.

With respect to the administrative changes to which the hon. members referred, I have directed that both initiatives, the drafting of amendments by procedural staff and the drafting of private members' bills at the University of Ottawa, be put on hold pending a decision by the board on the mandate and the resourcing of legislative counsel services generally.

I want to reassure the hon. members that amendments and private members' bills shall only be drafted by legislative counsel retained under the authority of the Speaker. For this the board has authorized additional resources for the balance of the current fiscal year which should improve timely delivery of services.

The larger question of legislative counsel services remains on the agenda of the board. It is hoped that a more comprehensive solution will be found in time for the next fiscal year, as the board is currently working on the proposed 1998-99 estimates.

• (1010)

It is my hope, given the nature of this matter and the number of times it has been raised, that the board will resolve this matter.

But I want to close this statement by giving the hon. members for Sarnia—Lambton and for Yorkton—Melville a further commitment, and it is this: If this matter is not resolved in a timely fashion at the board, I will not shy away from my duty and responsibility as the Speaker of this House.

*Routine Proceedings***ROUTINE PROCEEDINGS***[English]***GOVERNMENT RESPONSE TO PETITIONS**

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

* * *

ORGANIZED CRIME

Hon. Andy Scott (Solicitor General of Canada, Lib.): Madam Speaker, I rise today to address an issue of grave concern to the Government of Canada and to all Canadians, that being organized crime.

In this the first of what will be annual statements to parliament on organized crime I want to give parliamentarians and Canadians an understanding of the immense challenge our nation faces. I also want to discuss the concrete measures the government and its partners are taking to combat organized crime.

Organized crime is big business and it is bad business. It is a national problem that threatens public safety and erodes the social well-being of all Canadians. Organized crime is a global problem. The United Nations has recognized it as a priority for the next century and has called on all member states to declare it public enemy number one.

Organized criminals and gangs prey on society through a variety of destructive activities: drug trafficking, prostitution, forgery, weapons trafficking, auto theft, liquor and tobacco smuggling, and bank fraud. The economic cost of organized crime in Canada alone is measured in the billions of dollars annually. There also can be losses suffered by legitimate businesses, tax payments evaded and a high law enforcement expenditure, to name only three.

The Canadian Association of Chiefs of Police estimates the total amount of money made from illicit drug sales at \$10 billion annually. The smuggling of black market jewellery is estimated to be a \$400 million illicit business in Canada, leading to additional tax losses of \$30 million.

Untold illegal revenues are being made through the use of new technology colour copiers by counterfeiters. Credit card fraud can run as high as \$80 million annually. One illegal lottery scheme alone, operated out of Canada between 1994 and 1995, may have cost elderly American victims \$100 million or more. The elderly in Canada are also at risk and we are committed to their protection.

The economic impact of organized crime is only one measurement of harm these activities inflict. Our communities pay dearly

to finance organized crime kingpins. One shipment of heroine landed successfully in Canada can lead to numerous deaths and human suffering in cities like Vancouver and Toronto.

● (1015)

Children are hooked by schoolyard pushers. Muggings, robberies, auto thefts and house break-ins increase as addicts scramble to finance their habits. Higher drug use dramatically increases the chances of infection with HIV and other diseases. Families can suffer under domestic violence and child abuse.

Canadians are also seeing firsthand the problem of organized crime violence.

[Translation]

In Quebec, for example, biker gangs have been tied to dozens of bombings and related violence. Biker gangs are very visible sign of organized crime, but other groups are buried deep, disguising themselves as legitimate enterprises or using today's technology to prey on their victims from afar.

This government will not allow organized criminals to use their ill-gotten gains and threats of violence to intimidate our communities.

[English]

Allow me to elaborate on what Canada is doing to deal with this huge crime challenge. My ministry has mounted a combined offensive against organized crime working together with the departments of justice, revenue, finance, citizenship and immigration, foreign affairs and others. To increase the power and effectiveness of that offensive, we have joined forces with our provincial, territorial and international counterparts and police forces across Canada.

This government has consulted closely with law enforcement, business and others affected by organized crime. We had a number of excellent suggestions come out of the national forum on organized crime convened last year, practical suggestions that would hit hard at organized crime. Forum participants also recommended that the solicitor general make an annual statement to the House of Commons to draw attention to this grave problem.

At that forum Canada's police urged governments to give them the tools to do the job. That is what we have done. We renewed the resources for the anti-smuggling initiative.

Early in the first mandate of this government, we took decisive action against organized tobacco, alcohol and firearms smuggling. We quickly and effectively curbed the smuggling and re-established order in the marketplace. Just as important, we restored the sense of safety and security in affected border communities.

Routine Proceedings

We passed the Witness Protection Act to provide police with an effective means of protecting people who help police collect evidence against organized crime groups. We passed the Controlled Drugs and Substances Act, establishing a legislative base for police to conduct undercover reverse sting operations. We passed the Criminal Law Improvement Act to provide police with the means to conduct storefront operations.

We listened to the police and passed tough, comprehensive anti-gang legislation. We acted on law enforcement's call to define in our criminal law what constitutes a criminal organization. The law gives new powers to the police, prosecutors and the courts to deal with these newly defined criminal organizations.

The legislation also lets us seize any property used by criminal organizations and the courts can ultimately order the property forfeited.

Anti-gang legislation is being used right now. Arrests and seizures regularly make headlines. We are monitoring its implementation and I will provide a status report in next year's statement on organized crime. We are also attacking organized crime through the existing proceeds of crime laws. The police have also told us that the most effective way to dismantle and disrupt criminal enterprises over the long term is to target the upper levels of criminal organizations and focus on the kingpins.

We have been able to mount a highly successful attack on the illegally obtained assets of criminals.

The joint integrated proceeds of crimes units, where the RCMP worked together with provincial and local police as well as customs officers and Justice Canada counsel, were so successful that we established 10 more units located across Canada. In addition, justice has created a proceeds of crime prosecution team in each region to complement these expanded enforcement activities. We are not finished.

• (1020)

A key recommendation out of the organized crime forum was to continue to improve the ability of the police to investigate money laundering. Therefore the government will introduce legislation in this Parliament to create new financial reporting requirements regarding suspicious transactions and the cross-border movement of currency.

These measures will give the police more information on illegal financial activity and put us in step with our international counterparts.

The heart of our anti-organized crime strategy is bringing all the concerned agencies together from all involved jurisdictions and maximizing the use of our resources, federal, provincial and municipal. Co-operation will be the hallmark of our effort.

Again, law enforcement has urged greater national co-ordination of effort and policy so that organized crime faces a seamless net. We took that suggestion very seriously and that is why we established a national co-ordinating committee of police and other officials, chaired by my department, along with regional counterparts in British Columbia, the prairies and territories, Ontario, Quebec and the Atlantic region.

As I said earlier, the United Nations has expressed alarm at the rising threat of organized crime internationally. We recognize that global problems demand global solutions. We are working with the United States and other partners in Europe, the Americas and around the world in forums such as the United Nations, Interpol and the Organization of American States.

In early December in Washington I will attend the first ever meeting of G-8 ministers on organized crime to further our work internationally. Co-operation and information sharing only makes sense when criminals can use borders to hide from police. That is why we have to work smarter and more effectively with our neighbours to the south.

In September I hosted the first ever Canada-United States cross-border crime forum here in Ottawa attended by United States Attorney General Janet Reno.

Canadian and United States officials are working together to build on the co-operative relationships between our countries. Ms. Reno and I believe this forum will pay great dividends in the future. Law enforcement of all jurisdictions needs to be networked with each other so that criminals cannot slip through the cracks.

As members can see from my remarks, the Canadian law enforcement community has been the cornerstone of our anti-organized crime efforts and it will always be.

I would particularly like to recognize the efforts and the commitment of the police community in helping to keep the public informed about the organized crime problem and providing us with advice on how to address it.

In concluding the first report to Parliament on our efforts to combat organized crime in Canada, let me restate this government's commitment to provide national leadership in the fight against this menace and to keep Parliament informed on the progress in the battle.

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Ref.): Mr. Speaker, it is a privilege to respond to the minister's statement today on behalf of average Canadians from the official opposition.

In his opening remarks the solicitor general stated that organized crime is big business and it is bad business. I agree.

Gang business is far from simply riding around on loud, outrageous motorcycles. It is about the almighty dollar and finding the most direct way of getting lots of it, whether it is being done

Routine Proceedings

legally or illegally. In almost every case the fastest way is the illegal way, drugs, theft, prostitution and business scams.

Earlier this month, the 10 month undercover police sting at Edmonton led to 51 drug trafficking, possession and conspiracy charges against 10 gang members. This is what the police seized: \$800,000 worth of property including two homes, one worth \$350,000 and the other \$300,000, four motorcycles, a Lamborghini sports car, several firearms, not registered I suppose, TVs and a great deal of cash, well into the thousands. This is no small town operation.

The minister is also right when he states that this issue is of great concern to all Canadians. Canadians really fear for their safety. Organized crime affects each and every Canadian. It is not something that is untouched or does not affect the local community. With the continued operation of the notorious biker gangs, each and every one of us sitting in the House is at risk. Our families are at risk.

• (1025)

A couple of weeks ago in Quebec a man who was linked to the Hell's Angels was gunned down in a restaurant. Then a couple of days later a gang sympathizer was discovered dead in the trunk of a car. Gang wars in Quebec are out of control. Edmonton is another city that is starting to feel similar pressures. The violence is absolutely unacceptable. Since 1989 there have been well over 65 gang related homicides in Quebec alone.

I was astounded to learn the number of gang members there are in Canada. According to Staff Sergeant Jean-Pierre Levesque who is with the Criminal Intelligence Service of Canada there are about 1,200 gang members in total in Canada formally recognized. However, if we count friends, connections, business associates, the number may be as high as 12,000.

In addition, according to Interpol there are close to 95 chapters of the Hell's Angels operating in 16 different countries around the world. To say they are well connected would definitely be an understatement.

Almost daily there are news stories directly related to gangs. Canadians are concerned. They want solutions and, most important, they want solutions that are going to work.

Today the solicitor general trumpeted the government's record. This government has had over four years to correct the flaws of the justice system but all it did was often tinker with it. I do not think the government should be too proud today. It should perhaps apologize to Canadians for not doing enough. It has had enough time.

The power to implement change was there to use. It had complete majority governments, but all it did was sit on its hands and hope that everything would get better, until the cries could not be stemmed anymore.

In the solicitor general's statement he said that his government listened to the police and passed tough, comprehensive gang legislation: "Anti-gang legislation is being used right now. Arrests and seizures regularly make headlines. We are monitoring its implementation. I will provide a status report in the next year's statement on organized crime".

I can honestly say that I eagerly await next year's statement. I want the minister to stand up and say how gang violence has dramatically dropped from one date to the next. It is the government's administration and its responsibility. I want the minister to say at that time that his new legislation has not been overturned by the Supreme Court of Canada because it infringed on the charter of rights and freedoms.

On November 2 of this year gang member Ettore Sabastiani was apparently the first person to be convicted using the new law. He was sentenced to five years in prison. The solicitor general may be proud of his headlines, but he cannot be proud of what is in the article. Two of the headlines surrounding this story were: "Gang member first convicted under new law" in the *Ottawa Sun*; and "Sabastiani sentence believed to be the first convicted under the new anti-gang legislation" from the *Kingston Whig Standard*. But here is where the minister's happiness perhaps ends. I want to read two clips, first from the *Sun* article and the second from the *Whig Standard*:

But Friday, Sabastiani tried to withdraw his plea to the anti-gang charge. He lawyer, Wayne King, argued that the law violates the Canadian Charter of Rights and Freedoms because it is too vague, too broad and contradicts the provisions for freedom of association.

The next quote:

If Sabastiani had not plead guilty, a constitutional challenge would have likely been allowed and may still happen in other cases. The legislation has a good chance of being struck down if it is challenged, said King.

The *Kingston Whig Standard* had similar words:

Queen's law professor Don Stewart agrees with King. He said in an interview yesterday that it's a bad piece of legislation because it is so loose that it is ripe for misuse and ineffective against organized crime. It was drafted in great haste—to get votes in Quebec where there was concern of the Rock Machine and the Hell's Angels—it's a very bad piece of legislation. The law is likely to be challenged under the charter as too vague, too broad.

Bringing forward legislation should never be done just for short term political purposes. It should be done for the well-being of all Canadians, for the long term vision of a great society.

Reform supported the organized crime bill in the last Parliament because there was need for something to take place. The bill was a start in providing the necessary tools for law enforcement. But the

questions we asked then are the same as we are asking today. Is the law constitutionally sound? Ten months ago was the time to make the changes. It may now be too late.

So, like the minister, I want to see an immediate stop to organized crime. I also want to see laws that will withstand the supreme court challenges. When is the government going to understand that a major overhaul of the justice system is needed?

Ministerial statements are fine, but ministerial action is preferred. The longer the government waits to act, the worse our streets will become.

• (1030)

The solicitor general has made his statement. He is directly responsible for the administration of federal prisons. Yet organized crime flourishes in our prisons and he has been unable to respond to it. We hope that on this score he will clean up the backlog of union grievances and fully support his staff to rid us of organized crime in federal jails.

Since the second world war we have had many years of Liberal governments. With that backdrop of a history of administration, the government must more fully accept its responsibility for where we are today in society.

There are broad sociological reasons for the success of organized crime. Some of it has to do with the general legal and economic culture which the government is creating.

When economic prospects are dim, young people are more easily preyed upon to become involved in street level crime supervised by the organized crime bosses. When tax policy kills the spirit, the sinister elements can more easily get a foothold. When governments in the past have erected unreasonably high differentials between the U.S. and Canada, unnecessary economic incentives are created for the perverse to arise. Capacity creates its own demand.

Historically the Liberals have been very soft on crime. We are pleased when we can get the government to move substantively rather than just in a cosmetic fashion. If the government can gather courage and do what is right rather than just what is politically convenient, we will certainly support those efforts. Sadly, how many times in the House has the general debate gone on about some crime measure?

On our side after looking at the bill, we are calling for more substance, a more comprehensive approach, a more thorough job than just tentative measures.

The most recent example was the DNA evidence collection bill. It is good as far as it goes, but here again it stops far short of what is needed.

These are the broad societal reasons for the success of organized crime. The government has to accept a share of the blame for the

Routine Proceedings

context of the culture it has created for organized crime to flourish. If it could learn those lessons, then the courses of action would become evident.

Everything that we have brought to this House on the economy was helpful in fighting organized crime. One of the biggest crime prevention strategies is low unemployment.

I applaud the minister for anything he can do on this file. He is now committed to an annual statement. It is hoped that he will be able to measure how the government's rather haphazard administration of public affairs is successfully responding to this challenge which will be measured from year to year.

The vision for the national voyage must be based upon honesty, competence and real leadership. May the legislation that flows from the government statement be honestly presented. May the government administer with the highest of standards guided by real accountability measures. The annual statement may form a bit of an accountability measure.

May the government gather some courage to legislate against crime and to lead, for whatever increases hope will also exalt courage. If the government faints from these principles, the nation knows that we on this side of the House are more than ready.

[*Translation*]

Mr. Richard Marceau (Charlesbourg, BQ): Madam Speaker, organized crime is a major problem in Quebec and Canada, but particularly in the Quebec City area, where my riding of Charlesbourg is located.

As my hon. colleague from the Reform Party mentioned earlier, there was another murder in my riding last week, in a family restaurant. As families were enjoying a quiet evening meal at the restaurant, they witnessed the cold-blooded murder of a man. This dramatic incident is but one example of the kind of violence biker gangs are responsible for in Quebec. It has reached such proportions that recently—two weeks ago I think—the Lloyds Insurance Company of London announced its intention to no longer insure bars in the Quebec City area. This shows how bad the situation is.

The party that has been asking this government to do something about biker gangs since 1995 is our party, the Bloc Québécois. After the Bloc Québécois put a great deal of pressure on the government in Ottawa on behalf of Quebeckers, the government started to act in April 1996, but that was not enough, because too many unfortunate incidents have occurred in the past year.

• (1035)

As I referred to a while ago, there is a very heavy concentration of biker gangs in Quebec. There are, of course, the Hell's Angels, but there is also the Rock Machine, which is apparently about to

Routine Proceedings

join forces with another biker gang, an international one this time, called the Bandidos.

It is very clear that the government does not have the desire to put all of the law enforcement resources necessary in place to deal with this problem.

In his speech, the minister claims that he has restored security in the border communities where the goods were crossing. As recently as this fall we witnessed the aborted raid at Kahnawake, where there were sizeable stocks of arms brought in from outside, and it was not the Quebec Minister of Public Security who was responsible for aborting the raid, either. This one very recent example can make us doubt the desire of this government to fight organized crime effectively.

One can also ask oneself the following question: Is the antigang legislation the government across the floor wants to see passed sufficient? Is it stringent enough? According to the Bloc Québécois, even the definition of a criminal organization, referred to a moment ago by my hon. colleague from the Reform Party, still does not go far enough. Vagueness remains, and this could lead to challenges of the constitutional validity of this legislation.

The act also authorizes the seizure of goods that have been used by criminal organizations. Although it is a nice initiative, a look at the concrete facts points to some shortcomings. Consider the cases where the police moves in to make a seizure. Two weeks ago there was a raid at the Hell's Angels hideout in Saint-Nicolas, near Quebec City. When the police arrived at the bunker, they took it over, but there was almost nothing left.

Is there not a way to ensure that the police can act more quickly so that these seizure operations can really be effective against organized crime? This is a legitimate question.

Concerning Bill C-95, the Minister of Justice at the time said that the object was to hit the master minds behind these criminal organizations. But at that time, the bill was not at all that clear, and I remember a discussion between my colleague for Berthier—Montcalm and the minister. My colleague had difficulty finding in the bill what was meant by a master mind, and these people were not mentioned anywhere in the bill. So this is another weakness in the bill.

The minister also wants to give the police more flexibility to carry out investigations on money laundering. This is an excellent initiative, but we have to go further than that. We should also consider parole because, beyond these gang problems, there is for instance the Lagana case, where the lawyer succeeded in getting him paroled after he had served one sixth of the sentence. The minister will have to tighten up the law generally and also the Parole Act so as to prevent this type of criminal from going on parole so soon.

In this regard, I will be introducing in a few minutes a bill to amend the Corrections and Conditional Release Act so as to make

it clearer. Its purpose will be to amend section 103 of that act so that appointments to the National Parole Board will stop being subject to the political patronage they are exposed to nowadays and will instead be made under supervision by the people, and through the people under the supervision of the elected members of this House. In this way, impartial people will be appointed and they will have the necessary background to deal with this type of problem.

In conclusion, many other efforts have to be made in the fight against organized crime. The government must act and it must act quickly to reassure the public, which is frightened. They have reasons to be frightened when violence reaches people in a family restaurant in a quiet and prosperous suburb. The government must come to realize that its laws and its commitment to deal with this issue are not clear.

• (1040)

One reality that the government does not seem to recognize is the fact that biker gangs, to take only this example of organized criminal groups, are growing, and that every day there are more and more people joining these gangs.

The Bloc Québécois doubts that the government is willing to commit the necessary resources to the fight against organized crime, and we expect initiatives that are much more concrete than those that the minister is proposing today.

[English]

Ms. Bev Desjarlais (Churchill, NDP): Madam Speaker, the annual statement on organized crime stems from Bill C-95, an act to amend the Criminal Code (criminal organizations), passed in the last session of Parliament.

The bill was tabled in response to biker gang violence in Quebec and involved a package of measures targeting criminal activity and organized crime. It created a new offence of participation in a criminal organization and gave law enforcement agencies new powers to combat criminal activity and to confiscate the proceeds of organized crime.

Our caucus supported passage of the bill and measures to combat organized crime in gang related activity. There is nothing new in the minister's statement. In fact, the bulk of the statement merely quotes the former solicitor general's speech in the House at the time of the introduction of Bill C-95 at second reading last April.

The statement talks about the government's commitment to provide leadership in the fight against organized crime, while in fact in at least one important area the actions of this government have had the opposite effect. It would appear that the government's privatization of our national ports and the disbandment of the Canada ports police has been a serious blow to the fight against organized crime in this country.

Routine Proceedings

The government's actions have resulted in a serious setback in the efforts to control and stop organized crime activities. It is a well-known fact in the law enforcement community that organized crime and gang activity are thriving in our ports. Is it possible that the federal government's disbandment of the ports police and the privatization of the ports has been to open the doors for an increase in the very destructive activities such as drug trafficking, weapons trafficking, auto theft and liquor and tobacco smuggling that the minister referred to in his statement?

The Canada ports police were created in 1968 and represented a highly specialized and dedicated police force with skills and powers specifically designed to combat organized crime, smuggling and gang activities in the ports. Local police and private security companies have neither the resources nor the expertise to effectively combat crime in our ports. When I spoke on Bill C-9 in relation to the ports police, I expressed my disgust at the suggestion that low price security should have their lives devalued by placing them in a highly criminal and violent atmosphere.

The minister in his statement noted that Canada's police urge governments to give them the tools to do the job. It would appear that in the case of the ports police the opposite is taking place. Other jurisdictions in the United States and elsewhere which have experimented with similar privatization schemes for the ports and ports police have had to re-evaluate their actions in the face of increases in criminal activity and have reinstated specialized ports police to take back control of their ports.

The minister speculates about how one shipment of heroin landed successfully in Canada can lead to numerous deaths and human suffering in cities like Vancouver. In fact we know that the drug trade in Vancouver is flourishing and has widespread impact in that city and across Canada.

Vancouver has experienced a serious increase in crime, gang activities and increased drug trafficking in the ports which many believe is a direct result of the privatization of the ports and ports police. Numerous case files and ongoing investigations into organized crime and gang activity were halted or compromised with the removal of the Canada ports police from the Vancouver port.

On the opposite coast in Halifax, in a few weeks the ports police will be disbanded. We can be sure that organized crime is just waiting to fill the void. The Hell's Angels biker gang is known to be active in the Halifax-Dartmouth area. It is rumoured that the notorious Rock Machine bikers have recently purchased a bar in the area. It is also rumoured that a California bike gang is currently looking for property in the area and we can be sure they are not coming for the balmy weather.

With the privatization of our national ports this government has put out the welcome signs for gangs and organized crime. It is

putting our communities and citizens at risk. The minister talks about creating a seamless net against organized crime. It is clear that this net has some very large holes.

• (1045)

The minister has indicated in the House that we should be proud of and support the workers in the justice system. Yet this minister and this government are doing the opposite. I would suggest that the minister practice what he preaches, that he work to ensure that the concerns of the ports police and the employees in the penitentiary systems are addressed.

We encourage and support this government in its fight against organized crime. Yet there appears to be contradictions in its actions.

It is our hope that when the minister reports to Parliament again there will be some concrete news of success in the fight against organized crime and that we do not once again hear the same speech from the year before.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Madam Speaker, I rise today as well in response to the Solicitor General's first annual statement on organized crime in Canada.

I would like to take this occasion to congratulate all the men and women of this country who are on the front lines of law enforcement in Canada. We know them as police officers, peace officers, customs agents, crown prosecutors.

We must address and recognize the need and responsibility that we as parliamentarians have to those individuals in charging them with this important task of fighting crime in Canada. They are the thin blue line, these men and women who walk the beat and patrol the neighbourhoods of Canada, and they are tasked with enforcing the laws that we make in this House.

Without the active support of these hard working Canadians, many of whom put their lives at risk time and time again, any government's anti-crime measures will fail and fall flat on their face.

The self-congratulatory tone of this report is fine but it is early in the game. I remind the government that as far as this initiative goes, the true test will be time.

I feel it is important to put on the record that the Progressive Conservative Party of Canada also had a key role in kick-starting the government's action against organized crime. Contrary to the implications of the Solicitor General, this government's fight against organized crime did not simply begin under the Liberal government. In fact between 1989 and 1993 the former Progressive

Routine Proceedings

Conservative government passed four major pieces of legislation to assist our law enforcement community.

In 1989 the Conservative government passed proceeds of crime legislation for the first time in Canadian criminal law history, making money laundering a distinct crime. This was done to help police officers trace the flow of money derived from criminal activities. The former Progressive Conservative government then passed new proceeds of crime legislation in 1991 which required financial institutions to maintain detailed records of transactions relating to crime.

The former government also passed legislation in 1993 with the passage of the Seizure of Property Management Act. This act created the office of an administrator to seize and retain forfeited property. More important, this legislation provided an incentive to organizations participating in criminal investigations by developing new provisions for the disposal of property obtained by crime.

The final initiative I would mention by the Progressive Conservative government was an act to modify the Customs Act and the Criminal Code. It was a far reaching omnibus bill and made many positive changes to the Criminal Code, in particular in the area of contraband products such as tobacco and alcohol.

I do not want to inject partisanship into the debate, but it is important that everyone realize that this government is picking up where previous governments left off. I mention these legislative initiatives not to dwell on the past but to put in perspective what is going on in this process today.

I am nevertheless willing to extend credit where credit is due. The Liberal government and the Solicitor General in particular have taken positive steps in this area. I commend the Solicitor General for recognizing that more can be done. The Solicitor today used his statement to renew a commitment first made in response to last year's national forum on organized crime. That commitment, although somewhat more vague today, was used to create a new financial reporting requirement regarding suspicious financial transactions and cross-border movement of currency.

To be successful, these requirements must include a very clear principle. Canada must adopt the current U.S. policy that requires financial institutions to report all transactions which exceed \$10,000.

• (1050)

With the largest undefended border in the world, Canada and the United States share one of the largest bilateral legal trading relationships in the world. Unfortunately, because of this border, we also share the largest bilateral illegal trading practice in the world.

Because Canada lacks the same tough reporting requirements of the United States, we are allowing our country to serve as a safe haven for these large criminal organizations for ill-gotten gains.

A \$10,000 reporting rule is not only my position but that of the party and it is the position of the solicitor general himself who just less than two months ago made a speech to the U.S.-Canada cross-border crime forum. I would therefore urge the solicitor general to live up to his earlier commitments. Instead of being timid and vague on the question of mandatory requirements, the solicitor general should be bold and straightforward and set clear financial transaction requirements in this legislation.

I would recommend that the solicitor general review the definition of participation in organized crime. The new criminal offence and anti-gang legislation approved by the previous Parliament in April of this year leaves that definition very vague in my opinion.

According to this definition, participation in criminal organizations occurs when "a person participates in or substantially contributes to the activity of a criminal organization and knows that all the members engaged or have engaged in an indictable offence within the preceding five years and when the person is a party to the commission of an offence indictable for the benefit of, at the direction of, or in association with criminal organizations".

What a mouthful. The problem with this particular wording, I would suggest, is that it lacks specific intent. There is a huge vague definition that leaves open the issue of intent which makes it very difficult to prosecute. I would suggest that this particular definition could be reworked and the solicitor general has an opportunity to do so in his upcoming round of legislation.

The solicitor general also commented that arrests and seizures under the new anti-gang legislation are regularly making headlines. Headlines are nice, but law-abiding Canadians are seeking concrete results and, as has been referred to earlier by some of my colleagues in the opposition, this is what Canadians are looking for the most from government and from Parliament, concrete results not empty rhetoric.

There was also a very telling comment made by my colleague from the New Democratic Party about the government's apparent contradiction in fighting crime. On the one hand, it has taken the initiative to introduce anti-gang legislation but, at the same time, it has taken away one of the frontline abilities that law enforcement officers have in this country and that is by disbanding the ports police. This, by all intents and purposes, opens up many of Canada's ports for business in terms of illegal drug and gun trade. The port of Halifax was mentioned by the hon. member from the New Democratic Party.

I must say that people in the province of Nova Scotia are extremely concerned, particularly in and around metro Halifax, that these new organized crime organizations are going to be setting up shop. With these ports now falling under the jurisdiction of the RCMP or metro police in the coming months, it is going to be very difficult for them to combat crime in a substantive way when we already have a specialized force in the ports police who are charged solely with that task.

Again I would reiterate my earlier remarks. Laws are not the only answer. In fact, creating laws without accounting for adequate resources to properly implement and enforce these laws can be very dangerous. I would cross reference again the fact that there has been legislation introduced that is going to charge customs officers with more onerous tasks and a more proactive attempt to have them fight crime at the border. However, we do not yet know if adequate resources and training are going to be put in place as well to help them implement and enforce these new pieces of legislation.

Throughout the solicitor general's statement, we heard that the government has been creating partnerships between local, provincial, national and international law enforcement agencies. We have also heard about existing resources to fight crime. I am very much aware of the situation that is going on in New Brunswick presently between the Moncton municipal police and the RCMP who are imposing their particular services in place of the municipal police. This is a situation that I suggest the government has been very lax in addressing.

I support the government's efforts in bringing about various elements of our criminal justice system to fight organized crime. I do so wholeheartedly, but the government must not, however, use the co-operative partnerships as an excuse to withhold the necessary resources. That is not just my opinion. It is the opinion of many local police officers across the country.

• (1055)

The police chief in London, Ontario summed this up perfectly when he stated last month "Just because we now have a law, that does not realize anything unless we have the programs which mean resources for police and enhanced training. Laws for the sake of laws mean nothing. They are just more paper".

Unfortunately, this is the impression that many law enforcement officers and I would suggest many Canadians have when we have legislation put through Parliament and the resources to see that it is enforced are not there to support it.

In conclusion, I thank the solicitor general for his statement. I would reinforce my comments with four main points. One, let us not forget the foundation upon which this present government is acting by developing policies and legislation with respect to organized crime. Let us work to build upon it.

Routine Proceedings

Second, the solicitor general needs to commit to a straightforward, mandatory reporting requirement for financial transactions which will correspond with our biggest trading partner, the United States.

Third, the solicitor general needs to clarify the definition of a criminal organization to better establish the principle of intent so that prosecutions can be successful.

Fourth, the government should provide necessary programs and training through additional funds if necessary to help police and all law enforcement officers to properly implement and enforce this legislation.

I am hoping that we are not going to hear more self-congratulatory statements from the solicitor general. We must work toward concrete examples of crime reduction so that Canadians will be satisfied that this Parliament and our enforcement officers are doing their job.

I am very supportive of the government in its efforts, but let us not just give lip service to this serious matter. Let us see that the right thing happens and that we can actually report back in a year's time that these initiatives have been successful.

* * *

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS

Mr. John Williams (St. Albert, Ref.): Madam Speaker, I have the honour to present the first report of the Standing Committee on Public Accounts.

The report by and large calls for reports four, five, six, seven and nine that were presented in the last Parliament and there was not the opportunity to respond because of the dissolution of Parliament. I am asking for these reports to be tabled in this Parliament.

Therefore, pursuant to Standing Order 109 of the House of Commons, the committee requests the government to table comprehensive responses to all the reports mentioned in this report.

[*Translation*]

Madam Speaker, I have the honour to present the second report of the Standing Committee on Public Accounts.

[*English*]

This report deals with the preparedness for the year 2000 as far as technology and computers are concerned where the committee heard testimony toward the situation that could cause some difficulties at that time.

[*Translation*]

Pursuant to Standing Order 109 of the House of Commons, the committee asks the government to table a comprehensive response to the report.

Routine Proceedings

[English]

CLIMATE CHANGE

Mr. Brent St. Denis (Algoma—Manitoulin, Lib.): Madam Speaker, it is my pleasure on behalf of the Standing Committee on Natural Resources and Government Operations and an honour for me to present the first report of the Standing Committee on Climate Change as we prepare for the Kyoto conference in Japan.

Our committee undertook several weeks of hearings with representatives of industry, NGOs and private citizens to hear their concerns as we prepare for discussions in Kyoto.

• (1100)

In presenting this report, I want to thank all committee members, our very capable clerk and researcher for their efforts to support the committee's work.

In tabling this, I want to point out that the title of the report is "Let's get the Ball Rolling." The main point is that we have to get started on dealing with climate change, regardless of our views on science or how we get there. We have to agree on getting started.

I am proud of this report and I recommend it to all hon. members.

* * *

[Translation]

CORRECTIONS AND CONDITIONAL RELEASE ACT

Mr. Richard Marceau (Charlesbourg, BQ) moved for leave to introduce Bill C-292, an act to amend the Corrections and Conditional Release Act.

He said: Madam Speaker, the bill I am introducing with pride today is very simple. The aim is to take appointments to the National Parole Board out of the hands of the Prime Minister and his patronage and put them under the responsibility of the House of Commons so that they will be non partisan and better reflect a concern for impartiality and ability.

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

* * *

CANADIAN SECURITY INTELLIGENCE SERVICE ACT

Mr. Richard Marceau (Charlesbourg, BQ) moved for leave to introduce Bill C-293, an act to amend the Canadian Security Intelligence Service Act (Review Committee).

He said: Madam Speaker, along the same lines as the preceding bill, this bill aims to ensure that the members of the security intelligence review committee are appointed by the government, obviously, but with the approval of each of the leaders of the

parties with more than 12 members in this House and by resolution of the House of Commons.

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

* * *

[English]

PETITIONS

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I have a petition to present today which comes from my riding of Mississauga South.

The petitioners draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession which has not been recognized for its value to our society.

The petitioners also point out, in agreement with the report of the national forum on health, that the Income Tax Act does not take into account the cost of raising children for those families that choose to stay at home and provide direct parental care to their preschool children.

The petitioners therefore pray and call on Parliament to pursue initiatives to eliminate tax discrimination against families that choose to provide care in the home for preschool children.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, Question No. 24 will be answered today.

[Text]

Question No. 24—**Mr. Peter Mancini:**

With regard to Unemployment Insurance Act paragraph 3(2)(c), the "Arm's Length Provision": (a) how many appeals have been filed in the last two years in Cape Breton; (b) how many appeals have been rejected, resulting in cases before the Tax Committee of Canada; and (c) how many of those cases involved "family enterprises"?

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): The department does not capture information solely for Cape Breton. The data collected are based on the cases handled by the Sydney tax services office which has jurisdiction for the Cape Breton area. In the last 2 years, 223 requests for determination or appeal had been filed with the Sydney office. Of those 223 cases, 179 decisions were issued. In 124 of the issued decisions, it was determined that the employment was not insurable as the parties were dealing at non-arm's length. During the same 2 year period, 28 of these 124 decisions were appealed to the Tax Court of Canada. The department does not keep statistical information on

those cases involving non-arm's length situations that are family enterprises.

[*English*]

Mr. Tony Valeri: I ask, Madam Speaker, that the remaining questions be allowed to stand.

The Acting Speaker (Ms. Thibeault): Is that agreed?

Some hon. members: Agreed.

• (1105)

[*Translation*]

The Acting Speaker (Ms. Thibeault): I wish to inform the House that, because of the ministerial statement, government orders will be extended by 45 minutes, pursuant to Standing Order 33(2)(b).

GOVERNMENT ORDERS

[*Translation*]

CANADA PENSION PLAN INVESTMENT BOARD ACT

The House resumed from November 26 consideration of Bill C-2, an act to establish the Canada Pension Plan Investment Board and to amend the Canada Pension Plan and the Old Age Security Act and to make consequential amendments to other acts, as reported (with amendment) from the committee; and of Motion No. 8.

Mr. Lorne Nystrom (Qu'Appelle, NDP): Madam Speaker, we are resuming debate on Motion No. 8, tabled by the Conservative member for Madawaska—Restigouche.

[*English*]

What he is saying in this particular motion is that the regulations made under paragraph 1(b) must reflect the objectives of the board as set out in section 5.

This is something which appears to be highly technical. He is talking here, of course, about the investment board of the Canada pension plan.

We are going to have a radically new departure from the Canada pension plan when this legislation is passed through the House, through the Senate and receives royal assent in a matter of a few weeks.

Currently the Canada pension plan has, roughly, a two year contingency fund of about \$40 billion. That \$40 billion fund is now being loaned to the provinces at federal government long bond rates, which are the cheapest rates for long term debt. That has been very positive for a number of provinces in the country, including

Government Orders

my own province of Saskatchewan which a while ago was going through a difficult financial time.

It has also been very helpful for Manitoba, which at times has not had a very positive credit rating. As well, it has been helpful to the provinces of Atlantic Canada, particularly Newfoundland.

That has actually been a pretty good part of the Canada pension plan. The provinces have borrowed to build schools, hospitals and infrastructure to make a stronger province and a stronger country. That is what the fund is used for.

However, there will be a change. Instead of having about two years of funding set aside, in a few years there will be five or six years of funding set aside through the establishment of an investment fund. In a few years that investment fund will grow to over \$136 billion. The fund will invest in the market, similar to the way in which private pension funds are invested. A board will be established. That board will have regulations, objectives and goals.

Our concern is that we think the goals and objectives of the fund will be too narrowly defined. I do not support this amendment today because it reasserts support for that narrow definition of the objectives of the fund. We believe that the fund should have more broadly defined objectives, similar to the Caisse de dépôt et placement in Quebec. Its objectives not only speak to the return to the eventual pensioner but also talk about some of the social objectives in terms of Quebec society.

It looks at things like creating jobs in the province of Quebec, investing in Quebec industries, building a stronger economy in the province of Quebec, and so on.

[*Translation*]

Quebec's Caisse de dépôt et placement has served Quebecers well over the past 60 years. The province's economy is now stronger, partly because of this fund available to Quebecers.

• (1110)

The economy gradually became stronger and unemployment diminished, thanks to the Caisse de dépôt et placement, whose objectives were broader and more encompassing, and whose vision was more positive. In fact, the vision was not at all the same in the federal fund for the rest of Canada.

[*English*]

There is a vision here that is more narrow. It talks only about maximizing the returns to the people who are making the contribution to the fund.

It is important to maximize returns but we need some balance as well. I think about jobs in Canada, creating more jobs. That is very important, investing in Canadian industry, in Canadian business. There are a lot of very profitable businesses in this country which, if they had access to more funding, major pension funds, might do even better.

Government Orders

I noticed in the House yesterday that we were criticized. Indeed the Bloc Québécois was also criticized for talking about doctrinaire investment. We are not talking about doctrinaire investment. We are talking about an investment fund that has a similar objective to the Caisse de dépôts et placements in the province of Quebec. That is not what I would call doctrinaire investment.

[*Translation*]

It is a fund which was supported not only by the Bloc Québécois. Long before the Bloc Québécois, the Liberal Party was in office in Quebec, with Mr. Lesage, who had previously sat here as an MP if I am not mistaken. The Liberals were followed by the Union nationale, which was a conservative party quite similar to the federal one. The Union nationale also supported the Quebec fund and its objectives. Then came Mr. Bourassa and the Liberal Party again.

[*English*]

I think what is happening in Quebec in terms of the fund's objectives is very laudable, very positive and could serve as a model in terms of this particular investment fund. The concern we have is that the objectives are too narrowly defined, looking solely at the maximization of the return.

My prediction is that it is not going to be very long before the Minister of Finance will succumb to pressure from the investment community to lift the rule that says only 20% of the funds can be invested outside this country. I have asked that question to the Minister of Finance. He said for the time being we are not going to change the rules. He has always left that door open, that in the future those rules may be changed.

I believe they will because this will be the biggest investment fund in the country. There will be pressure from other funds as well to lift the rules so that more money can be invested out of the country. I think that is going the wrong way. This is the Canadians' money. It is Canadian workers' money. It is money from Canadian business, from small business, from the employers and the employees and most of those funds should be invested right here in the country.

With a great deal of respect to my colleague of the Conservative Party from New Brunswick, I cannot support the motion before the House today because I think it just reinforces the narrowness of the objectives and goals of that board of directors. The board of directors, I believe, will be lopsided in terms of who it represents. It will represent mainly the business community.

We moved an amendment in committee that would have a balance in terms of the board of directors between the two stakeholders, between labour and business. That amendment I moved in committee was supported by the Reform Party, the Bloc

Québécois, the Conservative Party, the four opposition parties, but the government across the way would not accept that very reasonable amendment that there should be balance on the board of directors between business and labour to stakeholders. If we do not have that balance and if we have narrow objectives in terms of what the board should do, then I am even more concerned about the use of the money of the working people of this country.

It is bizarre that we have a Parliament now where the Liberal Party represents only 38% of the Canadian people and the opposition parties represent 62% of the Canadian people, as of the results on June 2. Yet the government has refused to accept even a single opposition amendment at the committee stage and appears unwilling to accept even a single opposition amendment here at report stage. Is that parliamentary democracy?

• (1115)

We do not expect all the amendments to be carried or accepted, but surely to goodness some of them could be accepted. They have been suggested by business groups before the committee. They have been suggested by social action groups before the committee. They have been suggested by trade union groups before the committee. They are reasonable amendments. Some of the amendments would not need the approval of the provinces yet they have been turned down. They have fallen on deaf ears.

That is one reason we need a serious effort at looking at democratic reform so that the people's wishes can be expressed and accurately reflected in the House of Commons. It is ironic that 38% of the people can elect a majority government and that majority government does not listen to the representatives of 62% of the people.

We still have some time left. The parliamentary secretary is sitting across the way. I once in a while see his head nod but that is about all I see. I hope he will be more receptive and will consider some of the amendments, in particular amendments where we have a three or four party consensus on this side of the House.

This amendment is obviously not one where we have consensus. I think two opposition parties support this amendment and two opposition parties oppose it. Maybe this reflects a difference between social democrats and conservative ideology, but on many amendments there is four party consensus.

Why can the government not listen to the people and reflect the wishes of the people by accepting some amendments that are reasonable? I do not know whether the rules permit, but I would like to have a response from the parliamentary secretary or from the gentleman on my left who has been very active in the committee on whether or not they might accept some of the

amendments. I will wind up by asking them to be reasonable and to accept a few of the opposition amendments.

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I want to comment briefly on a couple of the points raised by the hon. member.

The finance committee considered a number of amendments, but the member will well know that amendments dealt with in committee can also be dealt with in the House, so many of the amendments of substance are coming forward at report stage. The member will also know that amendments are being proposed which the government is supporting.

I want to make sure members understand a couple of the points the member raised. He indicated that the funding would move to fuller funding, from two years of reserve up to five years, to accumulate a fund which can be used by the CPP investment board. The disagreement in this regard has to do with the application of those funds. I understand the member and the NDP would like to have these funds directed at certain programs for economic stimulus and the like.

We cannot lose sight of the purpose of the investment board. We are talking about the Canada pension plan. Its objective is to provide a safe and secure indexed pension for Canadians and to keep the rate of the CPP as low as possible.

The objectives have been ratified as a result of public consultation. They have been agreed upon with the majority of the provinces, at least two-thirds of the provinces representing two-thirds of the population of Canada.

The issue of where moneys could be invested did come up. There was a strong consensus, certainly in the consultation, that the funds should not be used for other purposes, for other government objectives such as regional economic development or something like that.

If the fund is invested according to prudent investment practices, it will earn a better return than it is getting now. As a result the rates of premium will be kept at a lower rate than they otherwise would be.

It was very clear from all experts that came before us that we should not compromise the principal objective of the Canada pension plan with regard to either other ancillary benefits or with regard to other government social or economic objectives. We had to make it clear that the CPP was there to ensure Canadians had a cost effective, reliable and sustainable Canada pension plan.

• (1120)

The member is also well aware of the 20% foreign investment rule. He is quite correct in his reference to the minister. The

Government Orders

minister, the finance department and the government are looking at all issues concerning income taxation. We know the principles of the 20% rule apply to all pension plans and to RRSPs. They apply also to the Canada pension plan.

The consistency will remain but will always continue to be held under review to ensure the best possible arrangements are available not only to the Canada pension plan but to all Canadians.

Mr. Philip Mayfield: Madam Speaker, I am very pleased to rise today to participate in the debate on Bill C-2.

Today I want to discuss the four pillars of retirement security. These are private RRSPs, the old age pension, the Canada pension plan and tax relief. My comments will focus on two areas. First, I will examine the damage the Liberals have inflicted upon each of the four retirement pillars. Second, I will outline positive steps the government—

Mr. Paul Szabo: Madam Speaker, I rise on a point of order. With all due respect we are now on Group No. 4, report stage Motion No. 9 by the NDP. I believe the debate should be focused on the elements of that grouping rather than a general speech on Bill C-2.

The Acting Speaker (Ms. Thibeault): I must inform the hon. member that we are now debating on Group No. 3 and not Group No. 4.

Mr. Philip Mayfield: Madam Speaker, in light of those comments I will reserve my comments to later.

The Acting Speaker (Ms. Thibeault): Resuming debate on Group No. 3.

[*Translation*]

In accordance with yesterday's agreement, the motion in Group No. 3 is deemed to have been put and a recorded division is deemed to have been demanded and deferred.

[*English*]

The House will now proceed to debate Group No. 4. Pursuant to agreement made earlier Motion No. 9 is deemed proposed and seconded.

Mr. Lorne Nystrom (Qu'Appelle, NDP) moved:

Motion No. 9

That Bill C-2 be amended by adding after line 29, on page 28, the following:

"53.1 Notwithstanding any provision in this Act or any other Act, a provincial government is entitled to borrow funds from the assets managed by the Board at the lowest rate of interest available to the federal government."

He said: Madam Speaker, Group No. 4 has only one motion which I have moved. I want to spend a few moments on it this morning in the House.

Motion No. 9 reads as follows:

Government Orders

That Bill C-2 be amended by adding after line 29, on page 28, the following:

“53.1 Notwithstanding any provision in this Act or any other Act, a provincial government is entitled to borrow funds from the assets managed by the Board at the lowest rate of interest available to the federal government”.

I alluded to this motion when I was making some comments on Motion No. 8 in the previous grouping.

• (1125)

The interesting thing about the Canada pension fund today is that the two year reserve, which is around the \$40 billion mark, can be borrowed by provincial governments at the federal government long term bond rate.

If we look at the last 30 years, the federal government's long term bond rate has been a pretty good deal for a number of provinces. Over the last while many of them have not had the same credit rating as the federal government because of economic difficulties or their sheer size.

I am joined in the House this morning by my friend from New Brunswick. Over the years New Brunswick has a rather high unemployment rate as a small province with a small population. Its credit rating has probably always been lower than the federal government's credit rating. Therefore it is more expensive for the province of New Brunswick to borrow money for its schools, hospitals and universities other than from the federal government.

One goal of the Canada pension plan was to set aside its reserve for about two years and to allow the provinces to borrow moneys from it at the federal government rate. That made it cheaper for the province of New Brunswick to build schools, hospitals and universities. It could borrow money from the fund at a lower interest rate than if the fund had not been there. The federal government bond rate was at a lower rate of interest than New Brunswick could borrow money elsewhere.

The same thing was true in my province of Saskatchewan. It has been very helpful in terms of the infrastructure we have built in our province over the years.

[*Translation*]

It was also true for the province of Manitoba, the Atlantic provinces, not just New Brunswick, but Newfoundland, Prince Edward Island and Nova Scotia too, as well as every other Canadian province. It is a good thing, a positive thing. I recall very well—I heard the debates in the 1960s—that it was in 1966 that this bill became reality in Canada. It was under the Liberal Prime Minister, Lester B. Pearson.

[*English*]

Liberal Prime Minister Lester Pearson, in a minority parliament in those days, supported particularly by the NDP, people like

Tommy Douglas and David Lewis, brought the country the pension plan. One of its objectives was to provide the fund at lower interest rate to the provinces so they could build their infrastructures, become stronger provinces and build stronger economies.

Now that will disappear. That is one of the changes in the CPP legislation that I am personally very concerned about. Now every province will be on its own. That may not be a problem.

Alberta has a very strong and robust economy and a very good credit rating today. It will be a problem for Newfoundland that does not have a good credit rating. It will be more expensive for Newfoundland to go to the market for long term debt to build a university or to build the infrastructure than it will be for Ralph Klein in the province of Alberta.

If the government is worried about national unity, about building a strong federation and about doing some things at the federal level that help all Canadians regardless of where they live, surely to goodness this is one part of the bill that should be changed by the federal government across the way. If we are looking at equality for all our citizens and at equality of opportunity or condition for all our citizens, surely to goodness this is one of the changes the government should look at in terms of the Canada pension plan.

One of the reasons the governments of B.C. and Saskatchewan did not agree to the changes in the CPP was that it set up a balkanized Canada in terms of interest rates. It seems to be very bizarre that a so-called Liberal government would do this. Now provinces will be at the mercy of bond rating agencies like Moody's of New York. They will determine how much the taxpayers in Manitoba, New Brunswick or Newfoundland have to pay when they borrow money to build a project.

They will be at the mercy of Moody's or other bond rating agencies such as the Dominion Bond Rating Service. The bond rating agencies will fly into a province with their books and their own technocrats and sit down to determine at what rate of interest the provinces can borrow money. That decision is out of our hands as parliamentarians. It is out of our hands and in the hands of a few foreign bankers and bond raters. It does not matter what political party is in power, we are at the mercy of these people.

• (1130)

I know how important it was in Saskatchewan a few years ago when the province was in great debt and suffering from a humungous deficit. The bond rating companies had the province on the verge of bankruptcy. We are at the mercy of these New York bankers. They set the rates. What has happened in the last few years is that the province has recovered. It has a balanced budget, the debt is going down and the credit rating is going up.

How can a Liberal government put the provinces at the mercy of these speculators from New York and elsewhere? That is exactly what is happening in this bill.

Our amendment today is restoring to the Canada pension plan the same provisions that have existed since 1966 that will allow the provinces to borrow from the fund at the federal government's long term rate. The federal government's long term rate is a rate that is attractive because the federal government is large, it is credible, it has a good credit rating. It is the economy of the whole country that is supporting this credit rating.

It is only fair that the federal government accept this amendment. Accept the wisdom of a Lester Pearson, accept the wisdom of a Paul Martin, Sr. when they had a vision of trying to build a co-operative federalism where Canadians were equal and had equality of condition whether they lived in New Brunswick, Newfoundland, Quebec or Saskatchewan.

Where is that Liberal vision of old that wanted to offer this equal opportunity right across the country? Why is it the new Liberalism in this country has the vision of a Brian Mulroney or the Leader of the Opposition where it is dog eat dog? Why is that happening?

I do know there are many Liberal backbenchers who are very uncomfortable with this new very conservative model of Liberalism. In fact somebody said that we have probably the most conservative government now in the history of the country sitting across the way.

Brian Mulroney did not try to do this. Brian Mulroney did not try this when he was Prime Minister of this country. If he had, the Liberal Party would have been up in arms. The rat pack would have been up in arms in this House. It would have denounced that government as right wing extremists and sellouts, balkanizing the country, a supermarket of Canadians where Canadians are different classes in different parts of the country.

Now the Liberals are in power. Now the sons and daughters politically of the Liberals of old, of the Pearsons and the Martins and the Pickersgills of old are changing that Liberal vision that talked about equality of condition.

I think this is a fundamental amendment to a fundamental part of the bill. I wish we had the independence and the freedom in this country where parliamentarians on the government side could get up and speak their minds and vote freely and independently and accept some of the amendments being put forth by members of this House.

People are getting cynical of this whole process. They get cynical when they see this kind of thing happening. They get cynical when they see this kind of radical departure and change and not so much as a peep from the Liberal members sitting opposite. Not so much as a peep.

Government Orders

I know how concerned everybody is about national unity and keeping this country together and creating equality of condition. Equality of opportunity is supposed to be a great principle of Liberalism in Canada. Can the Liberals explain why they are going to treat a Newfoundlander different from an Albertan? Why they are going to treat an Ontarian different from somebody from New Brunswick? Why they will treat a Manitoban different from someone in British Columbia?

We are going to have the balkanization of this country in terms of lending rates. That is not fair. That is not just. That is not equality. That is not the kind of vision of a country I want to build.

In the province of Quebec with the Caisse de dépôt et placement du Québec there are not different lending rates for different regions. There is one lending rate right across the province of Quebec for their particular fund and their particular investment board and agency. This will not be the case now in the rest of the country. This will not be the case at all. That concerns me as a Canadian.

If I were Brian Tobin, the premier in Newfoundland, I would be up in arms denouncing the Minister of Finance and the minister of human resources for saddling him with a regime that will make it more expensive for him to borrow money for his schools and his hospitals than for Ralph Klein in the province of Alberta.

• (1135)

Mr. Jean Dubé (Madawaska—Restigouche, PC): Madam Speaker, I have listened very carefully to the hon. member's comments on this bill and the amendment he is bringing forward on preferential loan rates to provinces.

I think Canadians are telling us that they are looking for people to manage their money. Over the past 20 years we have been lending money to provinces at a preferred lending rate, but where are we today? There is a shortfall of \$600 billion in the fund. I do not think that Canadians were looking for that.

We have to provide Canadians with the best bang for their dollar. They are looking for maximum returns, guarantees that the CPP will no longer be affected. They are looking to have a Canada pension plan in 20 years.

I also heard the hon. member talk about New Brunswick and how this would help to create jobs. I will say that for 20 years we have been lending money to provinces at a preferred rate and the unemployment rate is still very high. I do not believe the status quo would work. There are other vehicles to create employment in New Brunswick. The way to do that is by electing a Conservative government in the next election.

We are talking today about saving the CPP. The hon. member mentioned keeping the status quo. Well today there is a \$600 billion shortfall in the CPP fund. Imagine if the NDP were the government today and passed this type of bill. Maybe in 20 years

Government Orders

the CPP fund would be a trillion dollars in the red. That is scary. I hope that Canadians can see exactly what is going on here.

I know that for my investment, my money, I want the best bang for my dollar. This is 1997, not 1966.

Mr. Lorne Nystrom (Qu'Appelle, NDP): Madam Speaker, on a point of order.

I wonder if the member would entertain a question. He is talking about this radical amendment. This is the same approach that Brian Mulroney and the Conservative Party favoured over the years. They suggested keeping this particular fund for the provinces. That is what is wrong with it.

Mr. Jean Dubé: Madam Speaker, if I can continue, this is 1997, not 1966. Canadians are looking for good management and that is what we are proposing. We are proposing to secure the CPP fund for future generations.

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Madam Speaker, I am pleased to be able to address this topic. I will try to give a little of the background in our province.

I am saddened to see my colleague rise and say that, if the New Democrats were in office, the problem would be worse in ten years than it is now. I can tell you that all the poverty we are seeing today is a legacy from Brian Mulroney's Conservatives.

● (1140)

They were followed by the Liberals, the opposition back then, who said "Elect us and we will do better". We have never been in such bad shape as we are now. It is all very fine and well to take the tack they are taking, to speak about the economy and how to invest money and reap the benefits, but I can guarantee you Canada never saw as many hungry children as it did under those two governments. It was because of those governments.

I find it really sad that, today, someone from my region, my colleague the hon. member, cannot grasp the fact that families are living in such poverty and that the Canada pension plan, with all the money that goes into it, plays no part in getting the economy moving again.

The problem is that the Conservatives and the Liberals have simply taken money and given it to their friends, the major corporations, in \$100 million and \$400 million chunks. This is why our economy is in such a sorry state today. There is too much patronage, that is the problem.

Liberal and Conservative members make me think of employment centres. There are the employees and the poor people that have to go to see them about jobs, and if they are not Liberals or

Conservatives, they do not get a job. This is why Canada is so far in the hole. This is why Atlantic Canada is always impoverished. Governments have never carried out their responsibilities in the Atlantic provinces. They talk about national unity, but the day Canada considers all the provinces in the country, fewer children in the Atlantic provinces will suffer. I am ashamed of the previous speaker.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Madam Speaker, on reading the NDP amendment, the deep feelings behind it are quite understandable.

It can be seen that in the past many regions of Canada have indeed been the victims of decisions by the central government. It must be kept in mind that the text that existed in 1964 was part of a kind of a deal to have the Canadian economy centred in Ontario, with transfer payments and employment insurance to give the peripheral regions a top-up income to allow them to survive.

One important mandate was lost sight of at that time, however, that a supplementary income was not the only thing needed; regional economies also had to be diversified. The regions—although I speak for eastern Quebec, I think the same applies to the maritimes—have long respected this agreement, saying that industrialization and all the manufacturing sector would be mostly located in Ontario and the natural resources sector would be more in the eastern provinces and Quebec, but there was no change in the regional economy so that we would not just cut down the trees but also process them in our regions, not only catch the fish, but also have the fish plants in our regions. In short, there was no worthwhile diversification of the economy.

It must be kept in mind that, at the end of the 19th century, the maritime provinces were self-sufficient and the state of dependency we have today was created and perpetuated by the systemic implementation of federal government policies, particularly during the Trudeau years. So, as I said, we can certainly understand the deep feelings behind this amendment.

However, on the eve of the 21st century, the amendment before us is not necessarily the solution to revitalize regional economies. Nowadays, the provinces can get fairly easy access to credit. They can get money from various sources and use the pension fund in compliance with the stated purpose.

Let us not forget that the Canada pension plan is the fund that has had just about the lowest rate of return over the last 35 years. Compared to the Régie des rentes du Québec—and this is partly because of the investments made by the Caisse de dépôt et placement—the Canadian plan is way behind and does not perform nearly as well as the Régie des rentes du Québec and its investment instrument, the Caisse de dépôt et placement.

Government Orders

• (1145)

So, the bill seeks to correct a situation whereby the pension fund may no longer be self-sufficient and may no longer provide the funds necessary for future generations. Many of the amendments to the current act are based on the Quebec experience. I was told that federal public servants travelled to Quebec City to look at how the Caisse de dépôt et placement and the Régime de rentes du Québec worked. They looked at why the RRQ provided better control than the CPP over areas such as disability claims. They concluded that our system worked and that they should try to implement a similar plan in Ottawa and get it to work as well.

I hope the bill before us will lead to such results. Let us bear in mind that, given the opportunity to go about doing things differently, in an original way, Quebec can make an outstanding contribution and demonstrate, with concrete results, that Quebecers have all it takes to take the necessary and appropriate steps to promote their development.

So, regarding the amendment under consideration, which seeks to give some sort of preferential rate to provincial governments that need money and borrow from the Canada pension plan fund, the solution may be to give the regions the opportunity to develop adequate infrastructures to ensure the most appropriate free trade possible. Since the free trade agreements were signed, some industries have expanded and Quebec certainly came out a winner in this respect. Safeguards will also be required to ensure that environmental regulations and labour laws are respected, but it will nevertheless be possible to diversify our economies.

There is a tool available that would be much more efficient than an preferential interest rate and that is a federal government procurement policy based on the regions. If in evaluating its procurement contracts with suppliers, the federal government was accountable to the House of Commons and to the people of Quebec and Canada for not concentrating its expenditures in Ontario, without necessarily distributing expenditures among all regions, that would be the beginning of a solution. The federal government's performance will have to be assessed on the basis of whether or not transfer payments are maintained, because there is no doubt that some action is required in that area, that some distribution of wealth is required, but in addition to transfer payments, there should be decentralization of procurement to the regions so that each region can create an appropriate number of jobs depending on its population. There is nothing of the sort in the government's plan of action right now.

I would be much more in favour of questioning this government on all its actions, and it does not seem to me that giving the provinces a preferential rate on loans from the Canada pension fund is the best solution because, at the same time, the public will demand that the fund finally become cost-effective after 30 years

of going about it the wrong way, after discovering that it was not successfully replenished, it would be a grave mistake not to let this fund produce the best results possible. And I believe that today the provinces have other opportunities to borrow. There are various markets opened to them. They are not all the same economically, that is true, but if this approach had already produced over the past years what we are looking for, we would not have to be discussing it today. So it did not help achieve what was being aimed at. The result has been that basically the provinces were not encouraged to look for investments with capital that may not come from the federal government or from the Canada pension plan.

For these reasons, we will vote against the proposed amendment, although we are well aware of the fact that many changes should be made in the way the federal government helps the regions and the provinces. The best way to do that is to restore the transfer payments that were withdrawn four years ago, instead of trying to design new programs for youth or for any other group, such as the disabled or other groups. It is of course very appropriate that assistance be provided to these groups.

• (1150)

But we should have more confidence in the ability of the provinces and of the professionals in these areas to address these issues. We should give back the money that was taken away because of cuts over the past four or five years, and I am sure there would be a much greater positive effect than by letting the provinces borrow from the Canada pension plan at a preferential rate.

Having assessed this whole situation, we feel that this amendment should not be allowed. It is contrary to the general scheme of the act, which is not the same as the one passed during the sixties. We have learned that there is less money coming in than expected to finance the plans.

Such an approach could have the following undesired effect: if we allow the provinces to borrow at a preferential rate, who will be paying the cost of such a preferential rate? Will it be future generations, the young people who will have to finance the program, by increasing their contributions over the next 10, 15 or 20 years? It is absolutely essential that the act, and the scheme of the act ensure a better intergenerational balance.

I believe we should avoid adding amendments that would not help achieve that objective.

[English]

Mr. Mark Muise (West Nova, PC): Madam Speaker, I would like to comment on the comments of the hon. member from the NDP that we are seeing more and more poorer Canadians and poorer children. I think a distinction has to be made here.

Government Orders

What we are talking about is preventing poorer and poorer senior citizens in this country. That is the concern that we have. Lending money to provinces at preferential or lower interest rates is not what we are talking about.

We want to ensure that there is a solid fund that will provide for Canadians who are planning for their retirement. We see the reason why there is a \$600 billion shortfall in the CPP system. It is partly because these funds were loaned to the provinces at far too low interest rates.

We want to see a solid fund that is going to provide a regular income for retired citizens in a way that basically gives the people what they deserve and not having younger people paying exorbitant amounts for this.

I think the hon. member for the NDP is out in left field on this one.

Mr. Rick Laliberte (Churchill River, NDP): Madam Speaker, I would like to speak in favour of the opportunity for provinces to have access. I think previous members speaking in opposition to this do not realize that economic indicators are major cycles. Some day their riding or their province may realize a downturn, something that Hong Kong, Taiwan or Korea as state nations in the Pacific Rim are realizing. Their national interests have closed the door on them to be able to build much needed infrastructures like schools, hospitals, water and sewer facilities for the health and well-being of their communities.

All these major needs are prevalent in my region. I look at a region in northern Saskatchewan. We do not have big banks. We cannot walk down the street, then play golf with the local banker and hopefully get a few million dollars to build our next major infrastructure to create an economic cycle.

We still have the remnants of the Hudson's Bay Company. They took the profits and left nothing. There is no Hudson's Bay hospital, school or highway. These guys took the profits and ran.

Here a government finally has a fund that is available from our pensions and then members want to close the door to allowing us to access our own investment for our children, our communities and for the betterment of our entire country. They are willing to close this door without knowing what our economic future is going to be like.

• (1155)

We are speaking on behalf of people who are aware, people who are at the poverty level, the unemployed and the people who do not have huge bank accounts. We do not even have major banks in some of these regions. Having a bank teller is basically a way of accessing one's bank account. However, if one has nothing to put in it then one is in trouble.

Territorial governments have been borrowing from the provinces. They do not seem to have access to this investment fund unless the provinces do it on their behalf. The government is closing the door on the whole territorial region that is at the developmental stage. Some of these regions that the hon. members who are speaking represent have had their opportunity for development and now they are closing it on the underprivileged or underdeveloped areas of this country.

I carefully ask for the government to take its time on this whole issue of investment of pension funds and access by provincial governments at a federal rate as opposed to a marketable rate. If a province's rating by Moody's has been classified high the interest rate will be high. We may run into trouble in the future and maybe our grandchildren will run into trouble in the future and the door has been closed.

I ask for support for this amendment to keep the opportunities for these provinces to have access if they need it. It does not necessarily mean they are always going to line up and take it away. If they need it, they will be able to ask for it.

Mr. Myron Thompson (Wild Rose, Ref.): Madam Speaker, I recently talked to one of my constituents, Rene Jaspar, as well as many small businesses in my riding. I am sure this is applicable to a number of businesses across the country. These people are right at the doorstep of closing their business doors and going into bankruptcy. They are in a great depression.

I ask the permission of the House and the Chair to move a motion:

That we enter into an emergency debate to put an end to this postal strike immediately.

The Acting Speaker (Ms. Thibeault): I must advise the hon. member that a letter should have come to the Speaker seeking an emergency debate. However, at this stage, the hon. member may seek the unanimous consent of the House to hold such a debate.

Mr. Myron Thompson: Madam Speaker, under my point of order I asked for the unanimous consent of the House.

The Acting Speaker (Ms. Thibeault): Does the hon. member have the unanimous consent of the House?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Ms. Thibeault): There is no unanimous consent.

Mr. Mark Muisse (West Nova, PC): Madam Speaker, in response to the hon. member from the New Democratic Party, what we are talking about here is wise investments. We cannot ask the people of Canada to have their funds invested unwisely. That is what we are talking about.

Government Orders

Ms. Bev Desjarlais (Churchill, NDP): Madam Speaker, as someone who is not quite at the age where I am thinking about getting on to the Canada pension plan, I have to admit that in the last few months I have become very much aware of the seriousness of this legislation and the consequences to the people of Canada. The amendment our caucus is supporting is a clause that has been part of the Canada pension plan since its inception in 1966.

• (1200)

When I listen to the comments of the member from the far right on this being a devastating affect, putting the Canada pension plan way under, that people of Canada want to see their money invested strictly for profit, I suggest that the provinces being able to access the Canada pension fund for investment to ensure they can continue is an investment and is profitable. It might not be a buck we can hand back and forth, run to the store with or down the street, whatever our little hearts desire, but it is profitable. It is an investment in the people of Canada.

I am surprised at the comments coming from that member. His party left in Saskatchewan one of the most devastating results of a government that so blatantly abused its power. I am surprised that the present government did not have to borrow from this fund to secure the locks on the jails of Saskatchewan because of that situation. It was able to borrow from this fund and is very credible in its approach to getting out of the mess that government put us in.

As someone who grew up in Saskatchewan I would go back from Manitoba year after year while that government was in place and watch my home province go down and down and down. It literally tore me apart. I have such pride in seeing the results of the present government and knowing that this amendment, this proposal, was the result of being able to see that province come back life. For someone to suggest that it is not important, that it is not a profitable investment, is absolutely disgraceful.

Mr. Tom Wappel (Scarborough Southwest, Lib.): Mr. Speaker, my intervention will not be long but I have been carefully listening to the interventions from our NDP colleagues with respect to this proposed amendment. Unless I heard it incorrectly, from the very mouth of the last speaker comes the reason why the amendment should not be supported.

She is talking about giving, as I understood, the opportunity for the provinces to dip into this fund and use the money for what they think is right, if I understand the amendment correctly. Yet in the very next sentence she points out the irresponsible behaviour of a certain province during the regime of a certain government. There is nothing in the future to prevent other irresponsible governments in other provinces from doing things that might be irresponsible with the CPP.

It seems that what Canadians want is to make sure that the Canada pension plan is there when they retire and to make sure that when they retire they will receive an appropriate pension, being one of the three pillars we are trying to get Canadians to appreciate.

If we are going to do that we want to make sure that the fund is invested in the most prudent and most efficient way to ensure profitability, not for the sake of profitability but for the sake of ensuring that those people who are retired can count on the Canada pension plan. One of the ways we want to do that is to make sure that the investments are invested in a prudent, financially secure manner. If we are going to leave it willy-nilly to governments that may or may not be good or bad from time to time, it seems to me that in itself is irresponsible.

If that is the intent of the NDP amendment I certainly cannot support it.

• (1205)

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, one thing all of us in the House need to be absolutely clear on is that this is not politicians' money. I hope my colleagues in the NDP realize that. This money belongs to the people of Canada. They work hard for it and they want to retire on it with some security. They do not want it to be played with for political purposes.

Why is the Canada pension plan in such a mess? Why do we owe \$600 billion when there is not a nickel anywhere to pay it? It is because of philosophies like this, that somehow we can use this money, we can play with it, we can benefit from it and there will be no price to pay down the road. There is a price to be paid. It will be paid by our children.

Unbelievably, we have a party which is arguing passionately in favour of continuing to repeat the mistakes of the past. I hope there is not one more member of the House who would support such nonsense.

The Canada pension plan represents a second national debt. We have to do everything we can to pay off that debt. It is a disgrace. It represents a real threat to the security of our future and to the well-being of our children. Yet we have a group of people saying let us continue to use this money to bail ourselves out when we get in a jam. Let us continue to use this money with a lower rate of return. The people who entrusted us with this money could get a better rate of return under prudent management.

This kind of philosophy has failed us miserably in the past. One of my gravest concerns about this whole scheme is that we are going to create a huge investment fund, with billions and billions of dollars in it, and we are going to have politicians like these saying we need to do this, that this is a different kind of investment, that maybe we will not get as much money out of it but, boy, it is really important that we make these kinds of investments. It is an

Government Orders

investment for the future. Maybe we will not get a good return on it, but it is an important investment.

This is not our money to play with. This is money which has been entrusted to us by hardworking Canadians who hope to retire on it. We had better give them the very best management we can possibly give them and forget about all the other nice things we could do with this money.

I wish we had unlimited money. I can think of at least a hundred things that I would do tomorrow if I had an unlimited pot of cash, things that would help a lot of people. But this money does not belong to the politicians and it should not be treated that way.

I am very concerned about the political risk that is being posed to our hard earned retirement investment before it even gets going. I wonder as a middle-aged Canadian whether this kind of thinking will be the death of my retirement hopes and those of my children.

Someone has to pay. If money is loaned at low rates, someone has to make up the difference. There is no way around it. It will have to be made up by paying the extra money which should have been earned or it will be made up by receiving lower benefits because the maximum return was not earned. Yes, all these nice things are being done but that does not give us a secure retirement.

Let us not support amendments to a bill which would in any way, shape or form suggest that this money belongs to the politicians. The money belongs to the people. It is their retirement fund. They had better get the best, most secure retirement they can possibly get or there will be big trouble in the future.

• (1210)

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, just to pick up on the comments of my colleague who was just up speaking and addressing this House, the motion is clearly inconsistent with the public's wish to stop the practice of lending CPP funds to the provinces at below their own market rates of interest.

I refer to the report on the Canada pension plan consultation that was put out in June 1996. It says that there was widespread support across the country for achieving a higher rate of return by investing CPP funds in market securities. Participants said a higher rate of return on investment is a prerequisite for the changes to the benefits and contributions. Without it the rationale for fuller funding disappears. There was agreement that the inevitable increases in contribution rates must be kept in check through diversified investments that will earn a higher rate of return.

This is reflective of what Canadians have said throughout consultations. The NDP this morning consistently gets up and talks about how any of the changes that are put forward with respect to

Bill C-2 are not progressive enough or are not reflecting what Canadians are saying.

I offer to this House the opportunity to put aside the rhetoric the member for Qu'Appelle has put forward this morning, and some of the other members of the NDP, and look at the facts.

They talk about the reasons why British Columbia and Saskatchewan did not sign on to this agreement. Let us be quite clear that during the consultations both those provinces never said that provincial access to funds was an issue. They had other issues.

British Columbia put forward toward the latter part of the consultations and the negotiations between the province and the federal government the proposal to expand coverage up the income scale to \$50,000 or \$55,000 from where it is with the present plan. That is fair enough, but it also needs to be stated that particular issue is on track two.

The discussion with respect to that proposal from British Columbia will be reviewed on track two when the provinces and the federal government come together once again to review the Canada pension plan.

There were no issues related to the investment board or the investment board principles. In fact, both those provinces signed on to the information paper that included the investment board principles. The investment board principles stated quite clearly that it will perform its function in the best interest of the plan members. The best interest of the plan members is an attempt to receive the best rate of return, and the best rate of return is not achieved if we have this motion go forward.

The provinces agreed that the CPP fund should be invested in the best interest of the plan member, just like other pension funds. I think it is important to emphasize like other pension funds. Another member of the NDP was up earlier this morning talking about the limited access to the funds. The regulations included in Bill C-2 quite clearly state that the bill guarantees provincial access to funds at market rates.

There is a transition period. It was part of the negotiation. The provinces wanted to ensure the amendments to the Canada pension plan provided the opportunity for the provinces to continue to receive access to those funds, and Bill C-2 does that while at the same time providing the highest possible rate of return to the plan members by ensuring the provinces are able to have access to those provincial moneys at market rates.

I also want to state that this morning we heard the NDP get up and say that the amendments are not progressive enough with respect to Bill C-2. Yet here we have a motion that continues to put forward the status quo. Let's not change it. What they are doing is mixing all kinds of different motivations for these changes. They talk about regional development. They talk about labour participating and different types of initiatives.

Government Orders

• (1215)

Regional economic development is an issue that is being dealt with outside the Canada pension plan. Canadians have said unequivocally that they want the pension plan to survive. As my colleague from the Reform Party stated quite clearly, it is Canadians' money. They are asking for the highest rate of return with prudent management and investment of the money. That is what we are doing. This motion would not speak to the concerns of Canadians or support what they want.

Let us be quite clear that nothing would put benefits at risk in the long run more than the failure to deal with the fiscal realities of the program.

The higher rate of return the actuary has indicated the plan will receive speaks to the contribution level. If we take away provisions from the bill that do not allow the board to achieve the highest possible rate of return in a prudent fashion, which reflects what Canadians have said then, as my hon. colleague from the Reform Party said, the money has to come from somewhere, either from higher contributions or reduced benefits.

On the one hand the NDP continually says that the benefits are being slashed in the program. At the same time it is saying that we should not allow Canadians to receive the highest rate of return on their money. The NDP cannot have it both ways. Bill C-2 strikes a very good balance in achieving the sustainability of the plan financially while still providing crucially important benefits to Canadians.

I close by saying that we should oppose this amendment for the reasons stated by me and by members of the Reform Party, the Conservative Party and the Bloc who all stated quite eloquently reasons why we should not support the motion.

The provisions in Bill C-2 reflect what Canadians have been saying throughout the consultations. It allows for a higher rate of return than is presently there. It also continues to allow provincial access to funds, which is part of the federal-provincial agreement.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I would like to add a couple of points. The parliamentary secretary has made very clear why the motion should be defeated. Page 58 of the report on the Canada pension plan consultations says that all but one presenter were opposed to giving the provinces continued access to CPP funds at below market rates.

As a result of those exhaustive consultations and with the requisite support of the provinces the issue is quite clear not only for the provinces and the federal government but for Canadians at large.

I also want to make one brief comment about the issue of the unfunded liability raised in the speech of the Conservative member.

He referred to it as a shortfall of some \$600 billion. Technically it is referred to as an unfunded liability, but in the context of corporate pension plans an unfunded liability determined by an actuarial report must be dealt with and provisions must be made to fund the unfunded liability for one very simple reason. Pensioners have to be protected. Should the business fail there would be no recourse to deal with an unfunded liability.

There is a difference, however, with regard to the benefits accrued under the Canada pension plan by today's workers which have not been fully funded. Finance officials have advised that should the benefits accrued by all current workers which continued to build up over the years require funding, we would need some 30 years of funded benefits put aside in the investment fund. Needless to say, that is a very substantial amount of money. Since that money is not funded it is in the hands of businesses. It is in the hands of Canadians, the premium payers of the CPP.

• (1220)

I should point out for the benefit of members the reason crude benefits to current workers who are earning credits for their pension plan are funded on a pay as you go basis. When the plan came into effect the then retirees had come through two world wars and a depression, the depression of the thirties and forties. We all know they did not have the opportunity or a full working career to be able to provide adequately for their retirement needs. As a result the plan was structured on what is called a pay as you go basis. Today's workers pay for the benefits of the then retirees.

We have an aging society. The ratio of workers to retirees is going down. This is one of the principal reasons amendments to the Canada pension plan are necessary. We have to move to an investment opportunity which will achieve higher rates of return than previously was the case so that the fund earning those rates will subsidize the premiums Canadians would otherwise pay.

It makes good sense. It certainly was the view of Canadians and experts that appeared before the finance committee that attention should not be seconded away from the principal purposes of the Canada pension plan, which is to provide a secure guaranteed indexed pension to all Canadians today and for future generations. That should not be jeopardized or undermined by either ancillary benefits or other activities such as regional economic development, et cetera.

In closing, the member from Qu'Appelle continues to suggest that the amendments being proposed by the NDP are reasonable and that the government has not accepted any of these amendments. It is a prime example of the motivation of the amendments proposed by the NDP being totally inconsistent with the objectives of Bill C-2 and the creation of the Canada pension plan investment board. That is precisely the reason this amendment should be defeated.

Government Orders

[Translation]

Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ): Mr. Speaker, the purpose of the amendment now being considered, Amendment No. 9 moved by my distinguished colleague, the hon. member for Qu'Appelle, is to amend Bill C-2 in order to allow certain provinces to be able to borrow from this huge fund at a very low rate of interest.

It must be remembered that governing means forecasting, anticipating. It means being able to see 10, 20 or even 100 years down the road. If I may, I would like to go back to the early 1960s, when the late Jean Lesage was elected to office in Quebec with his slogan about things having to change. And he was successful.

In 1962, I am sure you will recall the Liberal Party in Quebec talking about being masters in our own province, the primary goal being to create the Quebec pension plan fund and to nationalize Quebec's electricity companies. This phenomenal team included René Lévesque, who did wonderful things in Quebec for Quebecers, and Eric Kierens.

The Quebec pension plan investments are earning a distinctly higher return. If the QPP loaned money to government corporations at 3, 4 or 5%, it would be in the hole today.

• (1225)

If corrective action is not taken quickly, the CPP will be running a large deficit. With \$5.85 on every \$100 insurable today, and hundreds of thousands of baby boomers all set to turn 65 at the same time, or just about, the fund will be in the red. The Minister of Finance would then be facing serious problems.

The CPP must therefore be properly managed so as to deliver the highest return possible. To this end, it is anticipated that a minimum of 80% of the fund will be invested in Canada. This could go as high as 99%, of course, but never below 80%. And the 20%, also as a maximum, could be invested in certain foreign countries, where it is the safest to do so. We should not be investing in countries offering 100% or 120% interest, but without any guarantee. In other words, we should not be investing in a company like BREX, which was very profitable, as you noticed also, but many Canadians lost their shirts after having invested in BREX.

So these assets have to be invested, not with a charitable but rather with an intelligent approach, to achieve maximum return, in the same way that such assets are administered in Quebec by the Régie des rentes du Québec. In Quebec, we have our Caisse de dépôt, and in Canada we will have a fund called the Canada investment board, which is the equivalent of the Caisse de dépôt et placement.

In conclusion, I would like here to pay tribute to Jean Lesage and his tremendous team; in 1964, they created the Régie des rentes du Québec, which is working very well and providing fruitful investments for Quebecers.

Mr. Maurice Dumas (Argenteuil—Papineau, BQ): Mr. Speaker, I am pleased to rise in this House a second time to speak to Bill C-2 concerning reform of the Canada pension plan.

When I spoke the first time, I mentioned that this reform of Canadian pensions was of special concern to me, because I am the Bloc Québécois critic on policies affecting the elderly. Furthermore, I have risen many times in this House to defend the rights of the elderly, one of the most vulnerable groups in society.

The Bloc Québécois agrees with the general objective of the reform, which is to preserve the viability of a public pension system. However, this reform concerns Canadians more than Quebecers, since less than 0.5% of the people living in Quebec receive Canada pension plan benefits.

I would like to reiterate what my colleague for Mercier said: the Government of Canada or the governments of the other provinces should have done the same thing as Quebec in 1964-1965 when it created its Caisse de dépôt et placement.

According to forecasts, retirement benefits from the Régie des rentes du Québec, and also the benefits from federal income security programs, will reach \$49 billion in 2001, and as much as \$170 billion in current dollars in 2030.

Since the birth rate has gone down considerably over the past several years, we have to ask ourselves: What will be the consequences of the greater than expected rise in the contribution rate that will result from the increase in capitalization?

• (1230)

Whereas there were 7 people of working age for every pensioner in 1951, the ratio dropped to 5.3:1 in 1991, and by 2031 will be 2.4:1. Unlike the Quebec pension plan, then, the federal programs have no reserve they can capitalize on.

We therefore believe that this will have the effect of reducing the intergenerational inequality by making the baby-boomer generation pay, and most of these have about twenty years left to work. Needless to say, the Bloc Québécois has never called for the end of the Canada pension plan and I would refer you to the speeches of myself and my colleagues in this connection, all of which focussed on the same thing: leaving seniors' rights untouched. The younger generations must also be able to benefit from a public pension plan.

In Machiavelli's *Prince*, he says "The people could bear any burden, provided it was imposed gradually".

Government Orders

I would like to focus once again on the changes proposed for federal disability benefits. The federal government is experiencing great difficulty in implementing the disability benefit. Last year, the auditor blamed the federal government for the unjustified escalating costs of disability benefits, for the most part the result of its rules being too lax.

At the present time the federal benefit is more generous than the Quebec pension plan's disability benefits, mainly because federal administrative policy allows more people to be eligible. A departmental directive allows a person to be declared disabled after the age of 55 if unable to perform his or her own job. The federal government intends to abolish this directive, thus tightening up administration of the plan.

Quebec has never had a directive of this type. In fact, a person is eligible for disability benefits if he or she has contributed for two of the past three years, five of the last ten, or half of the same contributory period.

The federal government wants to limit eligibility to those who have contributed for four of the last six years, which ought to cut back considerably on eligibility to the plan. Today, at the report stage, we need to look at a number of amendments moved by several of the parties.

I will deal particularly with Motion No. 9, moved by the New Democratic Party, which provides that a provincial government should be entitled to borrow funds at the lowest rate of interest available to the federal government. Unfortunately, the Bloc Quebecois cannot support this amendment, because it goes against the primary responsibility of the investment board, which is to achieve a maximum rate of return to ensure the plan's viability. A wide consultation process will take place, possibly in early 1998.

Mr. Lorne Nystrom: This is very unfortunate, because it is my party.

Mr. Maurice Dumas: I see that the hon. member just realized we were talking about his party.

Mr. Lorne Nystrom: You are a social democrat.

Mr. Maurice Dumas: The Canada pension plan must be adjusted to have a semblance of fairness that will be accepted by all generations.

Therefore, the earlier proposal made by the Reform Party to create a super RRSP is also unacceptable.

• (1235)

Under a system of super RRSPs, the government would have to guarantee a basic income for retirees, either through a minimum annuity or a separate assistance plan. In both cases, major costs would be associated with such a type of guaranteed minimum

income. Again, the Bloc Quebecois never advocated the end of the Canada pension plan.

In my first speech on Bill C-2, I mentioned that the United Nations had declared 1999 the international year of the elderly, to pay tribute to our seniors. The theme promotes a society for all ages by developing greater public awareness regarding the essential role played by seniors in every field of activity. The international year of the elderly should promote the principles aimed at improving our seniors' quality of life by emphasizing autonomy, participation and care.

It goes without saying that the Canada pension plan is obsolete and no longer meets the public's requirements. I hope that, as the UN international year, 1999 will be special, because the Bloc Quebecois supports the objectives of the reform.

However, we urge the government to be very vigilant and to adopt the appropriate amendments.

[*English*]

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Madam Speaker, it always intrigues me when Bloc members wax eloquent about the Canada pension plan when in fact they do not participate in it. I want to respond very briefly to the comments of the Bloc member.

The member said that there are problems with the fund. He described the demographics and so on. The point that needs to be made is that if the fund had been managed properly, demographics would not matter. I wonder if that has ever occurred to those members. Because the fund was mismanaged the money will not be available for those who are looking forward to it as some security for their retirement.

The suggestions made by the Bloc and by the NDP will not fix it. There will be more government mismanagement. They already have their greedy eyes on that money. They are telling us how we should manage it, how we should lend it out at low interest rates and so on. That is what got us into this mess in the first place. More of that will not solve the problem.

The bottom line is that the proceeds should go to those who invested the money. They should have a say in how it is done.

If people looked clearly at what we are proposing, at the whole plan and not just nit-pick at little parts of it, they would begin to realize that is the most realistic solution to our problem with the Canada pension plan. It will take many years to roll it over to the point where people have control over the funds, but that is what we need to do. That is the bottom line.

As long as it is managed by the same people in government who have been managing it up until now, and as long as those people are giving directives and appointing people to boards to manage the fund, we are still going to have the same problem.

Government Orders

The Bloc says there is not the appearance of justice which there should be. We do not want an appearance of justice; we want the fund managed properly so that those who expect a retirement income will get it according to the funds they invested.

I was reading some of the articles which comment on the payroll tax hike we will have. One of the commentators said to kiss 176,000 jobs goodbye. My Conservative colleagues have made the point over and over again that this increase in tax will kill jobs. The evidence is right here. We have been saying the same thing. That has to be a consideration.

• (1240)

For a government that claims to be compassionate, to raise taxes even further and destroy more jobs is the absolute opposite of compassion. Those people over here on the left side who are advocating this have to realize that that is going to be a tremendous job destroyer.

Seniors who retired in 1976 got over \$12 for every dollar invested. Young people today who are going to retire in 2041 are going to get 59¢ for every dollar they have in the fund. It is not their fault. It is not the fault of seniors who are getting a very high return now for what they have actually put in. Nor is it the fault of the young people who are going to retire 40 years from now that they did not get a good return. It is the fault of the government that has mismanaged it. For the Bloc to say we need more of that, to only tinker with it a little bit, is not the solution. We have got to have a solution that will serve us for all time. What has been proposed here is not that solution.

I reiterate that their analysis of this is flawed because if it had been done properly in the first place, the demographics would not matter.

The Acting Speaker (Ms. Thibeault): Pursuant to order made November 26, all motions in Group No. 4 are deemed to have been put, recorded divisions deemed requested and deemed deferred.

The House will now proceed to the debate on the motions in Group No. 5.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.) moved:

Motion No. 10

That Bill C-2 be amended by deleting Clause 58.

Mr. Jean Dubé (Madawaska—Restigouche, PC) moved:

Motion No. 12

That Bill C-2, in Clause 59, be amended by adding after line 33 on page 30 the following:

“(3) Any increase in the contribution rate referred to in subsection (2) for the year 1997, 1998, 1999, or 2000 shall not come into effect unless the cumulative increase in anticipated revenues under the Canada Pension Plan resulting from the changes in the contribution rate after December 31, 1996 are offset by at least a cumulative decrease in

anticipated combined employer and employee contributions under the Employment Insurance Act for the years 1998, 1999, and 2000.

(4) The contribution rate for self-employed persons shall not exceed 10.25 per cent even if the Chief Actuary of the Office of the Superintendent of Financial Institutions, in preparing the report under section 115, is of the opinion that a higher contribution rate is warranted.”

[Translation]

He said: Madam Speaker, this amendment concerns the rate of contribution to the Canada pension plan and accordingly to the employment insurance program.

We all know that excessive payroll taxes kill job creation. Small and medium size businesses are hit hard by increases in payroll taxes. We must encourage them to expand and not force them to limit their projects because they simply lack the means to hire the staff it takes to do the job.

[English]

The first part of our amendment would tie CPP premium increases to EI premium cuts. It would require that at least for the first three years, increases in cumulative CPP revenues from the combined CPP employee and employer CPP premium increases be at least offset by cumulative EI revenue decreases from combined employee and employer EI premium decreases.

We know that the government's internal reports show that the EI premiums could be cut to less than \$2 and still cover the cost of the program. This amendment would ensure that at a minimum, higher CPP premiums are at least offset with EI premium cuts over the next three years.

We are deeply concerned about EI and CPP payroll taxes. We have been talking about this since the very beginning and we are not the only ones. Business leaders and organizations from across this great country have been telling the government the same thing. If we want to create jobs, start by cutting payroll taxes. Put people back to work. Give them the opportunity to make our economy grow. The government chooses not to do that. Last Friday it announced new EI premiums for the year 1998. While it had the opportunity to give Canadians a much needed tax break, the government decided to spin a mere 20¢ reduction in EI premiums as good news.

• (1245)

It is not good news to Canadians who have to foot the bill for an \$11 billion tax hike with CPP premium increases. That is an \$11 billion tax hike.

It is not good news to a small businessperson who come the new year will have to lay off people. It is not good news for the Canadian economy. Actually it may be good news for the Canadian economy, the underground economy that is. A lot of

Government Orders

people will be forced to lay off because the cost of having skilled workers will simply be too high.

In the last election we heard the Prime Minister say during the campaign that he could see the light. I recommend to him today to turn on his lights and bring the cuts necessary so that employment in this country can grow.

To the extent that this can be done, increases in one program should be offset with decreases in the other. The current EI premiums are now set more than 50% higher than EI benefits justify. This year alone the EI surplus is expected to be \$7 billion. Hello profit, profit on the backs of Canadian workers, profit that equals deficit as far as employment growth goes.

This is a shame and I sincerely hope the government will choose this opportunity to see the light.

[*Translation*]

The levels of contributions to the Canada pension plan are of grave concern to Canadian workers. This is why I think we must amend Bill C-2 by adding another paragraph.

I would, however, like to draw your attention to a small omission in the French version as it compares to the English one. The second line of subclause (4) should read "même si" rather than just "si". This omission is important, because, as you will agree, it radically changes the meaning of the sentence.

Thus amended, the French text of the subclause reads as follows:

Le taux de cotisation des travailleurs autonomes ne peut dépasser 10,25 p. 100 même si l'actuaire en chef du Bureau du surintendant des institutions financières est d'avis, au moment de préparer le rapport prévu à l'article 115, qu'un taux de cotisation plus élevé est justifié.

As it stands, the bill, which affects almost all Canadians, permits an increase in contributions without new legislation. If we let that go through, we will be giving the government a blank cheque essentially. This is unacceptable.

What I propose is that we preclude any increase above 10.25% without a decision by this House on the matter.

To put it plainly, any increase over 10.25% would require new legislation.

• (1250)

This would mean the consent of the provinces was essential for any premium increase. The CPP cannot be changed except with the agreement of at least seven provinces representing 50% of the population.

Why this amendment? The answer is very simple. By their very nature, actuarial estimates are subject to error. Even if CPP premiums were to exceed 10.25%, there would be such a discrepancy

between the basic actuarial estimates and those submitted to Parliament that there would automatically have to be a review.

If the government is serious when it says that amendments to Bill C-2 will keep premiums from climbing past 9.9%, it should not be afraid to ask Parliament to review amendments if the rate were to reach 10.25%.

It should also be emphasized that the fact of making it more difficult to increase premiums beyond 10.25% is not just the result of some bloodless number crunching. On the contrary, CPP premium rates have a direct impact on the lives of millions of Canadians, whether they are employers or employees. So imagine what is like for Canadians who fall into both categories.

Self-employed workers are hard hit by higher premium rates. They must shoulder the heavy burden of a combined premium. When there is talk of a 10.25% premium rate, the self-employed worker does not need a calculator: he knows he has to turn over \$10.25 of every \$100 earned.

Some people will perhaps say that the self-employed represent only a small proportion of the labour force and that, on the whole, this is not an issue of concern to Canadians generally. Wrong. It is indeed of concern to Canadians generally, increasingly so.

It is precisely about the 2.5 million self-employed Canadians that members should be thinking as they consider Bill C-2 and the proposed amendment. We have an obligation not to allow premium increases until the House has examined the consequences to Canadian workers, particular those who are self-employed.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Madam Speaker, I am very pleased to speak on this amendment proposal, which addresses one of the main issues of the last federal election.

On the one hand, the government considers its reform as the best in the world and is completely insensitive to the plight of the unemployed.

On the other hand, while looking to reduce payroll taxes as much as possible, the Progressive Conservative Party does not expect, with this amendment, that the system could be improved in an effort to bring the employment insurance plan back down to human proportions by meeting a number of requirements.

If we read closely, this amendment means that, in the year 2000, the premium rate will be reduced by 80 cents per \$100 of earnings. Should we go for it and adopt this amendment, we would effectively close the debate on possible improvements to the system in the interests of those who, as unemployed workers, benefit from it, and the Bloc Québécois will not stand for that.

Government Orders

The position put forward by the Bloc Québécois during the campaign, which we feel is, all in all, the most balanced, is that the employment insurance premium rates could be reduced by a reasonable yet substantial amount.

• (1255)

We note with interest that the government accepted the suggestion we made at the first meeting of the committee, which all party leaders attended, that the reduction should be at least equal to the amount by which contributions to the Canada pension plan increase in order to partly offset this increase.

There is something else that you should also reduce because you can afford to. There is a surplus in the EI fund, which is literally overflowing, a surplus that makes no sense and is only used to solve deficit management problems at the expense of workers and employers.

We therefore feel that premiums should be cut significantly. The Bloc thinks that premiums should be cut not only by the current 20 cents but perhaps by something like 40 cents so some money will go back into the economy and into employees' and employers' pockets. However, we should keep the option of improving the conditions of the plan open. The amendment before us would not do that. Worse, it would make it impossible to do so, because if contributions are reduced to a point where there is no more manoeuvring room, we will be asking workers to agree to live with the existing plan for the next few years when they lose their jobs.

In the latest federal election, if one message was sent to the government and to the opposition parties, it was that the people living in regions with high unemployment do not want the plan that turns workers into cheap labour. The former Minister of Human Resources Development said they profited by the system. This minister got the message from the NDP member here. The people gave the clear message that they did not want what the Liberals had done to the employment insurance plan based on the model the Conservatives had set up. They want something that will distribute wealth. The government talks about fighting poverty and giving more money to poor children, but most poor children have poor parents.

One of the best ways for the federal government to reduce poverty is to put money back into society. The unemployment insurance plan was not set up just to impress the unemployed. It was set up to avoid a repetition of the depression of the 1930s by distributing wealth among the people. The people creating the wealth—woodworkers, peat producers, fishers—all keep the economy moving. They often work in sectors offering only seasonal work.

Our society and our country must recognize the need to assure workers in these sectors of a decent living if we want to sustain these economic sectors.

The proposal on the table, which in part deals with the necessity of decreasing contributions, goes much too far in ensuring that there is money left in the system to improve the conditions of the unemployed. The Liberal Government must not, under any circumstances, be handed the perfect excuse to say that Parliament has passed an 80 cent decrease, so nothing more can be done for the people concerned.

Basically, this proposal sort of closes the circle. The Conservatives undertook unemployment insurance reform some seven or eight years ago. The Liberals came into power announcing they would change all that, but they went even further than the Conservatives.

It was very surprising, and I recall it because I was in Montreal at the time, three or four years ago, to see 30,000 people demonstrating on a day when it was 30 degrees below zero. The demonstration was attended by federal Liberal MPs then in office who marched with us to show that the Conservative reform made no sense.

The day after the Liberals came to power, they continued along that path with a vengeance. And now they are being told by the voters that there is no way they can talk out of both sides of their mouths like this.

A clear message must be given to the Liberal government: unemployment insurance must be changed so that the fund can be properly monitored, allowing premiums to be at a level that would yield a reasonable surplus so as to improve the conditions of the unemployed.

The Conservatives' proposal is along the same lines as the Mulroney government's reform, that is to level the situation of workers as much as possible so that they will be increasingly available to work as cheaply as possible. Doing so is following along the same lines as in the United States where unemployment insurance is at 50%.

• (1300)

In Canada, we have gone from 65 to 55 and someone affected by the rule under which for every 20 weeks used a person will lose 1% of benefits, will have the dubious pleasure of getting down to the U.S. level.

This is not a choice we want to make. I do not think it can be the choice of a society like Quebec. It cannot be the choice of a society like Canada. We must take care not to end up with our hands tied behind our backs preventing us from improving the conditions of our unemployed. The necessary leeway must be there, and that is why we are going to vote against this amendment.

[English]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Madam Speaker, first, I will be voting against the amendments and I will give my reasons why.

Government Orders

I believe, as I said a while ago, that this started with the Conservatives and has continued under the Liberals. They still have not learned their lesson. That is not what Canadians and the working people are asking for.

[*Translation*]

They want to mix employment insurance premiums with Canada pension plan contributions so they can tell people how much money they can save on their paycheques. I have never seen workers in Canada out in the streets demanding decreased contributions. I have, however, seen employers demanding this.

We must not forget what I sincerely believe is happening in our economy, the reasons our small businesses are experiencing difficulties. In the June 2 election, no small business in our part of the country claimed that it was because they were paying too much in employment insurance premiums. What they did tell me was that there will be nobody left who can afford to buy anything from them, the way the employment insurance system is going. This is why small businesses are closing.

We have to back up and look at what really hurt Canadians and small businesses. If there is no one buying what a small business is selling, the negative effect on the system is far greater than the contributions. People working can pay their contributions. When they are not working, they cannot.

Our system in Canada is running amok, and we have not yet finished paying. We have not finished paying for what we are going on. I listen to what the people at home are saying. I can tell you that it was not only people working who voted for me. Small businesses worked for me and believe in what I say.

The change to the unemployment insurance system began with the Conservative government and was continued by the Liberals. My predecessor said, when he was in opposition, "You are going to create a mess in New Brunswick. I encourage all New Brunswickers to fight any changes to the unemployment insurance system with vigour, because they will spell disaster for New Brunswick". That is what my predecessor Doug Young said at home. Do you know what our people said? "Mr. Young, we will show you the door, because you have done our region damage". I say to my colleague that he should think about what he says and that it is not the rates that did the most harm.

I have a problem with the way these things are considered. In other words, we will have to improve our employment insurance system. The focus must really be on job creation and when it is on real job creation, the system will automatically cost less, because there will be fewer people on employment insurance, contributions will decrease and it will all happen.

• (1305)

I think that is what we must look at. The Canada pension plan is expensive at present, but we could perhaps consider alternatives for the Canada pension plan.

I have nothing against the fact that a person who is sick or injured will receive a disability pension, provided this person does not work for a company and the disease or injury is not work related. But I do have a problem with a person who works for a company and pays for compensation, as we call it where I come from, who, one year after having been injured, is asked to apply for the Canada pension plan. Because in that case the CPP has to pay first, when another plan should perhaps be paying for that, especially when the person in question has an employer.

Instead, benefits are paid out of the Canada pension plan for any accident that happened on the employer's premises. The compensation plan only covers the difference between the two plans. Perhaps we could take a look at this, at having employers make their businesses safer places where fewer accidents happen. It might save money.

How many Canadians are receiving CPP disability benefits today when the company that employed them should perhaps be held financially responsible, if the accident happened at the workplace. But that is not how it goes.

My point is that we should look at the whole picture and see how CPP money could be saved by making those responsible pay. Next, we should look at employment insurance and see how small business people can have enough money left to run their businesses.

Mr. Mark Muise (West Nova, PC): Madam Speaker, there are those who think there will no longer be a government pension in a few years. The birth rate is dropping and life expectancy is increasing. As a result, the number of people receiving pension benefits is going up and the number of people paying into the plan is going down.

Our pension system is losing ground and in need of changes. We want to put it on a rock solid footing. We are working hard to ensure that all Canadians will receive a pension when they reach retirement age.

In order to understand the impact of our amendment, let us take a look at the pension system in general. There are three components. First, there is the basic income received by every resident of Canada: old age security and the guaranteed income supplement. Second, there is income based on work earnings: Canada pension plan, or CPP, and Quebec pension plan, or QPP. Third, there is income paid by an employer or drawn from RRSPs.

Government Orders

The Liberal government is proposing a program to improve the system. It represents, however, a large threat to the three components of the existing system.

The Liberal government is creating the seniors benefit by combining old age security and other seniors benefits. Low income seniors will thus be getting a bit more than before: a meagre annual allowance of \$120 will go to the least well off; and too many retired Canadians will be living under the poverty line. In addition, middle income seniors could lose up to \$7,000 annually.

The Liberals will increase contributions to the CPP by \$11 billion, one of the largest tax hikes in Canadian history. No tax relief is planned by way of compensation. In short, workers will have to pay more, and young Canadians will have to foot the bill for mismanagement of the plan for years to come.

• (1310)

They discourage people from putting their money in RRSPs or in private pension plans. The Liberal government reduced the tax deduction available when investing in a RRSP, and it continues to impose restrictions on authorized pension plan investments.

We think we have a better idea to improve our pension system. For the time being, we must limit ourselves to amending the government's legislation. But, before amending seniors benefits, we would like all Canadians to have a reasonable period of time to examine the effects of the proposals and to express their views. We want to make sure that the pension system reflects the values dear to Canadians, rewards them for their hard work and encourages them to save for their retirement.

We want to improve the administration of the Canada pension plan. In order to do so, we want to provide a sound financial basis for the plan, to make up for the increase in contributions by lowering taxes, and to encourage people to put more money into their RRSPs.

The Canada pension plan is an essential element of our social safety net. We want to maintain it. The Canada pension plan needs another \$600 million to fulfil its obligations to tomorrow's retirees. The CPP must be saved. It must be properly managed by a board whose members would come from the business and financial community and have no ties to the government.

We must increase contributions to the Canada pension plan, so as to ensure its financial viability, but we must also be cautious not to penalize young workers. The increase should be compensated by tax reductions in other areas, such as employment insurance contributions. The employment insurance fund has a \$13 billion surplus. Combined with the \$11 billion increase in CPP contributions proposed by the Liberals, this surplus represents a huge tax grab by the government.

Governments should encourage people to save for retirement. They should not penalize those who do it. I support policies that help Canadians get the best possible return on their investments in RRSPs and that include as few government restrictions as possible. This means a guarantee that the funds protected in RRSPs will not be taxed, as long as they remain in these RRSPs. It also means allowing a higher percentage of foreign investments in RRSPs.

We have no choice but to conclude that our pension system is in a sorry state and that something must be done. Any system, either new or improved, should be based on the following principles: long term viability; sound management free of any political interference; fair contributions regardless of income; and built-in incentives designed to encourage people to look beyond the Canada pension plan and to put more money aside for their retirement.

These amendments seek to improve the bill so that it can meet these objectives. I urge members to support our amendments.

Mr. René Canuel (Matapédia—Matane, BQ): Madam Speaker, the Bloc will obviously be voting against this amendment because, as my colleague has stated, we want to go much further.

I am surprised that such an amendment is being proposed today. I find this surprising, coming from the Conservatives. Why do we have to discuss this today, instead of discussing full employment?

The employment insurance, of course, should be protected; I agree. Contributions should be reduced, of course; I agree.

• (1315)

Why is it that in my area, in the riding of Matapédia—Matane, there are so many unemployed workers? It is because there are no jobs. Why is it that there are no jobs? It is because the Liberals, beginning with Mr. Trudeau, created such a debt for Canada—the Conservatives continued afterwards, but they slowed down a bit—that we have to earmark billions and billions of dollars every year to pay for that debt. Because of this, it is obvious that everyone is backed up against the wall.

Today, we are being told that pensions have to be protected. But when workers have almost nothing left on their pay, how do you expect them to go out and buy things? Even small businesses, which have to pay such high contributions, often have to lay off several employees, and these receive employment insurance that I would call poverty insurance, while the owners of these businesses have to work 18 or 19 hours a day.

That is the real problem. There has been poor management for 30 years, and now, they are waking up all of sudden and saying that this is most unfortunate, that this is painful and that we have to protect the elderly and also the people who, because of circumstances, have to rely on employment insurance.

Government Orders

At the same time, here are the Conservatives wailing and arguing that contributions have to be reduced. But it is the Conservatives and the Liberals who put us in this gaping hole. Today, they are waking up and saying "We have to wake up". But the Conservatives are saying that we have to wake up because they are part of the opposition. When they are in office, they say the same thing, it is more of the same, as you know full well.

Why? I have said this before and I will say it again, today. It is because their campaign coffers are full and, when they are in office, they do not even have to ask for money; it just pours into their coffers. When the Conservatives are in office, their coffers are full too and, as a result, their hands are tied.

I can tell you, we have always said we were willing to help workers. We are willing to take to the streets with them. I went to Rivière-du-Loup, Amqui and Matane, where I took to the streets with workers in the riding of Matapédia—Matane. Now we have two new RCM, Denis-Riverin and Avignon, and they are not the richest in Canada. I will be with these people because they want to work. These people have intestinal fortitude. Quite often, they are responsible for large families and have nothing. When they start working, the premiums are so high they are already strapped for cash. They cannot put a few dollars in the bank for the few months that are difficult for them.

You know, when a father works only to get his stamps and that, quite often, they are small stamps, it means abject poverty for his children. It is not because people do not want to work, you know that very well. People want to work, but there are no jobs.

When we ask the government to help small and medium businesses, there are so many factors that come into play in handing out some money that some always end up being struck off the list, and told "No, this does not match the criteria", "No, sir", "No, madam", and that is the way it goes.

So, for this amendment to be ordered, if I can put it that way, by the Conservatives, it is somewhat hypocritical, I would say. They are trying to make amends. When they were in office, they should have taken some action to create jobs.

• (1320)

[*English*]

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Madam Speaker, there are actually two amendments in this group. I would like to speak mostly to Motion No. 10 which was introduced by me. It would strike clause 58 of the act. I am sure that does not enlighten many people.

Essentially what clause 58 does is make the contribution rate increases retroactive. A small portion of the contribution increase

to CPP will actually kick in for our 1997 obligation. Of course here we are at nearly the very end of the year talking about legislation which will make Canadians' tax bills for this year higher than they had anticipated.

In our view that is very unfair. It is taxation by stealth. It is something that will be a real hardship for Canadians to have to go back and pay something that they had never anticipated having to pay. Not only will it put their budgeting out of whack but it also will be paper work grief they do not need.

I would like to refer to one example of how clause 58 will impact on at least one sector of the economy. That is with respect to the people who provide temporary services. These temporary services are used by businesses and by government during peak work periods for special jobs or projects, when permanent employees are ill or on vacation. Some of the temporary services provided are office administration and support, data and word processing, industrial, marketing, technical, financial, professional and health care services. So there is a wide range of Canadians employed in this area of temporary employment.

In fact, it is a major entry level for recent immigrants to Canada and also for workers returning to the workforce after an absence. A lot of students are involved in these kinds of temporary employment opportunities and so are recent graduates.

Also retirees and older workers who are moving into retirement are attracted to temporary employment opportunities. So it is fair to say that companies that offer jobs and opportunities for temporary employment are major Canadian employers.

What is going to happen with this retroactive increase that the government is trying to put into place is this. The 1997 contribution rate was 5.85%. If this bill passes the contribution rate for 1997, that is from January 1, 1997, a year ago almost, will go up to 6%, a retroactive increase.

The government will argue that is just a few dollars and it really is not going to make a whole lot of difference. But if we take an increase like that and make it retroactive and put it back on employers, because they have to pay half of this, that can significantly affect their bottom line.

The case of the temporary help industry is just one example. There are other businesses affected very adversely but I will give this example. The payroll that is paid to employees by temporary service employers accounts for about 75% to 85% of the firm's revenue, and that is a lot greater than some other industries. For example, the financial services sector pays only 9% of its expenses to payroll paid to employees. For some businesses this is a significant portion of their cashflow.

Government Orders

Increases or decreases are usually announced in advance of the date at which the rate takes effect. That gives businesses adequate time to adjust.

• (1325)

However, this 1997 CPP rate is an increase, as I said, after the existing rate was confirmed a year ago. What we have is a contribution rate that is going to cost one sector of the economy millions of dollars, and this will take a big bite out of its expected profit and cashflow. These businesses refer to the rate as punitive.

What they did was enter into contracts for 1997 based on their expenses being at a rate of 5.8%, their CPP contribution rate. Now they are going to have to pay 6% and they will not be able to pass the added cost of the rate increase on to their customers. The profits these companies are making are going to be put at risk.

These are companies, as I said, that hire some of those vulnerable workers in our society. Yet what the government is doing in this retroactive tax grab is causing a real hardship to at least this sector of the economy, and it is only one example. There are others but time does not permit me to go into all of them.

There is another consideration that I will bring before the House. This retroactive rate increase is going to be a real administrative cost. What will happen is that, interestingly enough, for governments that use temporary services, companies by law are able to change their bill if there is a retroactive change to the payroll burden. What will happen is that service firms will have to go through their payroll records for every employee, for each assignment that employee had, and prepare invoices to add on this retroactive 1997 CPP rate increase. That invoice will then go to government clients. Then the government will have to go back and double check to make sure that these temporary people were hired on, to make sure that the amounts are calculated correctly and to make up cheques to send back to pay this retroactive rate increase.

It is an administrative nightmare, and it is simply because government did not have the foresight or the administrative expertise to bring in these changes in a way that was fair and reasonable and could be handled with the least disruption possible to the people it affects.

These amounts, we think, should simply be collected another way, if they have to be collected. They should not be collected in a way that is so costly, so disruptive and so unfair to the people they affect. Just because government cannot get it right does not mean that other people should scramble around and have to pick up the ball.

That is why we proposed that clause 58 which brings in this retroactive tax increase be struck and that government go back and find other ways to make up this amount if it feels it has to do it. It is not fair to people who have to pay the freight to do it this way. It is poor form. We really urge the government not to do this to people.

I hope the examples I have been able to give will be persuasive that this is not a compassionate thing to do. It is not a fair thing to do. It is a real hardship. We hope that this amendment will pass.

Mr. Greg Thompson (Charlotte, PC): Madam Speaker, I support the amendment just brought forward. The member is absolutely right.

• (1330)

Basically what we are talking about is retroactive taxation which I think most of us on all sides of this House would find most unsavoury. What it does is eat away at government's capital in the sense of confidence.

I do not think most Canadians can accept that. It means that at the end of the taxation year we are going to have to ante up more money for the government.

How many of us going into 1997 thought that was going to happen? I would submit not very many Canadians would expect the government to bring in a bill that is going to add to contributions already paid. There is something wrong with that.

The reason the government has the problem with regard to the Canada pension plan is that it simply failed to deal with that reality over the last number of years. Having failed to deal with that reality, it has to make up ground. Let us take a look at some past administrations. The person who comes to mind is a prime minister who was here long before our time, Mackenzie King.

That is what this government reminds me of, that type of leadership. I think if I could summarize how Mackenzie King operated, he operated on the basis that if someone waits long enough the problem will go away.

I think the present Prime Minister operates under that same formula. If you wait long enough, the problem will go away, so let's not touch it, let's not deal with it, because if you deal with it, it means that you would have to exercise that rare commodity that we call leadership.

When they took office in 1993, that was a problem facing them as a government. If they took a look at the numbers today, what they would have to do to fix the problem is multiply it tenfold.

Had they dealt with the problem in 1993, the exaggerated rates of payment or the premiums that all Canadians are going to pay would have been much less. They were operating on the premise that no, we do not have to deal with it today, the problem will disappear. It has not disappeared.

I think any financial analyst and anyone with any kind of thinking mind at all would have told the government then that the problem would not disappear, and they did. Canadians were warning the government what would happen.

Government Orders

Some of them were in this House. It could be the member standing and speaking because we all knew what was going to happen. The sad part about this horrendous increase in these premiums is that it is the young Canadians who are going to be paying the price for the present government's mistakes.

That is the tragedy in the whole equation. None of us mind paying our own way and that is the way it is supposed to be. However, the present CPP pensioners deserve what they have. None of us argue with that but the unfunded liability in the CPP amounts to \$600 billion. That is spelled with a *b*, \$600 billion.

Basically what we have now is a pay-as-you-go scheme that is quickly going broke. The demographics and the age differences and percentages in terms of the individuals who are retired now and the number of individuals working, that equation just will not support the system.

In future years that equation is going to be weighted too much on the retirement side. Again, the government knew that this was coming. It is like a freight train. It could be seen coming down the rails. The light is there. It is on the track. It is coming.

A collision can either be avoided by drawing back or by doing a number of things, but the government chose not to do it. Now we are looking at the most regressive of all legislation I think to enter this House in a number of years.

We are talking about a huge tax increase.

• (1335)

We can talk about it as being a premium, but anything that comes out of our pay cheques at the end of the week is a tax no matter how we want to word it. What this is is a hidden tax. It is a silent killer of jobs.

What we are suggesting as a party, and a responsible position, is that the government over the last number of years has built up this huge surplus in the unemployment insurance fund. Right now it has a surplus of about \$12 billion, and that is spelled with a *b* as well. What is the government doing with that? The finance minister is using it to fudge the deficit numbers.

What we are suggesting is to simply reduce the unemployment insurance premiums that are paid by all Canadians. In all fairness to the government, it reduced it by a mere 20¢ last week. However, it could be reduced by at least 70¢ or 90¢ if it wanted to but it chooses not to do it because it wants to use those numbers and that fund for its own political purposes.

The finance minister is certainly not going to let the minister responsible for the unemployment insurance act or CPP use any of those funds other than for debt reduction or deficit reduction which is where the unfairness lies. If the government took those moneys today and said "Let's reduce the amount that we are paying into

the EI fund, it would neutralize those increases in the Canada pension plan". At the end of the day the workers in your constituency and the workers in my constituency are going to look at their pay cheque and it is going to be the same.

In other words, what we need is a reduction in some of those other taxes to offset the increases in the Canada pension plan. We cannot be totally naive. The government has put off the problem for five years and the problem has now compounded to the point where it has to go in there with a big hit.

I am going back to where I opened my remarks in this debate. It is like the old Mackenzie King philosophy: Wait and the problem will take care of itself. It has not taken care of itself. The government has provided no leadership at all.

In regard to the motion we are speaking on, I support that amendment in the legislation which would eliminate the retroactivity that is going to hurt every working Canadian in this country.

I am going to get off the topic a little bit. Yesterday in question period I and some of the other members had the same question for the health minister. I am going to point this out because it is the lack of leadership in solving a problem that we are talking about.

Yesterday I mentioned to the health minister the need to address the 12,000 hepatitis C sufferers in Canada as a result of the incompetence of the federal government to recognize a problem a number of years ago. The result is that we have 12,000 Canadians infected and compensation has to be paid.

The Acting Speaker (Ms. Thibeault): The hon. member Parliamentary Secretary to Minister of Finance on a point of order.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I am sure the member does realize what I am going to say because I would expect that the member knows in fact what we are debating this morning and also understands the rules that are in effect at report stage. I would only ask the member, through you, Madam Speaker, to respect the rules of the House and continue his debate with respect to the motions that we are debating.

Mr. Greg Thompson: Madam Speaker, I knew this was coming because the one thing the Liberal Party does not want to do is deal with the truth.

The point I want to make is simply that the Liberals dilly-dally on every single issue and problem in Canadian society. They are in office to deal with these problems today. It is like the hepatitis C sufferers. We need compensation for them but again they postponed that decision for five years and postponed CPP decisions for five years. These problems just compound and multiply. By the time they get ready to deal with it, it is blown completely out of proportion. That is what they have done with these CPP premiums

Government Orders

that you and I and all Canadians are going to pay. It has been completely blown out of proportion.

I object strenuously to the type of bill that they want to introduce here to deal with the problem today.

• (1340)

Mr. Lorne Nystrom (Qu'Appelle, NDP): Madam Speaker, I want to say a few words on the two motions before the House in the name of the Reform member from the Calgary area. I concur with much of what she said in her remarks.

The member wants to eliminate clause 58 of the bill which calls for the CPP premiums to be made retroactive to January 1, 1997. The CPP premiums now are at 5.85% and once the bill goes through they will be increased to 6%. The employer will pay 3% and the worker will also pay 3%. However, we are still on the old regime of 5.85%. When this goes through the House and the Senate has given royal assent, part of the law will make this retroactive to January 1, 1997. So it is a retroactive premium or assessment. Some would say it is a retroactive tax on both the employee and the employer. Doing this retroactively is something that I am very uncomfortable about. It is like closing the barn door after the horse has already gone.

I do not think that assessing someone retroactively has been done very often by Parliaments. There seems to be something a bit unjust about it. People plan their lives, draft their personal budgets, businesses draft budgets and make plans according to a set of rules.

In general I guess people have been notified that this is going to happen. I am sure we could go out on Wellington Street in Ottawa or on Albert Street in Regina or the big main street of Thompson, Manitoba, and ask the first ten people who go by whether or not they were notified that there is going to be a retroactive increase in the CPP. I think of those people, all would say no, they were not aware of it, despite the fact that they have a very good MP from Thompson who notifies them of absolutely everything. I think that is unjust. I am happy that the amendment is before the House.

We might say that the increase from 5.85 to 6% is not that much. In many cases it is not because it is split between the employer and the employee. However, for some families and people living on the edge with very low wages, even an increase of a few dollars a year will be meaningful.

The other problem will be on the employer's side. A group of people came before the committee to make their case about the difficulty of collecting money retroactively from temporary help agencies. They are very, very labour intensive. Most of their costs are going to salaries, to labour.

They talked about the expense and the difficulties it would create for them as employers, the red tape, the bureaucracy and the bother and how tedious and cumbersome it would be. In some ways maybe the cost of doing it would be even more than the money they would collect from the federal government.

My understanding is that the federal government would have dropped the retroactivity part of this, but at a loss of about \$400 million. That may sound like a fair amount of money, but the cost of collecting the money is going to be several million dollars as well. It might be wise for the government to consider not making this retroactive.

If we are concerned about money in the CPP fund, the most important thing we should do is make sure that we have a strong economy, jobs in the country and income growth, because when people are working they are going to be paying into the CPP. That is the way to raise the money, enlarge the fund and make the Canada pension plan sustainable. I do not think we can do it by making it retroactive, which people are not anticipating.

• (1345)

It is fine to say that people were notified, but I am sure there is scarcely a soul out there, including a lot of businesses, who realize this has to be done on a retroactive basis. That is going to cause needless hardship for Canadians across the country.

This is an example of an amendment which should be looked at seriously by the government. If it were to move in the direction of eliminating the retroactivity, it would make good sense. It would be good politics and would restore faith in the democratic system. It would indicate that parliamentarians do indeed listen to the people.

The second amendment before us today was moved by the Conservative Party and would attach EI premiums to Canada pension plan premiums. As much as the intent is positive, I would not support this amendment as part of the statute changing the Canada pension plan.

That being said, I believe the increase in CPP premiums of 73% over the next six years is too steep. It will be a hardship on Canadians. It is not progressive; it is regressive. The very fact that the government is eliminating the indexation of the basic yearly exemption which is now some \$3,500 makes it even more regressive and more difficult for low income people.

These are hardships. The premiums are going up. To attach CPP premiums to EI premiums is not the way to go.

Instead the government should have listened to what it heard in British Columbia and Saskatchewan. It should have listened to what it heard from the trade union movement, the progressive people across the country, and made the contributions more

Government Orders

progressive. It should have continued the indexation of the yearly basic exemption.

In 1966 when the CPP originated, the yearly basic exemption was around \$400. It was then indexed to the inflation rate. It has moved from \$400 to about \$3,500. This means that low income people have progressively been receiving a higher exemption. That has been a positive step in keeping this plan a bit more progressive. Now indexation will stop. It will remain at \$3,500 for the next 5, 10, 20, 30 years and every time the inflation rate rises the plan will be a bit more regressive. It will be a bit more difficult for low income people in this country.

That is wrong. It is unfair. If I remember correctly, I believe that the Minister of Finance as much as acknowledged that in committee three or four weeks ago when he said that this should be on the agenda when the CPP is reviewed in the year 2000. I hope he does that. I hope there will be a change to once again index the basic exemption to make the premiums more progressive.

On the other side we have the employment insurance premiums. There was a bit of a reduction announced last Friday by the federal government. It was a small reduction. It was a step in the right direction, but the reduction should have been higher. There is now a big surplus in the EI fund and there should be a reduction in the premiums to help working people in the country. It would also help the business community in Canada, particularly small business.

I do not think we should be tying one to the other in this legislation. The government should keep both items as separate files. On the one hand the government should reduce EI premiums. That would put more money into the pockets of ordinary people. It would allow the small business community to create jobs. On the other hand the government should ensure that we have a more progressive Canada pension plan premium.

If we listened to public opinion, listened to what the people are saying, they would agree that these funds should be handled separately and that they be handled for good social reasons and for reasons of progressiveness in our income tax system and progressiveness in our social policy within Canada.

• (1350)

[*Translation*]

Mr. Antoine Dubé (Lévis, BQ): Madam Speaker, I am pleased to have this opportunity to speak to this issue, especially to add to these statements we have just heard on Motions Nos. 10 and 12.

These two motions have one thing in common. The present pension plan is inadequate, it has insufficient funds for the long term. If this decision is delayed, it is the future generations that will bear the impacts. This is unacceptable.

The amendment proposed by the Conservative Party attempts to link the reduction in contributions to employment insurance. From the point of view of business, this makes sense to a certain extent, because it would offset any increase in their payroll taxes. However, going as far as the Conservatives would like us to go can perhaps jeopardize the employment insurance program and have an effect on this program and also on the positive aspects of these initiatives.

We already know that the reduction in employment insurance benefits has had an effect. Repeat claimants are affected by seasonal unemployment and have to bear a 1% reduction of their benefits. It is not their fault if there is seasonal unemployment.

We have to be careful with this because it can affect the program. I used to sit on the human resources development committee, and we in the Bloc were opposed to changes in the employment insurance system. Today, we are still constantly reminding the government that it made an error, that it went too far in its cuts to employment insurance.

I would like to come back to the Canada pension plan. The situation is a bit similar, the fund has to be sufficient to provide for the future. A Quebec success story is often mentioned, the Caisse de dépôt et placement. It has been in existence for at least 25 years, and it has had positive results for Quebec.

This bill will allow among other things to manage this money by creating a fund, and this would be more efficient. It would allow an increase in assets and ensure the future of the Canada pension plan for ordinary citizens.

People can talk about payroll taxes, but often these taxes exist for the benefit of the whole population, especially the underprivileged. As you know, it is not everyone that can have access to a pension fund through the workplace. Not everyone works for the government, for a municipality or for large companies that have pension funds. There are people who cannot benefit from these.

There are also people who, because of their family obligations, like single mothers, do not have the opportunity to contribute to RRSPs and to plan for their future, when their children will be grown up and will have finished their studies, etc. Very often these are people who have few assets, and this plan allows many people who are less fortunate to know that they will at least have a basic minimum for their retirement.

We have to be careful when we touch this. The people concerned form a very large part of the population. Very often, they are the less fortunate, the underprivileged in the system. I think that the government acted too slowly in proposing better contributions in this area.

S. O. 31

• (1355)

Any amendment that proposes to slow down or reduce rates and to improve the management of this fund to better plan for the future in the interest of future generations is worth considering because such action is urgently needed. However we, in the Bloc Quebecois, oppose Motions Nos. 10 and 12, especially since Motion No. 12 has a connection with the employment insurance.

As I said, we believe that the employment insurance plan is a plan that was considerably thinned down by the Conservatives. We remember the impact of the cuts made by Minister Valcourt, who lost his seat in New Brunswick. The Conservative government was severely criticized for its lack of compassion for the unemployed. In spite of their promises, the Liberals did the same thing during their last mandate. They too got their just reward; in the maritime provinces in particular, where seasonal unemployment is widespread, election results spoke volumes. Voters made it clear first to the Conservative Party, then to the Liberal Party, that they should be careful.

We, in the Bloc Quebecois, will not be counted among those who wish to slow down efforts to improve the pension situation of ordinary people.

The Speaker: Questions or comments?

Mr. David Price: On debate, if I may, Mr. Speaker.

The Speaker: My colleague, you may not want to start right now, as we are only minutes away from 2 o'clock. You could begin after oral question period, since you would have the floor.

Mr. David Price: I have one minute, so I would like to begin, Mr. Speaker.

The Speaker: You have one minute. You have the floor.

[English]

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, we are six years into what economists are calling a recovery but it seems to be a jobless recovery.

Too many Canadians are being left behind. The unemployment rate continues to hover around 10%. There are areas in regions of the country where high chronic unemployment has become the norm for second generation Canadians. This is unacceptable.

Canadian families are working harder than ever, many needing two or three incomes just to make ends meet. Working Canadians are falling further and further behind. Canadians have not experienced a real tax pay raise since the 1980s. A person's disposable income has actually fallen by almost 6 per cent since 1990. Canadians are paying more and more in taxes but getting less and less in return. For the first time ever a generation of Canadians are at risk of leaving their children a lower standard of living than that of their parents.

The tax burden on small business is unacceptable. I know. I have run a small business for 30 years and we are hurting. That is what I want to talk about today. Small business.

The Speaker: My colleague, that is precisely what we want to hear about and we will give you the floor right after we come back from question period. We are now going to go to Statements by Members.

STATEMENTS BY MEMBERS

[English]

ENVIRONMENT

Mrs. Karen Kraft Sloan (York North, Lib.): Mr. Speaker, protection of the environment begins in our communities. In that respect Environment Canada launched its Action 21 Network program earlier this year to identify Canadians undertaking successful environmental initiatives.

I am very proud to announce that the town of Georgina in my riding of York North has recently received a certificate of environmental citizenship from Environment Canada. The town of Georgina was the first town in the greater Toronto area to implement a full user pay for garbage program. They charge \$1.00 per bag.

Georgina soon discovered that people think much differently about what they are discarding when they have to pay for garbage disposal. Within one month of implementation there was a 50% increase in recycling and a 40% decrease in waste going to landfill. Overall there has been a 40% decrease in the amount of waste.

I commend Mayor Grossi, the council and citizens of Georgina for their achievements.

* * *

• (1400)

YEAR 2000

Mr. Gurmant Grewal (Surrey Central, Ref.): Mr. Speaker, I warn the Liberals that Canadians do not accept the government's failure to guarantee that the computers of federal departments will work properly and not crash in the year 2000.

The Canadian public will suffer when programs and services are seriously disrupted.

Most computers use two digits to represent the year and do not recognize 00 as the year 2000. The Liberals have not properly budgeted for billions of dollars to fix this problem. Only one-third of federal departments have a strategy for dealing with the crisis.

The Liberals should prepare and table in parliament a contingency plan to address possible failure. The Liberals have not addressed the long term legal implications of failure. The slow and haphaz-

ard planning of the Liberals is interfering with the year 2000 compliance. [English]

The auditor general has already lambasted the Liberals for their tardiness. Canadians are watching the Liberals fudge the year 2000 project.

* * *

[Translation]

JACQUES PARIZEAU

Ms. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, former separatist premier Jacques Parizeau had more to say about what he called ethnic communities and the defeat of his sovereigntist option at the last referendum. Such remarks are unacceptable. We do not have different classes of citizens in Quebec, at least not in my Quebec.

I would like to quote a few comments made by Lucien Bouchard about his predecessor, Jacques Parizeau. He called him "A man of integrity and great conviction". "We have been very happy allies so far". "Few politicians act on the basis of a philosophy". "This honest, intelligent, determined and experienced leader that Quebec needs".

What the people of Quebec need is certainly not to have disgraceful, disparaging remarks made about them, their friends or their neighbours. Lucien Bouchard—

The Speaker: The hon. member for Manicouagan.

* * *

BC MINE WORKERS

Mr. Ghislain Fournier (Manicouagan, BQ): Mr. Speaker, the Minister of Human Resources Development showed unacceptable contempt for the BC Mine workers.

It is unacceptable to keep saying that these workers should take advantage of employment programs because, as the minister knows, having met with their representative, 82% are over 50 years old of age 36% are 55 and over.

After working 20, 25 and even 30 years in the mine, workers need a program that will guarantee a reasonable minimum income before they become eligible for a pension.

The federal government will be judged on its sensitivity to the situations experienced by these workers and their families. So far, its behaviour has been dangerously similar to what the Reform Party advocates in its ideology.

S. O. 31

THE ENVIRONMENT

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, last night the Leader of the Official Opposition asked Canadians to put their heads in the sand and ignore global warming as defined by over 2,000 scientists.

In a further display of crass ignorance the Leader of the Official Opposition engaged in scaremongering and waved the flag of taxes, ignoring over 2,000 economists who say reducing greenhouse gas emissions through energy efficiency, energy innovation and other measures is a win-win situation.

It has become quite evident that the Leader of the Official Opposition is being dragged reluctantly into the 21st century and has precious little to contribute to the climate change debate.

* * *

SEAFORTH HIGHLANDERS

Mr. Jim Hart (Okanagan—Coquihalla, Ref.): Mr. Speaker, the Asian Pacific Economic Co-operation conference has wrapped up in Vancouver. Canadians are asking what the government achieved.

Somehow the Liberals managed to insult a proud army regiment based in Vancouver. The Seaforth Highlanders were rejected for honour guard duty in favour of the Vandoos from Quebec. The reason given was that the Seaforth Highlanders uniform did not look Canadian enough.

In October 1944 the Seaforth Highlanders spearheaded an attack in northern Italy. They were suddenly set upon by three German tanks and about thirty infantrymen.

● (1405)

A one man army, Smokey Smith won the Victoria Cross for his amazing acts of bravery during this battle. Smokey Smith wore his medal proudly on a very Canadian uniform in a very real war far from his home in British Columbia.

The Liberal government should be ashamed for rejecting the Seaforth Highlanders at the APEC conference.

* * *

[Translation]

JACQUES PARIZEAU

Mr. Paul DeVillers (Simcoe North, Lib.): Mr. Speaker, I am pleased to rise and comment on the remarks made by Jacques Parizeau during a university tour in Alberta Tuesday.

Although he has an unfortunate habit of blaming the ethnic communities for the defeat of the separatist option in 1995, Mr.

S. O. 31

Parizeau was astonishingly frank when he clearly stated that francophone communities outside Quebec would have trouble surviving if Quebec were to separate.

I for one am delighted at Mr. Parizeau's frankness. I must, however, point out the blatant contradiction between Mr. Parizeau's frank remarks and the remarks of Bloc Quebecois members, who are, after all, in the same political camp.

According to the Bloc Quebecois, francophone communities outside Quebec would be better off if Quebec separated. Would one of the members of that party be so good as to explain this contradiction to us?

* * *

CHILD TAX BENEFIT

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, the minister responsible for the child tax benefit is hoarse from telling us how wonderful his government is and that we must invest in our children.

In 1997 dollars, the federal government invested \$6.7 billion in 1984, compared to \$5.1 billion this year. The Caledon Institute and anti-poverty groups have estimated that an additional \$2 billion annually would be the minimum to launch the fight against poverty.

The Bloc Quebecois adds its voice to that of hungry children and urges the government to put an additional \$1.2 billion into the child tax benefit program, without infringing on provincial responsibility in this sector. We are far from the \$850 million announced by the government.

* * *

JACQUES PARIZEAU

Ms. Raymonde Folco (Laval West, Lib.): Mr. Speaker, on Tuesday, the former leader of the yes side during the last referendum campaign in Quebec, Jacques Parizeau, once again accused the Greek, Italian and Jewish communities of being responsible for the sovereignists' loss, in 1995.

The former PQ leader and Quebec premier decided to treat us to more of what he said on the night of the referendum, when he claimed that the yes side had lost because of money and because of the ethnic vote.

Such comments from someone who claimed he could lead a nation are irresponsible and unbecoming. Today, I ask all sovereignists to dissociate themselves from the comments made on Tuesday by the former leader of the yes side. I feel personally insulted by Mr. Parizeau's remarks. Regardless of our origin, we chose Canada as our country and, as citizens of Canada, we take very seriously our duty and our responsibility to express our views on the future of our country by exercising our right to vote.

[English]

CANADIAN FLAG

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, Tuesday night I watched one of the most disrespectful acts that could ever be conducted, the burning of our Canadian flag.

This took place in Verdun where Raymond Villeneuve and a band of thugs wearing bandannas over their faces burned the Canadian flag and shoved and kicked elderly people as they entered a council meeting.

Politics aside, these people should be charged for such a vile act. Tens of thousands of people died defending this flag and the values it represents. What kind of a message does it send when we see young people burning our flag?

Are we moving toward a culture of mass cowards? This is simply not the Canadian way. We are a tolerant people who have fought for our freedom both here and abroad. The Canadian flag is one of the most respected symbols of peace around the world.

We are allowing these hooligans to ruin the reputation Canadians fought and died for on foreign soil. Is the government so weak that it will allow their assault on our heritage? If the country is to remain united we must take a stand now before it is too late.

* * *

[Translation]

JACQUES PARIZEAU

Mr. Jacques Saada (Brossard—La Prairie, Lib.): Mr. Speaker, Quebecers from all over the province have expressed their outrage following Mr. Parizeau's latest remarks, which are along the same line as the comments he made on the night of the referendum.

As a Quebecer, I do not recognize myself in the picture the former premier drew. Mr. Parizeau's comments are dangerous but, given his refusal to vigorously and strongly condemn these remarks, Mr. Bouchard's attitude is even more dangerous.

• (1410)

Mr. Bouchard is not an ordinary citizen. He is the premier of all Quebecers. In our democracy, he is my premier. I would have hoped that he would represent me.

I am not speaking as a federalist condemning the independentists, but as a man who is looking for inclusion and who opposes those advocating exclusion. I am speaking as a man who deplors the missed opportunity, by his premier, to make an unequivocal appeal for tolerance.

[English]

ALTERNATIVE SERVICE DELIVERY

Ms. Wendy Lill (Dartmouth, NDP): Mr. Speaker, alternative service delivery is a Liberal government initiative aimed at obtaining goods and services in the most efficient and effective manner possible.

Government employees, for example in the Halifax area, have been forced to prove that they can do the job better and more cheaply than a private company, and they have. In Halifax and across the country these workers have successfully proven they are far more cost effective than the private sector.

I have a document from the defence management committee that uncovered the government's change in plans. The Liberals want to fast track ASD by bundling bids. This simply means that all contracts will be awarded on a national basis. Local work units will not be able to bid effectively. Only big corporations with the resources to bid will get the contracts.

Why is the government changing the rules? Have public sector workers been too successful under ASD?

We believe the real goal of the Liberal government is to privatize at any cost, no matter what the impact is on our workers and our communities.

* * *

[Translation]

QUEBEC PREMIER

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, so Lucien Bouchard, the Premier of Quebec, has refused to distance himself from the words of the former leader of the yes camp, Jacques Parizeau, who said that the referendum loss was attributable to ethnic groups such as the Greeks, the Jews and the Italians.

These words are offensive for all members of cultural communities who have always felt that they are Quebeckers in their own right.

We expected the Premier of Quebec to state loud and clear that he disagreed with such statements by Jacques Parizeau. On the contrary, and I quote one of the answers by Lucien Bouchard yesterday in the National Assembly: "Mr. Parizeau is a prominent citizen. He has the right to express himself and he went to speak directly to the people in English Canada—Mr. Parizeau is a great democrat".

S. O. 31

Since Lucien Bouchard supports these offensive statements, we take note that Mr. Parizeau's message now constitutes the official position of the PQ government in the area of cultural communities in Quebec.

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PHARMACEUTICAL INDUSTRY

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, a few days ago, I wrote to the Premier of Quebec, Mr. Bouchard, and to the Leader of the Official Opposition, Daniel Johnson, asking that they take action on the issue of Bill C-91 and that they state clearly to the Government of Canada the position of the Government of Quebec.

Yesterday, Monique Gagnon-Tremblay, MNA for Saint-François, tabled the following resolution, which was unanimously adopted, and I quote:

That the National Assembly demand that the Federal Government not amend Federal Statute C-91, which refers to the pharmaceutical industry, in such a way that would weaken the said Statute and its rules, and this, in compliance with the international agreements reached with our commercial partners regarding the protection of intellectual property, and ascertain that Québec's pharmaceutical industry remain strong and competitive.

I hope that the Minister of Industry, the Minister of Health, the Prime Minister and everyone in the Liberal government are listening, because if they are not, the pharmaceutical industry will suffer everywhere in Canada, including Quebec.

* * *

QUEBEC SOVEREIGNTY

Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ): Mr. Speaker, in May 1963, in its Speech from the Throne, the Pearson government recognized that Canada was a bilingual and multicultural country. In order to promote national unity, it called for co-operative federalism with the provinces. In the same breath, that government implemented a series of programs coming under provincial jurisdiction.

Thirty-four years later, in 1997, the Liberal government reiterates that Canada is still a bilingual and multicultural country. To enhance national unity, it is promoting a new orientation for federalism based on partnership with the provinces. Yet, we are faced with a new series of encroachments on programs under provincial jurisdiction.

History repeats itself. Flexible federalism means rigid status quo, it means going backwards. In Quebec, we want to go forward, we want real change. That is why we want sovereignty.

Oral Questions

• (1415)

*[English]***THE LATE JUSTICE JOHN SOPINKA**

Mr. Tony Valeri (Stoney Creek, Lib.): Mr. Speaker, this week as Canadians we have been reflecting on the remarkable life and accomplishments of one of Canada's finest legal minds, Supreme Court Justice John Sopinka.

Spending many of his younger years living in Stoney Creek, John Sopinka attended Salt Fleet High School between 1946 and 1951. There he excelled both as an athlete and as an academic student, graduating a valedictorian.

His leadership abilities were evident through his work as student council president, while his capacity for excellence took shape through his membership on Salt Fleet's football team and playing the violin with the Hamilton Symphony Orchestra.

Justice Sopinka brought his considerable talents to bear in all of his pursuits, whether it was in professional sports as a CFL athlete or within Canada's legal system. His reasoned legal opinions and his many insights on Canada's legal system will remain his legacy not only to his colleagues in the legal profession but to all Canadians.

As the son of hardworking parents who showed so much promise in those early years at Salt Fleet High, John Sopinka rose to the very heights of our society and enriched us all. Truly he will be missed.

ORAL QUESTION PERIOD*[English]***CANADA POST**

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, for 10 solid days now Canada's post office has been paralyzed by a strike. The CFIB says this strike is costing the average small business \$240 a day or more than \$2,000 lost per business since the strike began.

I just received a letter from a small outfit in Manitoba that has laid off four of its six employees. Its business is down 60% and the owner is remortgaging his house to pay the bills.

Will the prime minister legislate the post office back to work today?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the parties are in negotiations at this moment. We hope they will find a solution. The mediator is doing his work. He is asking for more time and we have given him more time.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, we and Canadians have been waiting for mediation to

work for months. This is the fourth strike at the post office in 10 years. These negotiations have been going on for over seven months. It is the third federally appointed government conciliator who has become involved in this thing. The strike is costing up to \$2 million to this point.

I ask the prime minister again why will he not legislate the postal workers back to work?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Parliament of Canada decided a long time ago that public service employees working in the post office have the right to strike. They are exercising the right that Parliament has given to them at this moment.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, getting nowhere with the prime minister, I wonder if we could ask the last question to the minister of public works.

Every now and then he pops up and says something about legislating the post office back to work. Then he goes back in his hole. It is like groundhog day, he pops up, sees his shadow and goes back in his hole.

I am wondering if the minister of public works, rather than whispering about back to work legislation, will stand up in the House today and introduce that legislation which he obviously has in his files.

Hon. Lawrence MacAulay (Minister of Labour, Lib.): Mr. Speaker, it is unfortunate that my hon. colleague has to continually talk about legislation. He is well aware that all this does is hurt the process. We have appointed a highly qualified mediator. Let the mediator do his job and help us come up with a collective agreement, not trying to harm it by making it public.

* * *

*[Translation]***KREVER REPORT**

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, the Krever report on tainted blood clearly indicates that the federal government played a major role in the tragedy.

Its first recommendation was to compensate victims immediately. When will the Minister of Health announce that this compensation will be paid? When?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, it is clear that we have now received a summary, a very detailed report concerning what happened. We are most grateful to Justice Krever for his report. It will truly be an ongoing legacy to ensure the safety of Canadians.

As far as claims by victims are concerned, I have already made my position clear. I would prefer to avoid a decade of litigation. I will be working with my provincial and territorial counterparts to find solutions.

• (1420)

[*English*]

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, he blocked Krever when he was trying to do his report and now he is blocking the victims.

The minister apologized and then said that the federal government was in fact involved and that he would act fully on the report. But by his vague answers on compensation, he now is hurting the victims. Would he prefer these victims of hepatitis C to drag their hospital beds into court where the lawyers will get most of their settlements, or will he give them a dignified compensation package before Christmas? Hepatitis C deserves better than this minister.

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, I have made my views on the issue of compensation very clear. I do not think victim claims should be bogged down for 10, 12 or 15 years before the courts. At the same time we have received from Mr. Justice Krever some clear recommendations, some findings that include the past, the present and the future.

It is my intention to take up these matters in the very near future with my provincial counterparts. That is the place to start. We should have a concerted approach to these issues, and I shall be working toward that result.

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[*Translation*]

MINISTER OF INTERGOVERNMENTAL AFFAIRS

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday the Minister of Intergovernmental Affairs, in a statement that was both arrogant and without precedent, claimed that the question during the last referendum was a fraud.

I would like to ask the Prime Minister who, on the eve of the referendum, stated at Verdun that Quebeckers were going to make the most important decision of their lives, if he was inviting them to participate in a fraud.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is clear that when we heard Mr. Parizeau's statement after the referendum, there was a very great difference between what was on paper and what the government intended.

I suspected there was a trap in this, and I asked Quebeckers to be careful.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, when the Prime Minister voted in his riding of Saint-Maurice on October 30, 1995, did he have the impression of participating in a fraud, in a fraudulent exercise, when he went to vote?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I would like to point out that there was no mention of separation

Oral Questions

in the question. When I read the question, there was no mention of creating a new country. When I read the question, there was no mention of becoming a member of the United Nations.

They were saying that an association would be worked out with the rest of Canada, that Quebeckers would keep the Canadian passport, Canadian money and Canadian citizenship, and also economic union and political union. I have always said that I hope one day they will be honest enough to ask an honest question "Do you want to separate from Canada, yes or no?"

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, I would like to quote part of the speech by the Prime Minister in Verdun, in case he has forgotten it. He said "Listen very well to what the separatist leaders are saying. They are being very clear".—That is what he said: "They are being very clear. The country they are proposing is not a improved Canada, it is a separated Quebec".

I ask him again how he can speak today of fraud, when he was saying on the eve of the referendum, with a look of desperation, of understanding, of openness towards Quebeckers, that the separatists were being very clear. How can he say today that it was a fraud?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I was telling Quebeckers that when looking at what was written at the time of voting and when hearing what the separatists were saying in some areas of the province, what they meant was not very clear to the people.

They were saying "Nothing will happen, you will receive your old age benefits from Canada, and all the benefits of Canadian citizenship, while at the same time voting yes to this ambiguous question". I am asking for only one thing, and that is a little bit of honesty, to ask Quebeckers "Do you want to separate, yes or no?" There is nothing complicated in that, it is not much more than a sentence and the people would understand clearly. They would vote very clearly, once again, for Canada.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, if we want to speak about honesty, the last person we would want to deal with is the present Prime Minister of Canada.

In the evening of October 30, 1995, following the results, when the Prime Minister had promised to everyone in Canada that there was no danger from sovereignty, that Quebeckers did not want it, these are the things he said.

• (1425)

He said, considering the narrow margin, "In a democracy, the people are always right. Tonight, there is only one winner, and that is the people. Tonight, more than ever, we can be all proud of Quebec democracy".

Oral Questions

The Speaker: The hon. member for Vancouver East has the floor.

* * *

[English]

CHILD POVERTY

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, my question is for the prime minister.

This morning Campaign 2000 released its report card on child poverty, confirming that child poverty has increased by 58% since 1989. It demonstrates the appalling record of the government on child poverty.

Government talk is cheap considering that the funding for programs our children need has not been there. The new child tax benefit does not even replace what the government has already cut.

Will the prime minister commit now to restoring these cuts?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, indeed the prime minister took the leadership in June 1996. The premiers of the provinces have asked us to work very hard on child poverty. I have seen the report of Campaign 2000 and it supports the initiatives we have been taking on the national child tax benefit. It has seen what we have been able to do along with all the governments of this country to help children with CAPC, which my colleague, the Minister of Health, has been increasing thanks to last year's budget. We are working toward that.

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, that is not acceptable. The federal government is behaving like the schoolyard bully who takes the weak's lunch money and then feels he deserves a reward for buying a small milk. By refusing to index the child tax benefit, the government is allowing it to slowly fade away.

Will the government as a first step commit to fully indexing the child tax benefit?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the government will commit very clearly that we will have \$850 million more dollars as of July 1, 1998. The Government of Canada will commit very clearly today that there will be at least another \$850 million in this Parliament directed toward children. That is a lot more money than they are talking about on the other side.

We should realize that a lot of work was done in the last Parliament and will be in the next Parliament because child poverty is a major priority and concern for us.

THE ECONOMY

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, while the prime minister was away at the APEC conference, peppering his meals with other APEC leaders and peppering Canadians with amusing jokes, the Governor of the Bank of Canada this week peppered Canadians with a 25 basis point increase in interest rates. As a result of this, the value of the Canadian dollar went down the following day and continues to go down again.

Could the prime minister explain to Canadians why the financial markets are reacting negatively? Could the prime minister tell us what is wrong with his policies that is provoking this downward trend in the dollar?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the record of the government in managing the economy is much better than when the Tories were in power.

Under the circumstances there is a fluctuation in a lot of the currencies around the world. But at this moment because of the good management of the government we have low interest rates, much lower than American interest rates. We have more room than when we took over government from the Tory administration when interest rates were at least three points above American rates.

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, I doubt that Canadians are applauding as the Liberal benches are applauding with 9.1% unemployment, more Canadians having a lower standard of living than when he was elected and there are more poor children.

Could the prime minister tell us what are the policies of the government when it maintains artificially high payroll taxes, when there is an increase in CPP premiums which will kill jobs and increasing interest rates which will also kill jobs? What are the policies of the government that has made Canadians poorer today than when he was elected in 1993, that has created more child poverty today—

The Speaker: The right hon. prime minister.

• (1430)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, there are one million more jobs today than there were when we formed the government. When we took office there was 11.2% unemployment and now it is 9.1%.

In terms of employment insurance premiums, we stopped an increase which was supposed to raise the level to \$3.30 in January 1994. Last week we reduced it another 20¢. It will be lowered to \$2.70.

*Oral Questions***ABORIGINAL AFFAIRS**

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, the Department of Indian Affairs and Northern Development is in crisis and the minister refuses to answer questions. She continues to say that only 3% of her social assistance budget is misused yet her own internal reviews state that as much as 75% of the money is unaccounted for.

Will the minister now admit that her native welfare administration is in chaos and in crisis?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, what is interesting about this line of questioning is that the hon. member of the opposition picks up a report and thinks it is news. Indeed that report is not news to me, nor to my department.

Let us look at some of the chronology. In 1994 the auditor general looked at social assistance and gave us some recommendations for change. The department responded immediately and commissioned a report. When we received that report in 1996 we shared it with the Assembly of First Nations. Together in partnership we are building new strategies to provide social assistance to aboriginal peoples.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, the minister can bet her bottom dollar that it is news.

The fact of the matter is that she has been unaware of the crisis within her own department because her own officials have stonewalled her. On the other hand, she is not able to obtain information from the grassroots Indian people about the horrific conditions under which they live because she will not meet with them.

Inasmuch as her own officials will not tell her the facts about what is going on, will she change her mind and explain to the House why she will not meet with the aboriginal grassroots people who have been pleading with her to do so? Why will she not do that?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, indeed I have had the pleasure since being made Minister of Indian Affairs and Northern Development of crossing this country and meeting with aboriginal people and First Nations from coast to coast to coast.

The hon. member should look at the kinds of things I have been talking about in my speeches. They focus on social assistance. They focus on the need to modernize our programs. They focus on the understanding that indeed aboriginal peoples are going to be connected to the economy of this country. We have to modernize social assistance. We have to make it proactive. Aboriginal peoples have to have training and educational opportunities, as do all Canadians.

[Translation]

MINISTER OF INTERGOVERNMENTAL AFFAIRS

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

Yesterday, the minister said that the 1995 referendum question was phoney, fraudulent and would never be repeated.

Are we to understand from the minister's remarks that the federal government intends to prevent Quebec from holding another referendum?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, first, we are not talking about Quebec but about the PQ government.

Second, the leader of the official opposition in the National Assembly, Mr. Johnson, described the question as fraudulent.

Third, the Prime Minister challenged the Bloc to put the question clearly. He said that if they put the question clearly, Quebecers would make them face the music. So the word on the yes side became "Chrétien, Quebecers are going to make you face the music". It was libelous.

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, what a performance.

Here is my supplementary. Are we to understand from the minister's provocative remarks that his government has decided to draft the next referendum question?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, the Government of Canada has said and is saying that Quebecers have the right to not lose Canada to confusion and repeated trickery.

* * *

● (1435)

[English]

ABORIGINAL AFFAIRS

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, the minister's focus is on a misunderstanding of Canadian Indian people. For example on one reserve a 13 year old boy with no family is involved in deviancy, gangs and auto theft. A spot in a treatment centre has been reserved for this lad but there are no funds for his therapy. Yet according to the memo leaked from Indian affairs, there are no restrictions to stop others from making multiple claims for social assistance.

Oral Questions

Is the minister aware of how some abuse the system by making multiple claims while others in desperate need get nothing? Have her officials so blindfolded her from seeing the real story—

The Speaker: The hon. minister of Indian affairs.

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, it is clear to me that one of the fundamental differences between this side of the House and that side is in the area of aboriginal issues.

On that side of the House they talk about assimilation. Over here we talk about respect and recognition for Canada's First Nations. On that side of the House they refuse to accept aboriginal rights. Over here we are implementing the inherent right to self-government. On that side of the House they use tactics of divide and conquer. Over here we talk about partnership and building communities.

Mr. Allan Kerpan (Blackstrap, Ref.): Mr. Speaker, the way I see it the real difference between that side of the House and this side is that we talk to the grassroots Indian people rather than the leaders.

The minister has been talking a lot about working together and partnerships. Yet her department is betraying all the partners in this issue: the grassroots Indian people and the silent partners, the taxpayers of this country, and all the while her bureaucrats, people like her own ADG, Allan Horner, do the talking for the department.

When is the minister going to send Mr. Horner to the corner and take charge of her department?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, talking about listening to aboriginal people, let me quote from one of the most appreciated aboriginal people in this country, the new national chief, Phil Fontaine. He said: "Using the unfortunate situation in two communities to heighten tensions and claim that they represent First Nations communities is not only irresponsible on the part of the party now acting as the official opposition, but it is divisive to the members of those communities and it is detrimental to the Canadian society as a whole".

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[Translation]

MINISTER OF INTERGOVERNMENTAL AFFAIRS

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the more the Minister of Intergovernmental Affairs speaks, the more his true nature shows through. He used strong words like fraud, libel and gimmicky to describe Quebec's plan.

Is the Minister of Intergovernmental Affairs not simply going off the deep end when he uses words like fraud, libel, and gimmicky to describe a process the Prime Minister gave credibility to, the very next day—

The Speaker: The hon. Minister of Intergovernmental Affairs.

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, once again, it is a question of semantics. We are not talking about Quebec's plan, but the plan to secede that Quebecers have rejected twice already.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, how can the Minister of Intergovernmental Affairs use such strong language and then justify using it by saying "See, your option was democratically rejected". When is he telling the truth, before or after?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, democracy would have been better served had a clear question been put to the people. Then, it would have been clear how much Quebecers wanted to remain within Canada. Support for the yes side would not have been artificially inflated for the sole purpose of winning the referendum, with a separation they did not want in the first place forced on Quebecers.

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[English]

ABORIGINAL AFFAIRS

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, we have heard the minister say that she is concerned and that she has given many speeches.

Constituents of mine from the Hobbema reserve are also concerned. They are concerned that even though there are billions of dollars spent by her department they have the highest substance abuse, the highest disease rate, the highest crime rate, the highest poverty rate in Canada.

When will the minister stop her talking and act on the report that she has been given?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, the hon. member makes some very good points, that indeed aboriginal people in Canada do not live on a level playing field, that their lives are significantly different from yours and mine.

● (1440)

It is extremely important for us to understand that we need a new structural relationship. We need to connect aboriginal people to the economic levers that are so much a part of this country.

Oral Questions

I would ask the hon. member to join with me to build communities and to work in partnership to make sure that Canada is number one for all.

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, the minister is using all these nice sounding words in her speeches, like partnership and building, but they mean nothing because she does not act.

Sixty-nine of 72 reserves in Saskatchewan have members in the coalition for aboriginal accountability. While she quotes from the letter from the chiefs, these grassroots people cannot meet with her.

My question that she must answer is, why are the bureaucrats in her department shielding her from the concerns of people on the reserves?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I categorically deny this. In fact, when the warriors from the Samson First Nation came to Ottawa, they were unable to meet with me because I was in Quebec meeting with other First Nations. They were however invited to meet with my ADM and they had a productive meeting. Our job is to work together, to speak together and in partnership build a modern future, a healthy future for Canada's aboriginal people.

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[Translation]

KREVER REPORT

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, now that the Krever report has been tabled, we are left with the sad fate of thousands of people who were contaminated because of an inadequate system.

Since the federal government is the first to blame for the lack of rigour in the blood supply system, should it not now compensate the victims of its own negligence?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, yesterday we accepted our share of the blame for what happened.

As I said earlier today, we can now refer to Mr. Justice Krever's recommendations to deal with the issue of victims' compensation. I will soon discuss our response with my counterparts.

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[English]

JUSTICE

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, recently the Law Reform Commission of Canada was established to consider remedies for survivors of physical and sexual abuse in communities across Canada.

Could the Minister of Justice tell survivors of physical and sexual abuse how this commission's mandate will help them?

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the hon. member raises a very important question in relation to a very difficult and complex issue. Because of that fact, it is the kind of issue the Law Reform Commission of Canada can do well to review and report on. I would hope that everybody in this House would agree that institutional child physical and sexual abuse is a very, very important issue.

What I have asked the Law Reform Commission to report on is the processes by which we as the federal government, and perhaps other levels of government, can deal with this important issue.

I do however want to clarify—

The Speaker: The hon. member for Athabasca.

* * *

ABORIGINAL AFFAIRS

Mr. David Chatters (Athabasca, Ref.): Mr. Speaker, the empty rhetoric coming from the Indian affairs minister and the accusations she is throwing out are unacceptable.

For 130 years in this country, Conservative and Liberal governments have committed atrocity after atrocity on Indian peoples. This Prime Minister even produced a white paper on assimilation. Therefore, to throw that kind of talk out, I simply ask the minister when she will quit that kind of talking and simply act on the report that is in front of her.

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I would like to remind the hon. member that in our recent Speech from the Throne the government clearly identified the issues facing our aboriginal people.

We talked about the need to work together, to improve accountability and transparency in government. We talked about the need to build a fiscal relationship that is modern and reflective of government to government relationships. We identified the importance of helping to build a strong community.

The Speaker: My colleagues, once again I am finding it a little difficult to follow the answers as well as the questions. I would ask you to please keep your voices down.

• (1445)

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, the minister just identified the very problem. Talk, talk, talk and no action.

This report confirms aboriginals worst nightmares. They have been saying for years that corruption on many reserves is rampant. If they want to report instances of abuse, the aboriginal peoples

Oral Questions

must sneak into their MPs offices, pull the drapes just to sit down and talk to their MPs because they fear for their lives.

When will this minister choose to support the grassroots aboriginal people instead of their own officials and bureaucrats?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I have every confidence that First Nations communities across this country have the capacity and the ability to govern themselves.

This side of the House believes fully in the inherent right to self-government. We are committed to working with those communities to build on what already seem to be effective practices of management, effective services.

We are starting to see increasing and modernizing democratic processes in all the 633 First Nations across this country. Our job is to encourage that and work together to strengthen it.

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KREVER INQUIRY

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, Justice Krever is very clear about the federal role in the blood scandal and the shortcomings in the health protection branch.

Everything he calls for flies in the face of the minister's own actions like the elimination of the Drug Research Bureau and his plans for further deregulation, privatization and cost recovery as outlined in his department's September discussion paper entitled "Keeping Faith with Canadians".

Will the minister start by keeping faith with the victims of Canada's contaminated blood supply and send a message today that deregulation is over?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, I could not agree more with the member that there is a role for Health Canada, a strong regulatory role, to ensure that the blood supply system in this country is safe.

Yesterday, Mr. Justice Krever identified some shortcomings in the past. He made strong recommendations for the future. We will take his recommendations as guideposts as we assemble a strong regulator in Health Canada.

I can assure the House that we have started already. We have doubled the amount of money available for regulation in Health Canada. We have established a blood safety council. We shall continue because safety is our bottom line.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, wrongdoings and shortcomings in the federal government are written all over the Krever report. The failure to demand

surrogate testing, the failure to play an active role in the regulation of the blood supply and so on, all implicate the federal government.

Will the minister today agree to immediately review the Krever report to see if there was any dereliction of duty in the adherence and the enforcement of the Food and Drug Act and would he agree to refer this whole report to the solicitor general to see if there was any wrongdoing?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, I can assure the member that the whole report and all recommendations about the regulatory role of Health Canada are under careful review.

Mr. Justice Krever has pointed us in a direction to assure the safety of the blood system in the future. That will be our first priority.

* * *

RCMP

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, my question is for the solicitor general.

In the province of New Brunswick the provincial government is poised to remove the local police force and replace it with the RCMP even though the provincial labour board has ruled that the RCMP is acting without lawful authority.

My question for the solicitor general is has this government entered into an agreement with the Liberal provincial government in New Brunswick to allow police forces to be removed from municipalities and replaced with the RCMP?

Hon. Andy Scott (Solicitor General of Canada, Lib.): Mr. Speaker, I think the hon. member better check her facts.

The reality is that the tribunal found originally that at the time there was no authority to proceed. It was not irregular for the RCMP to engage in discussions with the province and the municipality in the event those legislative actions were taken.

Those legislative actions have begun and, if called upon, the RCMP will act.

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, does the solicitor general know that the present premier of the province of New Brunswick told the mayor of Moncton, New Brunswick that either the mayor and the council agree to remove the police force and put in the RCMP or they will never receive another grant, or they will never receive another thing from the province of New Brunswick?

Does this government want to be part of that kind of an agreement?

Oral Questions

● (1450)

Hon. Andy Scott (Solicitor General of Canada, Lib.): Mr. Speaker, I would refer the member to our Conservative caucus in the legislature of New Brunswick to put the question to the Premier.

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CLIMATE CHANGE

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, my question is for the Minister of Environment.

A couple of weeks ago the minister met with provincial ministers to discuss Canada's approach for the International Conference on Climate Change.

My question is twofold: Why is it so important to have the provinces on side to act on climate change and what kind of consensus building role will Canada play in the Kyoto negotiations?

Hon. Christine Stewart (Minister of the Environment, Lib.): Mr. Speaker, I thank the hon. member for her question. It is a very important question as our government goes into negotiations in Kyoto.

In this country, the federal government and the provinces both have authority and responsibilities in the area of environment. When we met in Regina, our provincial and territorial counterparts recognized that Canada has an important role to play in negotiating in Kyoto a successful agreement and that we need some flexibility.

With this co-operation from the provinces and territories, Canada will play—

The Speaker: The hon. member for Calgary Southwest.

* * *

ABORIGINAL AFFAIRS

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, a few minutes ago the Minister of Indian Affairs and Northern Development had the nerve to say that the difference between those members and these members on those issues is that Liberals care and Reformers do not. We resent those words.

The hon. member for Edmonton North spent 18 months living and teaching on the worst aboriginal reserve in the province of Alberta. This member has been a foster mother to six aboriginal children.

If credibility in this House on this issue depends on caring and contact with aboriginal people, will the minister—

The Speaker: The hon. Minister of Indian Affairs.

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, if the hon. Leader of the Opposition is so committed to aboriginal people in this country, I would invite him to support the newest senator who was named yesterday—

Some hon. members: Oh, oh.

* * *

[Translation]

POWA

Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

The minister recently said that BC mine workers were not interested in a POWA. Yet, these workers are currently protesting in front of the minister's Montreal office. They are asking for a modified POWA.

Given the repeated requests made by the former BC mine workers, will the minister finally see the light and take the necessary steps to ensure their financial security?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, let us be very clear: our government acted very quickly following the closure of the mine. In late September, I asked my department to allocate close to \$3 million for active measures to help these former workers, when no other action had yet been taken.

I draw the hon. member's attention to a letter, dated the 27 and signed by the union president, which I am prepared to table in the House. It says clearly that the workers want an improved POWA, that they are not interested in a traditional POWA, only in an improved one. Therefore, this has nothing to do with what the hon. member is asking for.

* * *

[English]

HUMAN RIGHTS

Mr. Lorne Nystrom (Qu'Appelle, NDP): Mr. Speaker, my question is to the Minister of Finance.

The Prime Minister committed our country to be part of a \$43 billion bailout to the investors, the speculators and even dictators like Suharto in Southeast Asia.

How much is the Canadian taxpayer on the hook to bankroll regimes with little regard for human rights? What is it going to cost the Canadian taxpayer? What is that commitment? Are we being taken to the cleaners by the minister? Are we going to be Martinized by this minister?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it was extremely fortuitous in fact that the APEC meetings took place in Vancouver under the leadership of the Prime Minister. It demonstrated to investors and to workers in all of Southeast Asia that in fact the major industrial countries were prepared to come together to make sure that the international financial system continued on at a stable pace.

Oral Questions

• (1455)

What has happened, as the hon. member knows, is that negotiations have been taking place with the International Monetary Fund. We will be meeting a number of the countries in Chile over the next week—

The Speaker: The hon. member for Charlotte.

* * *

KREVER INQUIRY

Mr. Greg Thompson (Charlotte, PC): Mr. Speaker, yesterday in questioning the government in regard to compensation for the hepatitis C victims, the government basically said “wait 15 minutes for the Krever report to come down and we will act on it”. The minister indicated he would act on it. Today in the House, he is saying “I have got to consult with my provincial counterparts”.

There are 12,000 Canadians suffering. They have now suffered for 10 and 15 years with no financial reimbursement or support.

Will the minister show leadership and act unilaterally to help these people as we did in 1991—

The Speaker: The hon. Minister of Health.

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, it was yesterday we received the report. Mr. Justice Krever made recommendations about compensation, findings about the past and recommendations for the future. I think the only responsible way to deal with those recommendations is to discuss the issue with those in the provinces and territories who are also involved so that we can furnish to the victims a response that is meaningful.

I have made it clear that I do not want this matter to languish in the courts for a decade. I want a solution but I first want to talk to my partners in the system who are in the provinces and territories.

* * *

ABORIGINAL AFFAIRS

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I think the minister wants us to defend their tokenism as they appoint people to the Senate while thousands of people are going without and are absolutely destitute across this country. We will never support any appointment to the other House, no matter who it is. For this minister to ask that I think is out of order.

The minister is out of touch with her own department when she said yesterday that the Alexander First Nation in my constituency was a model of good management—

The Speaker: The hon. minister of Indian affairs.

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I am glad to see that the Reform

Party has finally come to understand the reality facing aboriginal people in Canada. As I recall, in the last Parliament the former member for Capilano—Howe Sound indicated that aboriginal people in Canada were living like those on a South Seas island.

* * *

LITERACY

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Mr. Speaker, a recently released international survey shows that more than 40% of adult Canadians or seven million people do not have the literacy skills needed to function effectively at home or at work.

My question is for the Minister of Human Resources Development. What exactly is the federal government doing to improve the literacy of Canadians?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, my department actually supported the development of the report to better understand literacy issues in this country. The report also recognized that Canadians have the skills needed to succeed in the advanced economy but not enough.

We are doing very well. We have the strongest literacy skills in the world. However, we need to do more. In the last budget, funding to the National Literacy Secretariat was increased to \$29 million to better promote literacy. I must commend our good friend, Senator Joyce Fairbairn, who does extraordinary work in promoting literacy in this country. I thank her very much.

* * *

[Translation]

SEAL HUNT

Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ): Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

Opponents of the seal hunt seem to be fuelling the controversy by stepping up the campaign of false and biased information about how the seal hunt is conducted in eastern Quebec and the Maritimes.

Since the minister tells us that the seal hunt is well regulated and is conducted without cruelty, can he also tell the House how many hunters were charged with operating without licences?

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I do not have the exact number of charges right now, but I can obtain it for the hon. member. I would add that the seal hunt is very important to the economy of the maritime provinces and also to the province of Quebec, especially the Magdalen Islands.

• (1500)

Islanders and others in these areas need accurate information from the media, particularly the media in Ontario and in the major cities in Quebec. There is really a campaign based on misinformation—

[*English*]

The Speaker: That will bring to a conclusion question period.

I have three points of order and I will take them in this order: I will start with the weekly Thursday question, followed by the whip of the Bloc Québécois and followed by the leader of the Conservative Party.

* * *

BUSINESS OF THE HOUSE

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, I would like to ask the government House leader the regular Thursday question. I would like to know the business for the remainder of this week and the business for next week.

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I wish to make the following business statement. We will continue this afternoon with report stage of Bill C-2 respecting the Canada pension plan. Tomorrow we will—

An hon. member: Oh, oh.

Hon. Don Boudria: Mr. Speaker, I am sorry the hon. member is heckling his own House leader. Perhaps we could get his attention. I know this is a wild rose day.

Tomorrow we will consider report stage and third reading of Bill C-10, the tax treaty legislation. This will be followed by report stage of Bill C-5, the co-operatives bill.

On Monday and Tuesday we hope to conclude the remaining stages of Bill C-2. On Monday we will have either report stage or third reading of Bill C-2, with the conclusion on Tuesday as the case may be depending on the stage reached this afternoon.

On Wednesday we hope to complete Bill C-5 followed by report stage of Bill C-9, the ports bill.

There are ongoing discussions among House leaders every now and then to further develop the agenda, particularly as we near the Christmas recess. I thank my colleagues, the other House leaders, for their usual co-operation.

* * *

[*Translation*]

POINTS OF ORDER

ORAL QUESTION PERIOD

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, you will agree with me that the language used in the House should be

Point of Order

conducive to maintaining an atmosphere of calm and respect for all members of the House.

During oral question period, when the Leader of the Bloc Québécois was putting a question to the Prime Minister, the member for Bourassa used offensive and disgusting language that is not even worthy of being repeated in the House.

I ask you to request that he apologize and withdraw his remarks.

The Speaker: My dear colleague, I myself did not hear the remarks. If the hon. member wishes to add anything, fine, otherwise we will let matters lie.

PHARMACEUTICAL INDUSTRY

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, yesterday, the National Assembly of Quebec unanimously passed a resolution put forward by the MNA for Saint-François, Monique Gagnon-Tremblay.

The resolution read as follows:

That the National Assembly demand that the Federal Government not amend Federal Statute C-91, which refers to the pharmaceutical industry, in such a way that would weaken the said Statute and its rules, and this, in compliance with the international agreements reached with our commercial partners regarding the protection of intellectual property, and ascertain that Québec's pharmaceutical industry remain strong and competitive.

Following consultations with the other parties, I request the unanimous consent of the House to table this resolution here, in the House of Commons.

[*English*]

The Speaker: The hon. member has asked for unanimous consent to move a motion. Does he have unanimous consent to put the motion?

Some hon. members: Agreed.

Some hon. members: No.

WITHDRAWAL OF COMMENT

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Mr. Speaker, last Thursday during debate in the House I made a comment to which the hon. member for Lac-Saint-Louis took exception. He raised a point of order with the Speaker and indicated that the word was listed in Beauchesne's as unparliamentary.

• (1505)

Although the Speaker ruled to simply continue debate, out of respect for the House and the member for Lac-Saint-Louis I would like to withdraw the remark I made last Thursday.

The Speaker: I thank the hon. member for his withdrawal.

*Government Orders***ROUTINE PROCEEDINGS**

[English]

COMMITTEES OF THE HOUSE

FINANCE

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I believe you would find unanimous consent for the following motion:

That the Standing Committee on Finance be permitted to make its report pursuant to Standing Order 83(1) on December 1, 1997.

The Deputy Speaker: Does the hon. parliamentary secretary have unanimous consent of the House to propose the motion?

Some hon. members: Agreed.

The Deputy Speaker: 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)

GOVERNMENT ORDERS

[English]

CANADA PENSION PLAN INVESTMENT BOARD ACT

The House resumed consideration of Bill C-2, an act to establish the Canada Pension Plan Investment Board and to amend the Canada Pension Plan and the Old Age Security Act and to make consequential amendments to other acts, as reported (with amendment) from the committee; and of Motions Nos. 10 and 12.

The Deputy Speaker: When the House interrupted the debate to proceed with question period the hon. member for Compton—Stanstead had the floor. He has eight minutes remaining in his remarks.

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, just before we started question period I was talking about the totally unacceptable tax burden on small business.

Small business people are the real job creators in Canada. The tax burden for small business in Canada is higher than in most competing jurisdictions. Small business owners have to pay both employer and employee premiums. This makes it very difficult for Canadian businesses to survive in today's global economy, which means fewer jobs and fewer job opportunities for Canadians.

Study after study around the world have shown that high taxes kill jobs. Jurisdictions with low relative tax rates have high economic growth and strong job creation. Where the taxes are high, growth is low and there are fewer jobs. That is a Polaroid picture of Canada.

Within Canada our high payroll and corporate taxes form a barrier to jobs and growth by taxing businesses for every new job it creates. It is a job creation tax. That is unheard of. The real solution is to create the conditions under which job creation by the private sector is sustainable over the long term.

That is why it makes sense to cap increases to the Canada pension plan at 10.25%. If the government is serious when it states that changes made to Bill C-2 will prevent premiums from rising above 9.9%, there should be absolutely no problem with requiring parliament to review the changes if premiums ever approach 10.25%.

The CPP is a fundamental part of the Canadian social safety net, an obligation that the government must honour. Capping the CPP at 10.25% and reducing EI premiums are ways of returning the CPP to financial viability and protecting the investment Canadians have already made in the plan.

The Reform Party believes that the only way to deal with this challenge is to abandon our obligation to retiring Canadians and eliminate the CPP. This approach is without merit. The current government solution asks people to put even more of their paycheques into its hands every year. This approach is without merit. Canadians do not need a multibillion dollar tax hike.

Most experts agree that the best solution is to make the CPP fully self-financing. In other words, enough new money should be directed into the plan today to ensure that it can pay the benefits due to those who retire down the road.

• (1510)

It is possible to put more money into the fund and offset the cost by reducing EI premiums. This plan has merit and it makes sense. It would mean more money going into the plan without asking Canadians to pick up the tab and without creating more threats to job creation.

Small business is the engine of growth in the country. We should encourage this engine to grow and run smoothly instead of forcing it to run out of gas and stall. The House can and must make a difference.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the first motion has to do with what some have called a retroactive change. It is important for members to know the dimensions of the change.

Currently an employee pays 2.925% on their insurable earnings. The proposal in Bill C-2 would increase that to a full 3%. In terms of dollars an employee earning \$20,000 a year would be required to

Government Orders

pay another \$12.71. It is important to keep the dimensions of the change in focus. For example, if an employee were making \$35,000, the ceiling for insurable earnings, the increase would be marginally over \$17. To keep it in perspective it is important to know the numbers.

The hon. member for Calgary—Nose Hill raised the issue with regard to this change and the difficulty it may cause. All members should know the increase that took effect in 1997 was part of the consultation process. It was a change that was discussed. It was also approved by the federal government and two-thirds of the provinces representing two-thirds of the population. This change was seen as an important starting point with regard to providing fuller funding for the CPP.

The intent of Motion No. 10 was to delete that requirement. It is important for Canadians to understand that if the change is not made in 1997 the amount to be paid to get up to the full funding rate would have to increase. It is a matter of a nominal change in 1997.

For that reason, although there may be a case where temporary workers require adjustments, those businesses had consultations with the finance department as early as last spring and were advised of the change. This is not a surprise to business at all.

The second motion in this group has to do with preventing the new CPP contribution rates from coming into effect unless the increases are offset by EI premium reductions. In this area a lot of comments have been made by members which require clarification.

With respect to the EI surplus, it tends to connote that \$12 billion will be sitting in some account somewhere, a surplus that is available to be spent for EI benefits or programs. That is not the case. There is a notional account, an EI account, which keeps track of the premiums received and the benefits paid out but as a requirement or a recommendation that was accepted by the government from the auditor general the EI premiums are included in operating revenues, in the general revenue account.

• (1515)

One would only have to ask what to do if there were a deficit in this notional account. How would that be handled? I think that is a very important question to understand. If in an economic downturn the benefits paid out exceeded the premium base of the reserve there would have to be some cross-subsidization or some underpinning by other government revenues to be able to continue to fund and pay out benefits.

I understand that the EI fund actually was in a substantial deficit position in the last downturn of the economy in about the same magnitude as the surplus is now. The amount of the surplus that is being referred to is not really out of line.

I think the Minister of Human Resources Development's announcing a \$1.4 billion cut in EI premiums, from \$2.90 down to \$2.70 per \$100, is an indication that when it is sustainable and when it can be delivered and can be counted on by business there will be reductions in the EI rate as long as it is clear that those reductions in the EI premium can be sustained.

Much of the discussion on this motion also has to do with some of the funding requirements of the CPP by taking some of this notional surplus. As I explained, since there is no \$12 billion surplus that will be sitting in some account somewhere to use for whatever purposes we want, actually what we are talking about is the size of the deficit.

If we were to take funds out of the notional EI account we in fact are taking moneys out of the revenues of the government and therefore increasing the deficit. I suggest that also is inconsistent with an important position of Canadians that we have to get our fiscal house in order. We have to deal with the deficit. Also, what the finance committee has heard time and time again across the country through its exhaustive prebudget consultations is that Canada must continue to deal with the national debt.

The debt, the deficit, it does not matter what we call it, the fact is we have a mortgage which we must continue to pay down on an orderly basis to have our house in order. It is the reason why we have low interest rates. It is the reason why we have one of the strongest records of economic performance and the strongest projected economic growth in the G-7. It is because we have been getting our fiscal house in order.

Members should be very careful about suggesting that somehow there is \$12 billion floating around that we could somehow use.

Another very subtle point but I think salient in this regard is that one of the principles that came out from the consultations, agreed on by consensus of the witnesses and by the federal government, the provinces and the territories, is that today's seniors will be insulated from the changes to be made to the Canada pension plan in order to make it sustainable for generations to come.

If we were to somehow take moneys out of the general revenue of the government and increase the deficit what we are basically doing is asking today's seniors to pay something with regard to the CPP changes. We are asking today's seniors, who already have their pensions fixed, who already have their retirement income in place and who have absolutely no major source of other opportunity, to change their current retirement situation.

Members must remember that seniors do pay taxes. Because they retire does not mean they have opted out somehow. They continue to pay taxes on their pension income and on other investment income and other transfers from various sources. They are taxpayers. To the extent that we take money out of general revenues and increase the deficit or reduce spending on some other areas or have to increase taxes, which I doubt will happen, it would

Government Orders

therefore be asking seniors to bear some of the burden of the changes in the CPP.

• (1520)

I think it is important to also emphasize this aspect of insulating today's beneficiaries under the CPP from having to pay for some of the portion of funding future benefits of today's workers.

It has to do with the fact that they came through two wars and the depression of the 1930s and 1940s. Their working careers were smaller than we have enjoyed today. Their opportunities to build up a nest egg for their retirement were restricted.

In the real world there is a process of arbitrage and fairness and equity. The CPP was built on that process of fairness and equity and today's seniors will be protected by these changes.

In conclusion, they must be assured that they will not be negatively impacted by the changes being proposed under Bill C-2.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I would like to spend a few moments speaking on Motions Nos. 10 and 12.

Motion 10, proposed by the member for Calgary—Nose Hill, intends to delete the requirement for workers and their employers to make extra contributions for 1997, which are the maximum of \$24 each for employers and employees.

The contribution rate for employers and employees in 1997 is 2.925% and employers have been submitting their employer-employee contributions based on that rate.

Section 59 of Bill C-2 amends the existing schedule of the contribution rates to require employers and employees to pay the 3% in 1997.

Again I state that the motion deletes the mechanism for collecting the extra contributions resulting from the amended contribution rate for 1997.

The motion would require that the extra contributions be collected starting at the beginning of 1997. Since it is impossible to undo the past, the motion is in fact eternally flawed. I am sure that is not the intent of the member who has put forward this amendment.

Let me spend a few moments talking about what the departments have done to deal with the anticipated increase in the CPP premium.

Departmental officials did meet with several staffing groups concerned about the 1997 rate collections. Revenue Canada did reflect the new higher rate in the 1997 withholding tables, which it puts out each December.

Putting new tables in mid-year is quite expensive for the government and administratively cumbersome for employers. The

government did try to make employers aware of the possibility that the 1997 rate could be changed during 1997 so that employers had as much notice as possible to deal with this situation and they could take appropriate action.

As I stated, Revenue Canada alerted employers in December 1996 and contained this information in the 1997 withholding tables.

The Minister of Finance indicated in his February 14 statement that the extra money for 1997 would be collected at tax filing time. Revenue Canada again informed employers in May of the procedures for collecting the 1997 premiums. Again, finance officials talked to a number of employers and their associations over the spring and summer.

There have been ample attempts by the departments and the governments to inform employers that in fact this anticipated increase is coming and tried to work with them to deal with the administrative concerns they may have had.

I just want to talk for a second on the mechanism to collect. Employers file, every February, a T-4 reconciliation statement that is used as a final year end reconciliation for EI, for Canada pension plan premiums as well as other taxes that are collected and withheld from employees.

This T-4 reconciliation form is the form that would be used to collect the 1997 premiums. There is no additional administrative burden put in place as a result of having to collect these 1997 premiums in 1998.

The changes that were made do eliminate that administrative burden and if we had made those changes mid-stream we would have caused much greater hardship on the business community.

With respect to Motion No. 12, it attempts to prevent the new CPP contribution rates from coming into effect for 1997 through 2000 unless the increases are offset by decreases in employment insurance contributions from employers and employees.

• (1525)

It is clear that there is no link between CPP and EI. They are separate programs that serve purposes and rates are established independently. EI premiums nevertheless have been reduced since 1994 and they will fall again from \$2.90 to \$2.70 which is a \$1.4 billion expenditure on behalf of the government. This completely offsets the 1998 CPP rates for workers and more than offsets the increase in CPP rates for employers.

The government has committed over and over again that it will continue to lower EI premium rates as soon as it can. However, the overwhelming message from Canadians throughout the entire consultation period was that the government needs to take action

Government Orders

now to fix the CPP so that the contribution rate does not rise above 9.9%.

The second part of the motion deals with the steady state contribution rate. The motion intends to prevent the steady state contribution rate from exceeding 10.25% regardless of the chief actuary's calculations. Establishing a cap of 10.25% is clearly inconsistent with the CPP financing principles set out in the act. The principles require a constant contribution rate that can be sustained. The 9.9% steady state contribution rate is based on prudent assumptions and we are therefore confident that the rates will not exceed this level.

There was also some discussion earlier from the Conservative Party about the so-called tax grab. Let me be very clear that it is not a tax grab. This is a contribution of savings toward pension. When these contributions are made and collected by the government, they go into a separate fund. They do not go into consolidated revenues; taxes go into consolidated revenues. They will go into a separate fund and will be invested like other pension plans. That is what Canadians have asked us to do and that is what Bill C-2 will do.

Under the existing legislation, CPP contribution rates are already set to climb above the 9.9% rate. In fact, the rates are scheduled to reach 10.1% in 2016, so we are reducing the amount that the existing contribution rates would end up being if we did not bring forward Bill C-2.

The chief actuary has shown that if we do not move fast, the Canada pension plan will be bankrupt by 2015 and the rates will have to soar to 14.2% in 2030, which is a 140% increase. No one on this side of the House is saying that the CPP premiums are not going up. Clearly they are going up but they are going up so that we can sustain the plan. They are not going up as high as they would have if we had done nothing. For the first time in a long time the administration of this government has taken action to save the CPP plan.

The same cannot be said about the prior administration which sat there and watched the CPP go into disarray. It sat back and said it would do nothing, that it should be left to become someone else's problem. We do not want that to happen. We are reflecting what Canadians have said. We had the consultation period. Bill C-2 reflects what Canadians have told us.

The responsible thing to do to avoid bankruptcy and truly intolerable rates is to put forward Bill C-2 to ensure the Canada pension plan stays solvent and provides the security Canadians are asking for.

The hon. member from the Conservative Party continued to talk about the increases in the CPP premium. He referred to an \$11 billion tax grab. Let us be very clear. He fails to mention that because of the changes that have been made in this bill, premiums would ultimately be \$11.5 billion if we compared it to the existing schedule.

When we talk about doing something for future generations, when we talk about ensuring the pension plan is solid, when we talk about doing it in a very balanced manner, and when we look at the premium increase versus the changes on the benefits side, we will find on review of Bill C-2 that we have met those criteria. We have ensured that the concerns of Canadians have been reflected.

The provinces have played a very large part as joint stewards of this plan in the federal-provincial negotiations. We have an agreement that is clearly a balanced approach that will ensure the Canada pension plan will be there for Canadians well into the future.

• (1530)

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, I rise this afternoon in opposition to this particular amendment which is being put forward. I want to rise in opposition as the small business critic for the New Democratic Party.

I look at this proposal and I see that the amendments they are putting forward in many ways do not bode well for small business. Small businesses have a lot of challenges right now. They are faced with the pending increase in interest rates. Small business people have always had challenges with respect to capital acquisition.

We are also looking at the huge increase in profits by the banks year over year. The only conclusion one can draw from that is that not only are they receiving a huge amount of increased profits and revenues from consumers in this country, but also from the small and medium size businesses which employ the vast majority of Canadians.

Business is also faced with the challenges of the GST collection on behalf of the federal government. This is a burden the government has put on them.

Finally of course the issue that we will be dealing with this afternoon is the payroll taxes as they are called. They are basically programs which assist small business owners to provide some level of support in terms of a pension plan, or unemployment insurance plan, or disability plan for their employees. By the way, a vast number of businesses and owners of small businesses employ those who own the businesses so this is something that is very important to them.

What the amendment outlines in terms of this particular bill is it proposes that any increase in the contribution rate with respect to the CPP for the years 1997 through 2000 shall not come into effect unless the cumulative increase in anticipated revenues under the Canada pension plan resulting from the changes in the contribution rate after December 1996 are offset by at least a cumulative decrease in anticipated combined employer and employee contributions under the Employment Insurance Act for those same years.

Government Orders

I have some information which I would like to share. The Canada pension plan has been a very helpful program for small business. If small and medium size businesses did not have such a plan, they would be forced in many ways to commit greater resources, which are limited to them, to establishing their own type of pension plan. As we know, establishing a pension plan for a small number of employees on their own would be very costly and prohibitive. There would be less pension coverage for employees who work in the small and medium size businesses.

I want to share with members in the House today some information which was provided and accumulated by Statistics Canada on self-employment. Self-employment grew rapidly both in absolute and relative terms between 1989 and 1996. During this period self-employed workers accounted for more than 75% of total job growth. Seventy-five per cent.

Throughout the period 1989 to 1996 the number of business owners increased by 25%, by a margin of 457,500 compared to an increase of 1% or 132,700 in the number of employees. In essence small business has employed more people over the years. Most of those who became self-employed during this period worked alone and did not hire other workers.

We are concerned about the rapid increase in CPP premiums. As the small business critic and spokesperson for the New Democratic Party caucus, we believe that contributions should be increased at a slower rate over a longer period of time to allow self-employed people to adjust their businesses and to allow small and medium size businesses to adjust their forecast and financial analysis to meet these increased payroll taxes.

I believe the majority of business people want to continue in the program. That is the information I have received. But the information I have also received is that they want more time to ensure that they are able to adjust their revenues.

• (1535)

As we know, small business cannot announce a 25 or 50 basis point increase in the charge for their services like the banks can. If they do, they just do not seem to stay in business very long. Whereby the banks are large businesses and are basically oligopolies and can do whatever they want with respect to charging these very same small and medium size businesses increased rates at the drop of a hat. They do this on a fluctuating basis without a lot of rationale, far too often costing small business and self-employed people a great deal of anxiety, anguish and concern, not to mention the fact that it jeopardizes their business and their way of doing business.

Saskatchewan registered the highest proportion of self-employed workers in 1996. Saskatchewan is the province I represent. If we exclude agriculture from these numbers, actually

British Columbia had the highest incidence of self-employment in 1996.

It is extremely important to us in Saskatchewan as in other parts of the country, but more in particular because of the agricultural economy. Many farmers have incorporated and they are paying their own contributions. They are self-employed. In many cases family members work in the incorporated partnerships, farm operations or agricultural operations and they pay their Canada pension plan premiums as well.

People who are self-employed pay not just the employee share, but the employer share. It is a very big concern for Saskatchewan business people in terms of a quick increase in premiums in a short period. This underscores our position in the NDP that we should take lower increases over a longer period of time.

According to the most recent data available, average earnings among self-employed individuals in 1995 were 91% of average wages and salaries. The distribution of earnings among the self-employed is more polarized than the earnings of paid workers.

In 1995 approximately 23% or 392,800 self-employed workers earned less than \$10,000. Almost one-quarter of self-employed workers earn less than \$10,000 a year. That means they are very restricted in terms of discretionary revenues and discretionary income to meet these higher increases in Canada pension plan premiums.

About 45% of self-employed workers in Canada earned less than \$20,000 a year. At the other end of the distribution, only 4% of self-employed workers earned in excess of \$100,000. In 1995 the average earnings of self-employed women were slightly higher than one-half of their male counterparts.

Underlying the distribution and earnings of self-employed workers is the amount of time self-employed individuals work. Compared to paid workers, self-employed workers are more likely to work either short or long hour work weeks. But part of the earnings gap between male and female self-employed workers is undoubtedly attributed to the fact that male self-employed workers worked a longer work week. In 1996 male self-employed workers worked an average of 13.3 hours more per week than their female counterparts.

This particular proposal in my view is also detrimental to women, whether they are in small business or not. The increases and changes in CPP will affect women most in a very negative way.

Most of the growth in self-employment between 1989 and 1996 was voluntary. It is estimated by Statistics Canada that only 12% were pushed into self-employment because there was no other work available. This particular statistic means that we have a trend in our country whereby more and more people are being frustrated in terms of finding employment and therefore are going into small business. We also have a trend where more people are interested in

working for themselves because they have not had a proper deal with respect to their employers.

I have a number of things I want to raise but the final thing I will talk about is this. I want to agree with the Liberal member for Mississauga South when he said that these increases are of concern to him. They are of concern to us in the NDP. We agree with him on this point, that we should not put the EI surplus into the Canada pension plan benefits. That jeopardizes the employment insurance program which was set up to insure workers who are unemployed. We feel that is not only a cross-subsidization but really a wrong way to deal with it.

● (1540)

In ending my remarks, I want to say on behalf of the small business community in Canada that we oppose this amendment. We would put forward lower increases in CPP benefits over a longer period of time to meet the needs of a very important program.

THE ROYAL ASSENT

[Translation]

The Speaker: Order, please. I have the honour to inform the House that a communication has been received as follows:

Rideau Hall
Ottawa,

November 27, 1997

Sir,

I have the honour to inform you that the Hon. Peter de C. Cory, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the 27th day of November, 1997, at 4 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Judith A. LaRocque
Secretary to the Governor General

GOVERNMENT ORDERS

[Translation]

CANADA PENSION PLAN INVESTMENT BOARD ACT

The House resumed consideration Bill C-2, an act to establish the Canada Pension Plan Investment Board and to amend the Canada Pension Plan and the Old Age Security Act and to make consequential amendments to other Acts, as reported (with amendment) from the committee; and of Motions Nos. 10 and 12.

Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ): Mr. Speaker, I am pleased to have this opportunity to make a few remarks on this bill, an act to establish the Canada pension plan investment board

Government Orders

and to amend the Canada pension plan and the Old Age Security Act and to make consequential amendments to other acts.

Bill C-2, which the finance minister introduced on September 25, is a reform of the Canada pension plan, among other things. This reform has three main components. The first one deals with the level of capitalization of the plan which will increase from two to five years of benefits, as suggested by the minister. The second one provides for the optimization of the plan's performance through the establishment of an investment board. And the third one is a series of changes to certain benefits, such as the disability benefits.

Implementation of these measures depends on Bill C-2 going through the parliamentary process. In order to assess this reform, I would like to give the House if I may a brief background of the CPP. The plan goes back to 1966, when nine provinces opted in, while Quebec created its own plan, the Quebec pension plan, which is also being revised.

The Canada pension plan pays benefits totalling about \$17 billion a year. This includes survivor and disability benefits. Right now, the plan has enough money in reserve to pay two years worth of benefits, which amounts to some \$39 billion. Of course, this reform will have a significant impact on Canada pension plan premiums.

I will now talk about the various amendments, starting with Motion No. 12 put forward by the Conservatives, which says that, for the years 1997, 1998, 1999 and 2000, any increases in the contribution rate provided for in the bill shall not come into effect unless they are offset by an equivalent decrease in employment insurance contributions.

The motion also says that the contribution rate for self-employed persons shall not exceed 10.25% except if the chief actuary is of the opinion that a higher contribution rate is warranted.

We support the idea of a decrease in employment insurance contributions to offset the increase in CPP premiums. However, the cumulative decrease proposed by the Conservatives is equivalent to a 80 cent decrease in the EI contribution rate. Such a decrease is not compatible with the Bloc's position, which calls for an enhancement of the program in addition to a significant decrease in the contribution rate, because we think that the reform went too far.

Now my mouth is watering in anticipation of what I am about to say on the other amendment, this one being proposed by the Reform Party. We thought we had seen everything, but this tops it all.

● (1545)

The amendment proposed by the Reform Party calls for repeal of the section of the legislation allowing retroactivity of the increase in contributions for 1997. At this time, the agreed CPP contribution level is 5.85% and the act will allow this to be retroactively raised

Government Orders

to 6% for 1997. The Reform Party members are against this retroactivity.

I feel that, in politics, at some point one has to see beyond the end of one's nose. I was pleased to be able to speak at the first reading of this bill. Opposition parties are always described as being there to get in the face of the government. I do not believe this is the case. The Bloc Québécois is in favour of such a bill, except that I note that its vision is rather a long term one. If I want to receive benefits some day, at some point, we have to start realizing that there must be more money in the fund.

Yes, I am in agreement with this reform. It imposes a surcharge on taxpayers, in that people will have to contribute more. It is like another tax. I know that the people will not be delighted at that, but we have to look several years down the road. We have to be able to look at our children and tell ourselves that it would be worthwhile for them to have the same advantages we have had all our lives.

What Reform is telling us is that this is a tax increase. This makes no sense; they are playing politics with blinders on. I find this very frustrating. We in this House see our share of short-sighted policies. I need only think of the position taken by the Minister of the Environment, who, very quietly, will take a position much like that of the United States. It is true they say greenhouse gases are serious business, but what about future generations? I am not just thinking about myself. Policies being formulated now will have an effect in 20 or 30 years when I will be 40 or 50. I think they should give thought to future generations when they establish policies. Policies on sustainable development as they are called.

If I were the son of a Reformer or rather a Reform member, I would be wondering how I could look my children in the eye and say "Sorry, my education did not cost me a lot. When I finished university, I got a job and it did not take long. When I retired, I had a pension plan and one heck of a retirement. Unfortunately, you my son, will have to pay for your university education". What is more, this morning in committee, a Reform member said he was opposed to loans and bursaries. I am not going to get into this, but as I said, the Reform approach is sort of "You are going to pay dearly for your university education. When you get out, you will not have a job, and that is no problem. When you retire there will be no pension, because the coffers will be empty".

I do not understand. I am not into partisan politics. I do not want to divide the Bloc Québécois, the Reform Party and the Liberal Party. I am talking much more of a generational thing. I feel sorry for the poor people my age who vote for the Reform Party in Alberta and British Columbia. Perhaps it is time they looked at their policies.

Finally, this shift to the right is of great concern to me because such policies widen the gap between rich and poor. It is like saying

to young people: "Our generation was rich, but we don't care if you have to live on a shoestring". This makes me very uncomfortable. When I talk about the gap between rich and poor, I am talking not only about long term policies, but also about things that are happening right now. My colleague from the NDP mentioned the banks. One of my Bloc colleagues will soon propose a reform package to encourage banks to become more socially involved in our communities.

• (1550)

I believe it is time for policies that are more concerned with social issues. This shift to the right will lead us nowhere. It only redistributes the money so the rich get richer while the poor get poorer. The poor must resort to violence to be heard, leading to total anarchy. I do not want that kind of society. I want a fair system.

Your generation enjoyed a rather fair and equitable system. My generation and that of my children deserve a system that is just as fair.

I intend to keep Reform members on their toes. As long as they keep moving such phoney amendments—I have no qualms about calling them phoney—I will rise in this House to take them to task.

[English]

Mr. David Iftody (Provencher, Lib.): Mr. Speaker, it is my pleasure today to speak briefly on the motions before the House and the debate about the Canada pension plan in general.

Having sat on the finance committee and having heard from Canadians both on the larger question of the general finances of the country leading up to our budget and on the CPP, it has provided me with an opportunity, I believe, to speak to a number of points and to add some clarifications.

The member for the New Democratic Party, the critic for small business, referred to a number of points with respect to the Canada pension plan contributions and the effect on small business. Indeed, it is true that it will have an effect.

I think it is important to point out a number of features within the tax arrangements between the provinces and the federal government on the CPP question. That is to say, that with some of the tax measures that are currently available, there is possibly a \$900 increase in the Canada pension plan between the employer and the employee. After tax it is more like around \$700. I believe those features have to be brought out with respect to small business and for the assistance of small business.

Speaking about small business, the member for the Conservative Party, who spoke eloquently earlier here in the Chamber, talked about the plans of the Conservative Party with respect to unemployment contributions and tying that into the CPP. It is important to remind the House—and I am sure it is not lost on all the

Government Orders

members here and those who were here between 1988 and 1993—that the current leader of the Progressive Conservative Party voted many times and repeatedly to raise contributions to a level of \$3.30 per \$100 of earnings against the small business people and employees.

What we have done in the four short years on that particular question with respect to employment contributions is lower it, indeed with the most recent changes a few days ago, to \$2.70. Taken all together over the past four years, this puts \$4.2 billion back into the hands of small business people in Canada and their employees. This is an important contribution. As was pointed out by the parliamentary secretary earlier in the debate, we will continue to work toward that goal.

It is really a false assumption to say that we have this large and looming surplus in the employment fund when, as members know, previously, around 1989-90, we had a deficit. Was it proper then? I would like to ask the opposition if it was immoral, as some had suggested at the committee table, to take money now from the surplus? Was it immoral at that time, for example, to ask Canadians to pay that deficit fund under the EI fund which accounted for billions of dollars?

It is prudent practice in terms of consolidating the revenues of the Government of Canada and to balance those out. Certainly in times of surplus, last week we made a \$1.4 billion contribution back to the employees. If it runs into a deficit financing position again, obviously we would be prepared to back that up and to support that.

• (1555)

Referring to the CPP specifically, one of the things the Reform Party has not done to address this important debate is the primary antecedent or variable that shapes this whole discussion on the Canada pension plan. Thomas d'Aquino, President of the Business Council on National Issues, for example, when he came to the table of the House of Commons, specifically asked the opposition parties what they were prepared to do with the \$600 billion debt that was on the table momentarily and what we are going to do with this liability over the next 25 to 30 years.

There have been no constructive proposals brought forward in this regard. Most certainly the plan of the Reform Party for this super RRSP may benefit a few but it certainly is not going to help the majority of Canadians who make contributions at an average of \$3,000 a year. It certainly said nothing, absolutely nothing, about the \$600 billion liability which we are trying to address in this formula.

It is very interesting that even in the province of Manitoba, recent reports from Stats Canada, and reported in the local newspa-

per in Manitoba *The Winnipeg Free Press*, that the average contribution in Manitoba for RRSPs was less than \$3,000. Surely these contributions are not safe enough to provide that template, that safety net for all Canadians into their future. It is just not there.

In other words what I am saying is that the ceiling we have employed at this point in the RRSP contributions of \$13,500 is exercised and enjoyed by only a few. The plan for the RRSP will not do that. This says nothing about the absence of a disability plan or some compensation for widows.

The Canada pension plan and the long term proposals we have put forth to the House and through the committee are responsible plans. It should be acknowledged that yes, the plan has fallen short of its goals and its objectives. No one could have foreseen, certainly the crafters and drafters of these documents could not have foreseen, a reasonable person could not have foreseen in 1965, 1967 and 1968 that successive generations of adults would not be having larger families than we currently have, two or three children per family. This is the central feature. Demographics cannot be lost in this debate in terms of their effect on ability to pay.

This is what we are trying to do by responding to the auditor general, to outside consultants' reports and by looking at the overall view and the long term health and prosperity of the country. What we are doing now will provide that template to make sure those people who are 60 years old now, those who are turning 50 this year and in 10 years will be thinking more acutely about their retirement, whatever their arrangements are and whatever packages are as a combination of their work benefits, family inheritances, RRSPs, are secured into the future for their retirement. Further, the younger generation, those for example between the ages of 30 to 40, can have the degree of certainty to know that they will need to have a secure pension plan into the future as well.

I want to conclude my comments by saying that over the next number of months and in the upcoming budget we are responding to the needs of small business in Canada. The recent reductions in the employment insurance, the changes in the CPP to provide a stronger stability and predictability in financial planning for small business, the reduction in interest rates as well are helping small business and keeping the economy moving and growing. This is particularly so in Manitoba where we are enjoying record growth in our exports.

I believe the amendment is wrong. I believe the motion by the Conservative party to bring these two important programs together is a misleading one. It will not be helpful to small business and ultimately will not be helpful to Canadians.

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

Government Orders

Some hon. members: Question.

The Deputy Speaker: The question is on the motions in Group No. 5, which are deemed to have been demanded and deferred.

• (1600)

Accordingly, the question is on the motions in Group No. 6, Motions Nos. 11, 13, 14, 15, 16, 17, 18, 19 and 22. These motions have been deemed moved, seconded and read.

Mr. Lorne Nystrom (Qu'Appelle, NDP) moved

Motion No. 11

That Bill C-2 be amended by deleting Clause 59.

Motion No. 13

That Bill C-2, in Clause 61, be amended by

(a) replacing line 3 on page 31 with the following:

“20. The amount”

(b) deleting lines 8 and 9 on page 31.

Mr. Jean Dubé (Madawaska—Restigouche, PC):

Motion No. 14

That Bill C-2, in Clause 61, be amended by replacing lines 8 and 9 on page 31 with the following:

“(2) For each year beginning in 1997 and ending in 2006, the amount of a Year's Basic Exemption is \$3,500.”

Mr. Lorne Nystrom (Qu'Appelle, NDP) moved

Motion No. 15

That Bill C-2, in Clause 67, be amended by adding after line 36 on page 36 the following:

“(4.2) Employer contributions for a self-employed person earning less than the prescribed threshold income shall, for the years 1999, 2000 and 2001, be calculated on a progressive scale based on annual income in accordance with the regulations.

(4.3) Every regulation made pursuant to subsection (4.2) shall be laid before both Houses of Parliament within the first fifteen days of the next session after the date it is made, and the regulation shall remain in force until the day immediately succeeding the date of prorogation of that session of Parliament and no longer unless during the session it is approved by resolution of both Houses of Parliament.”

Motion No. 16

That Bill C-2 be amended by deleting Clause 68.

Motion No. 17

That Bill C-2 be amended by deleting Clause 69.

Motion No. 18

That Bill C-2, in Clause 71, be amended by adding after line 23 on page 41 the following:

“(4) For the purposes of subsections (1) and (2), the Year's Maximum Pensionable Earnings for the years 1999, 2000, and 2001 shall be two times the amount calculated under this Act.”

Motion No. 19

That Bill C-2 be amended by deleting Clause 76.

Motion No. 22

That Bill C-2, in Clause 94, be amended by replacing lines 35 to 45 on page 73 with the following:

“year being generally constant.”

Mr. Lorne Nystrom (Qu'Appelle, NDP): Mr. Speaker, we are dealing here with nine different motions, most of them in my name and one from the Conservative Party. I only have 10 minutes, so I just briefly want to touch on the motions in my name on behalf of our party.

Motion No. 11 relates to the new investment fund that is being established by the legislation. The amendment is to put other objectives into the fund in terms of where it is to be invested. Right now the only objective is to maximize the return for the contributor. That is a very laudable objective. In addition, we believe there should be some other objectives, such as investing in the Canadian economy, in industries and sectors that would create more jobs for Canada.

The model would be la Caisse de dépôt et placement.

[*Translation*]

The objectives of the Caisse de dépôt in Quebec were quite adequate for a long time; they supported job creation and economic growth. The Quebec economy grew stronger and stronger thanks to the Caisse de dépôt.

We must have similar principles and goals for the Canada pension plan.

[*English*]

Motion No. 11 would create some of the goals and objectives.

Motion No. 13, is extremely important to members of the NDP. This is the one that would reindex the year's basic exemption. In the Canada pension plan there is a basic exemption of \$3,500 which has been indexed over the years. That indexation is now going to be eliminated.

When the Canada pension plan was formed back in 1966 the basic exemption was approximately \$400. People making less than \$400 would not contribute to the Canada pension plan. The government of the day and the Parliament of the day in their wisdom decided to index that \$400. Now it has gone up from \$400, to \$500 to \$1,000, to \$2,500 and now up to \$3,500. Low income people are not making contributions to the CPP on anything they earn up to \$3,500.

Now, the government, despite the advice of a lot of people in the country, has decided to deindex that basic exemption so low income people will be paying more and more into the Canada pension plan. That is why we have put forward these amendments and that is why the changes are regressive.

Across the way there are Liberals who are ashamed of this change. I am sure that if you could speak out, Mr. Speaker, you

would be ashamed that low income people in Kingston are paying more and more into the Canada pension plan. Now, that is not the tradition of Lester Pearson and Paul Martin, Sr. and the progressive Liberals of the 1960s that brought in a Canada pension plan that was progressive. That is gone.

That is why these amendments are not supported by the governments of British Columbia and Saskatchewan which have the good fortune to have NDP governments which are very enlightened and very progressive.

Motion No. 15 is of great interest to my colleague from Regina—Lumsden—Lake Centre. He spoke very eloquently on the previous motion which is very similar to this one. This deals with the problem of the self-employed who are going to be hit very hard by the changes to the CPP. The premiums are going up from 5.85% over six years to 9.9%. The self-employed person will have to pay both the employer and the employee contribution of 9.9%. That is going to be very difficult for self-employed people who are on the lower income scale.

For a wealthy accountant from the Toronto or Mississauga area who is making \$200,000 or \$300,000 a year as a self-employed person, it does not really matter. However, it is very difficult for the small businesswoman who is struggling along at \$20,000, \$30,000 or \$40,000 a year, to pay 10% of her income into the CPP.

• (1605)

My motion will make this contribution progressive as well. The lower income people who are self-employed will pay proportionally less and a wealthy lawyer or accountant from Mississauga will pay proportionally more. Who could oppose that outside of the wealthy who come from Mississauga? And he is a Liberal.

I am sure in the days of the old progressive Liberals like Paul Martin, Sr. or Pickersgill or Pearson, they would never have dreamed of doing this to the self-employed people. I am sure they would not. That is another motion I present to the House today.

My colleague from Winnipeg North Centre is extremely interested in Motion No. 16 which would restore the benefits to where they were since there will now be a reduction in benefits. This reduction will affect women the most, especially low income women. That is very regressive. And—

The Deputy Speaker: I regret that I must interrupt. The hon. member will have time in a few minutes, but I have to interrupt the proceedings at the moment because we have received a very important message.

* * *

[Translation]

MESSAGE FROM THE SENATE

The Deputy Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following bill: Bill C-22, an act to implement the Convention on the Prohibition of the Use,

Government Orders

Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction.

THE ROYAL ASSENT

[English]

A message was delivered by the Usher of the Black Rod as follows:

Mr. Speaker, it is the desire of the Honourable Deputy to His Excellency the Governor General that this Honourable House attend him immediately in the Senate Chamber.

Accordingly the Speaker with the House went up to the Senate chamber.

• (1615)

And being returned:

The Deputy Speaker: I have the honour to inform the House that when the House did attend his honour the Deputy to His Excellency the Governor General in the Senate chamber, his honour was pleased to give, in Her Majesty's name, the royal assent to the following bill:

Bill C-13, an act to amend the Parliament of Canada Act—Chapter 32.

Bill C-22, an act to implement the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction—Chapter 33.

GOVERNMENT ORDERS

[English]

CANADA PENSION PLAN INVESTMENT BOARD ACT

The House resumed consideration of Bill C-2, an act to establish the Canada Pension Plan Investment Board and to amend the Canada Pension Plan and the Old Age Security Act and to make consequential amendments to other acts, as reported (with amendment) from the committee; and of Motions Nos. 10 and 12.

Mr. Lorne Nystrom (Qu'Appelle, NDP): Mr. Speaker, before royal assent I was discussing Motion No. 16. I suggested that it is a very important motion because it restores the benefits to their current levels. Many people will experience a cutback to their benefits under the legislation. It will make accessibility to benefits more difficult. It is a step in the wrong direction.

Motion No. 17 has been moved by the NDP under my name. It would restore the old formula for the calculation of disability benefits under the CPP.

Unfortunately the Liberals across the way in their new conservative style have decided to make it more difficult for disabled people to collect benefits under the Canada pension plan. They are hanging their heads in shame.

Government Orders

Disabled people are finding it more difficult to get benefits. This is happening at a time when we are experiencing economic recovery in the country. The so-called Liberal government is taking it out on the disabled.

I would be willing to sit down if the Liberals would get up to explain why there is an attack on the disabled. I am puzzled as to why the party of Paul Martin Senior and the party of Lester Pearson would do that kind of thing. It is amazing. They are going after those who are most vulnerable in society. They are making accessibility to disability benefits more difficult.

I plead with the government to accept this reasonable amendment to return to the formula that currently exists in the Canada pension plan for the disabled to receive benefits.

Motion No. 18 is also very interesting. It is a departure from the current Canada pension plan. Currently there is a maximum of \$35,800. Above that maximum people do not make any further contributions on their earnings. What actually happens is that the person who is making \$35,800 pays as much into CPP as a senator, a member of Parliament, the Minister of Finance or Conrad Black, who is a friend of the Minister of Finance.

I ask again if that is fair. I ask the hon. member for Abitibi if that is fair. That member is a free spirit. He should be rising in the House and saying that it is not fair.

My motion would make it more progressive. It would ensure that people who make more money would make contributions on the money they make above \$35,800 a year. Some might say this is a radical idea that could not be sustained.

• (1620)

The upper limit for contributions to the United States pension plan is \$85,900 Canadian a year. That is over two and a half times higher than what it is in this country.

Let us make it more progressive when it comes to people who are making \$50,000, \$60,000, \$100,000 or \$150,000. As members of Parliament we should be paying a bit more of our income into the Canada pension plan to make it more progressive. It would be more progressive than the contribution rate for low income people. It would be lower. It would not be 9.9% but much lower than that.

Turning to Motion No. 19, there is a cutback in benefits to women. They want to restore the formula so that low income people receive the same kinds of benefits they are getting today.

I am not asking for too much. The economy is starting to turn around. Why penalize women? Why penalize the disabled? Why cut back on survivors benefits? The death benefit is being cut back from about \$3,500 to \$2,500. Again many widows are receiving that benefit. Once again it is an attack on women.

My Motion No. 22 is self-explanatory. In a nutshell those are the motions I moved. There is also one Reform motion in this grouping.

This group of amendments would restore progressivity to the Canada pension plan. I would like to see one or two progressive Liberals, one or two so-called left wing Liberals or pink Liberals, getting up in the House of Commons to offer a bit of support to a couple of these amendments.

The member for Abitibi may do that. He used to be a Conservative MP. Now he is a Liberal MP. Why does he not continue that move toward the left by getting up and supporting some of these progressive amendments. It would be good for his constituents and good for Canada.

Mr. Jean Dubé (Madawaska—Restigouche, PC): Mr. Speaker, I would like to correct the hon. member. This grouping contains a Conservative motion as well as his amendments.

[*Translation*]

I have the pleasure to propose an amendment to Bill C-2, based on the principle of equity for all Canadians.

As it stands, Bill C-2 freezes the basic annual exemption at the \$3,500 level. I wonder on which planet the authors of this bill live, but they seem not to know the word "inflation" over there. It reminds me of the George Orwell novel *1984*. Whenever the characters in that book wanted to get rid of a reality, they would ban the use of the word depicting that reality.

However, we all know that this is not how things work in the real world. Everybody knows that it is not because Bill C-2 ignores inflation and its impact on low income workers that inflation will disappear.

Bill C-2 in its present form does not provide for a review of the basic exemption. How much do you think the \$3,500 of today will be worth in 2017? In 2037?

In clear terms, workers who think they can manage with this exemption will gradually get smothered by inflation.

[*English*]

The government pretends that freezing the year's basic exemption at \$3,500 accounts for as much as 1.4% of the premium decrease, but in fact such a case cannot be considered as a real premium decrease of 1.4% since they will end up paying a higher premium on higher income.

Is this what we call creative taxation?

[*Translation*]

The government should not have the power to change a fundamental and essential program such as the Canada pension plan without explaining to Canadians all the consequences of the changes.

However, that is exactly what it is doing because it does not explain the impact of this deindexation of the basic exemption and it does not specify which Canadians will be affected.

● (1625)

The freeze of the basic exemption in contributory earnings will have more impact on low wage earners, particularly women, students and residents of disadvantaged areas. I should say will have, again, more impact on these people. And I thought that the message sent to the government on June 2 by several regions had been received loud and clear!

The Progressive Conservative Party strongly believes in equity. If the growth of the plan is stronger than forecasted by the last actuarial report, we could have some room allowing us to restore indexation.

We believe that there should be a mechanism to allow for a review of the year's basic exemption. Bill C-2 already provides for a review of the plan every three years. What we propose is that the year's basic exemption be reviewed also in 2006.

If we manage a return on investment comparable to the return of private plans over the next ten years, it would not be necessary to freeze the basic exemption forever. This is the only way to have some equity in this bill. We should not forget that the people most affected by the freeze on the year's basic exemption are the young, women and the self-employed, 45 per cent of whom earn less than \$20,000 per year.

In fact, young people are severely affected by the reform of the pension plan. In simple terms, they will pay much more than those before them and get back only a fraction of what those before them received and will be receiving. So much for intergenerational equity.

As for women, it is a secret for no one that their socio-economic profile is generally such that they will not be able to benefit from the plan as much as men. Does Bill C-2 contain anything that may help counteract this? No.

What this government chose to include for these women is a year's basic exemption, which will gradually be eaten up by inflation. The same goes for self-employed workers who, in addition, have to bear the burden of paying both the employee's and the employer's share of premiums. The same goes for people from depressed areas struggling with horrible and outrageous levels of unemployment. The same goes for all low income earners.

There is nothing, absolutely nothing, in Bill C-2 for these people. There is nothing in here to ensure that Canadians are treated equitably, nor, for that matter, in the employment insurance program, the other major social security program, which once was the pride of Canadians.

Government Orders

Instead of compensating working taxpayers by reducing employment insurance premiums by a fair amount, which would help consolidate existing jobs and create many new ones, the government stubbornly insists on offering symbolic reductions and mini-reforms.

Naturally, observers agree that this is a step in the right direction. The problem is that, when I leave my riding, in New Brunswick, and head west toward Vancouver on the Trans-Canada highway, I am also going in the right direction, but I am very far from my destination. At the rate premiums are going down, I will not even make it to Regina by New Year's day.

● (1630)

To conclude, we, in the Progressive Conservative Party, believe in equity for all Canadians. Since this quest for equity is also one of our fellow Canadians' most serious concerns, it is essential that a mechanism be provided for in Bill C-2, that will allow the amount of the year's basic exemption to be reviewed on a yearly basis.

And because equity is a value shared by the members of this House, I encourage them all to vote in favour of this motion.

[*English*]

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I am very pleased to stand and participate in this debate on changes to the Canada pension plan. I congratulate my colleague from Madawaska—Restigouche and the other members of our Conservative Party who have mounted solid arguments and amendments to try to fix this ill conceived plan that the government has brought forward.

Also, and this is probably the only time this will ever happen, I want to commend the Minister of Finance for the amendments he brought forth yesterday. I did not get a chance to speak on them then but I was happy to see that the minister listened to our concerns about his bill and being silent on the auditor general's ability to request documentation on the CPP investment board.

As we pointed out to the House, the auditor general himself indicated that there were no guarantees in this bill that would ensure he could request the documentation that he needed to oversee the board's operation. With the amendments he submitted, the minister clarified that situation and we were very pleased that he finally saw the light even if it was for only a brief moment.

I wanted to speak today so I could talk about Motion No. 15. This motion was introduced by one of our colleagues from the NDP. It proposes that self-employed persons pay a CPP premium rate according to their incomes. We believe this is a very good idea and a very good recommendation.

One has to remember that self-employed persons are required to pay the employee's portion and the employer's portion of the premium. When rates go up even a little, self-employed persons

Government Orders

have to bear the brunt of the entire increase. In other words, when rates go up to 9.9% the self-employed have to pay \$9.90 to the government for every \$100 they make. That can be very hard, especially when we know that in 1997 more than 2.5 million Canadians were self-employed.

Consider for a moment that according to Stats Canada, 45% of the self-employed earn less than \$20,000 a year. At \$20,000 a year you do not have a lot of disposable income left after you give so much of your pay cheque to the government. We must help those millions of Canadians who are trying desperately to earn their livings and to have their dignity.

We can help low income Canadians by lowering payroll taxes. That is the argument we bring forward today when we say that the hike in CPP premiums should be offset by reductions in EI premiums. I was very pleased to see that the minister came forth after I rose to speak in the House and lowered it by 20 cents. However, according to the actuarial report he should have lowered it by 90 cents because he will still have \$40 billion in an account by the year 2004.

We can also help self-employed workers by making them pay CPP premiums according to a sliding scale based on their yearly revenue. If you make only \$20,000 a year, you could pay a lower rate than someone who makes \$60,000 a year. It is a small measure but it can make a big difference in the lives and the pocketbooks of many Canadians.

For the first time in our history a whole generation of Canadians is unsure that it will be able to enjoy the same quality of life its parents did.

• (1635)

Many Canadians worry that some of our most fundamental institutions and values such as health care and Canada pension plan might not be there for them and their families when they need it. Canadians have every right to expect the federal government to set the right priorities and policies and to chart the right course to achieve what they need for the future.

We need an innovative, realistic plan that sets new priorities for government as part of a long term vision for our future. One of these priorities is security for retirement for all Canadians and more especially the restoration of the Canada pension plan.

In 30 years the average age of Canadians will be higher than the present average age of the population of Florida, with no corresponding adjustment in temperature. A lower birth rate and increased life expectancy, along with a sharp rise in disability claims, also put new stress on the CPP. The CPP has also been jeopardized by inadequate contribution levels and inefficient plan management as a consequence of faulty legislation.

CPP funds, for instance, have been loaned to the provinces at the rate Ottawa pays on its 20 year bonds. This is less than what the provinces pay other bond holders and it is also less than what private sector plans earn. No wonder Canadians think the government cannot add.

The liberal plan to fix the CPP is basically a \$11 billion tax hike on working Canadians out there and employers over the next six years. This is coupled with already high EI levels which the Minister of Finance, as I have stated, has refused to lower, the 90 cents he should have done.

What this government is doing with these changes to the CPP is a traumatic tax grab that will have a devastating effect on job creation. If we were in power, we would increase CPP contribution rates to levels adequate to ensure the long term viability of the plan. However, these increased contributions would be offset by a substantial reduction of personal income tax rates and EI premiums. This means putting more money into the plan without asking Canadians to pick up the tab and without creating threats to job creation.

We would also make provisions to finance the extra cost per year of seniors benefits resulting from demographic changes. We would also ensure that the mandate of the Canada pension trust and its trustees would be to advise the government on required contribution levels and to select the best private managers acceptable to the industry to invest the fund's growing surplus to secure long term returns.

It is most important that we guarantee all our young people today, not just the ones who are sitting in the House, but those across the country, that there will be a retirement plan for them, a Canada pension plan for them. It is up to each and every one of us to make sure this happens. Now it is our generation's turn to become nation builders. Part of that responsibility is to ensure that Canadians of all ages and all circumstances can count on a secure retirement.

I would argue that unless Bill C-2 is amended to meet the changes that our party is advocating and that the NDP is advocating as well, the Liberals will be passing the biggest tax increase this country has had in a long time and it will impact and hurt every Canadian very hard.

I urge all members of this House to consider this very seriously.

[*Translation*]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, I was pleased to give up my turn to the member for Saint John earlier, the reason being that there is a shipyard in her riding, as there is in my riding of Lévis. This may strike you as odd, but all parties sometimes have something in common.

When I listen to her, the old saying about not having your cake and eating it too came to mind. Basically, she is deploring the fact that the population is aging and that the CPP can be expected to cost the government more. If one were consistent, one would then admit that more money needs to be put into the fund, but that is not what she is saying.

• (1640)

On the contrary, she is saying that it is an unwarranted and unacceptable tax hike. We in the Bloc Québécois feel the same way. The population is aging and there will be an increase in the needs of seniors, of those retiring in the future.

But there is worse. We must not forget those to follow, subsequent generations. Earlier, the member for Lac-Saint-Jean spoke of his concerns and fears as a young person for the future.

There must be no mistake about this. The Liberal and Conservative governments should have taken action much sooner. If we look at the demographic patterns, at the statistics, it is obvious that there will be a problem to resolve. It could have been foreseen and resolved much earlier, but this was not done.

We therefore find ourselves in a situation where there is a mad rush to build up the fund, to make it more efficient, more productive, as Quebec did several years ago by setting up its Caisse de dépôt et placement. The Caisse is the pride of Quebecers. Being a staunch sovereignist, I am delighted to see that the federal government wants to copy Quebec. This augurs well because it is also an admission that the Quebec government's solutions are sometimes good ones.

But back to the amendments. Following this line of thought, Motion No. 13 is admittedly a bit special. The New Democratic Party and the Reform Party agree on something. This worries me. What is the explanation when we see people from parties with completely different ideologies agree? Why is it that they agree on that when they are at opposite ends of the political spectrum?

They are also against it. They want to have their cake and eat it too. That is not possible. There comes a time when we have to make a choice, and this choice is now before us. The Bloc Québécois' position is that the fund for the pension plan absolutely has to be increased. That is why we cannot support amendments designed to limit the assets going into the fund. For us, it stands to reason that it should operate this way.

The other amendments have more or less the same objective, and the motives in the case of Motion No. 14 are the same. I do not have much to say on Motion No. 15. We have to admit at times that we do not understand very well. I hope the NDP members will be providing more information because, as it now stands, this amendment serious questions.

Government Orders

As for Motion No. 16, it calls for the deletion of the section dealing with the new rules for calculating the benefits. These rules state that the pensionable earnings average will be determined by taking the last five years, instead of the last three years as is presently done. We are against this amendment for the reasons outlined before. This would have the effect of not ensuring the long term viability of the plan.

As for Motion No. 17, I do not have any comments. On Motion No. 18, if I understood correctly, the member for Qu'Appelle wishes to increase the contributions, so that the maximum earnings would go from \$35,000 to \$70,000. If that is what is meant, we can announce right now that we will be against it.

As for Motion No. 19, it calls for the deletion of the clause that provides for stricter requirements on the payment of benefits in the case of combined retirement and disability benefits. There is something I do not understand in all this. When a person is disabled, it is necessarily because he or she is sick or has a disability. I think everyone would agree that a person with a disability has a higher cost of living. Equipment and facilities that generally cost more are required.

• (1645)

It is the same thing in the case of people who have an incurable disease. They need medication, many types of services, and people to help them. So I think we have to accept the principle that people with a disability, when they are retired, need extra support to continue to live under conditions that are as normal as possible.

So these are the main arguments. Other colleagues from my party may also have observations on this, but that is the position of the Bloc Québécois on Group No. 6.

[*English*]

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, I am happy to speak to this again. There are some new amendments before the House and I want to say a few words on behalf of the New Democratic Party caucus with respect to these amendments to Bill C-2.

I would like to begin by thanking the member for Saint John and her caucus in the Conservative Party for supporting some of our amendments. I have worked off and on with the member for Saint John over the years and I find her to be a very co-operative person on many issues. She does not totally agree with our philosophy, but she sure agrees with a lot of it. I just want to acknowledge that today and thank her for her support on these amendments.

Before I deal specifically with Motions Nos. 11 and 13, 15 through 19 and No. 22, I want to say a word about No. 21 on which I understand the government has undertaken to follow the advice of the NDP. The NDP suggested that the auditor general be the auditor of record for the Canada pension plan benefits. I understand by reading the orders of the day that the government has put

Government Orders

forward an amendment suggesting that the auditor general be the auditor of record for the Canada pension plan. That is something all parties would agree to support.

With respect to Motion No. 11, the NDP has a bit of a problem with accumulating a large surplus without reinvesting in our communities, our local businesses and our provinces with respect to infrastructure and creating jobs. Our motion provides some recognition of the fact that the Government of Canada and the people who support the funding of the government, the taxpayers, unanimously agree that government is a going concern.

What we mean is that when we are in business there are certain long term obligations, whether it is capital costs or capital accumulation. There are long term costs when it comes specifically to pension benefits for some business people. This motion we are putting forward acknowledges that the government has a going concern status, which means that it is going to be around for a long time and has a source of revenue that fluctuates on a regular basis, but is consistent. If it is a stable concern it can fund a pay as you go pension plan more easily than a corporation or a business that is having financial problems.

The notion of an unfunded liability is not really pertinent to the Canada pension plan as we know it.

With respect to Motion No. 13, we are very concerned about what the government is doing with respect to deindexing the yearly earnings. When the minimum is deindexed, there is a burden on those at the lower income scale. Our basic amendment freezes the year's basic exemption, the YBE, at \$3,500 beginning in 1998.

We are proposing to let it float, let it be indexed for inflation. My colleague from Qu'Appelle indicated earlier that in 1966 when the plan was initially created as the result of a lot of hard work from the CCF and the New Democratic members across the country, the minimum yearly basic exemption was about \$400. At that time the maximum was about \$4,000 on earnings. It was a ratio of about 10 to 1.

• (1650)

Now we see the basic yearly earning being \$3,500 on the basis of contributions made on a top salary of \$34,000, so about a 10:1 ratio has been sustained. We feel that if this is not sustained on a long term basis, it will hurt those people who need the support most. We are very concerned about this. We are asking in this amendment to make sure that the yearly basic exemption is indexed with inflation.

On Motion No. 15, I know the Bloc had some concerns about this. We believe very strongly that employees are getting away from paying the Canada pension plan share because many employees are hired on a part time basis. They are paid up to about \$3,500 but they do not qualify to pay pension contributions and

then they are not called back. These are mostly part time workers, women and others, who would suffer. We are asking that this minimum \$3,500 be adjusted particularly in the face of work in this country which is ever-changing.

With respect to Motion No. 16, my colleague from Qu'Appelle basically indicated very clearly what we after here. We want better benefits for our seniors. Our change proposes that the benefit formula in the calculation is altered. The net effect is to provide increased benefits as opposed to reducing benefits, which the government wants to do. It seems to me that as we get older and inflation kicks in and the cost of living increases, we want to provide our seniors, our pioneers, with some sense of security so they will not have to rely on welfare and other things to get by on in their retirement years.

With respect to Motion No. 17, we propose to delete clause 69 because 69 is really attacking those who can least defend themselves. It reduces benefits for the disabled. It really attacks those who need more support as they get older. For example, we have a worker who works for 40 years, turns 55 or 56, gets injured, does not have a disability plan and cannot work. He or she does not contribute in those last eight or 10 years, which are crucial for CPP benefits to maintain a higher pension when he or she gets older. Therefore they diminish their pension for the years they need it the most. These are people who are injured. They are not people who are abusing the system or taking advantage of it.

With respect to Motion No. 18, we want to uncap the ceiling. We are proposing that the \$35,800 be increased. For example, the National Council of Welfare is quite disappointed that the size of earnings are not considered an increase. Under current arrangements, CPP contributions apply to a relatively narrow band of earnings. Of the larger earnings base, contribution rates do not have to rise so quickly. The trade off would soften the impact on workers with lower than average wages. Those who are earning more money can afford to pay a little bit more and subsidize the plan.

In 1996 the rules of contributory earnings begins at the year's basic exemption of \$3,500 and goes up to the year's maximum pensionable earnings of \$35,004, a rough approximation of the average industrial wage. In the United States the upper limit is not \$35,004. The upper limit for social security in the United States is about \$62,700 U.S. which is about \$88,000 to \$90,000 Canadian. We are pegging ours at a measly \$35,000. We believe it would be in the interests of Canadians to explore the impact of expanding the upper limit of contributory earnings to the Canada pension plan.

Motion No. 19 amends Bill C-2 by deleting clause 76 which in essence, if clause 76 remains, is another attack on women. It is unnecessary and it fails to provide a good overview with respect to how the CPP works and how it impacts on future benefits for

Canadians. Why the changes? Reduction in combined benefits, reducing the ceiling for disability and survivor benefits. We do not want to reduce them. We want to increase them. We are suggesting our new combined benefit calculations should be increased for survivor, retirement and disability benefits.

• (1655)

I will end my comments by summarizing that we believe these changes are beneficial to those people who need it most, those people who are disabled, those people who have a lower income. We believe if we adopt these changes we will have a more viable Canada Pension Plan for not just the next four or five years but for as long as our country exists.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, right now we are having a rather lengthy discussion about Group No. 6 amendments.

The effect of these amendments is pretty much as follows: to increase the level of benefits given in a fair number of areas, better benefits for the disabled, better benefits for survivors, mostly women, better benefits period. This is something that we would all like to see happen.

We would all want to see everyone in our country, probably everyone in the world, be very comfortable in their retirement and indeed throughout their whole lives. It would be wonderful if we could generously protect everyone and even make sure they have the luxuries of life. The thought, the intention behind these amendments is something we would all agree with.

Unfortunately, as we all learn from the time we are young, our wants come at a cost. When we purchase something, we must have money to do that. The reasonable question for Canadians is what level of benefits can we afford. Are we willing to pay for them? This notion that somehow “the government” is going to pay for it is simply a myth. The government is us. It is taxi drivers, hairdressers, people who are working hard every single day, paying their money into these programs and funding the benefits that come out of them.

Here we have amendments saying “We want more”. The question is how much can we afford? We have to remember, and I am sure the members who proposed these motions have not forgotten, that already this program is \$600 billion in the hole. Six hundred billion dollars is a fair chunk of change. There is about two years worth of payments only lying around to the pay the benefits that have already been promised. Yet we now have a demand for more benefits where we have almost no money to pay the ones we have got already and some members are saying “More, more, more”.

We have no money available to pay for the ones we have. I guess the question has to be asked: where is the money going to come from?

Government Orders

There are two amendments that are possibly talking about where the money is coming from. They are kind of an interesting mix. One amendment is to uncap the ceiling on earnings on which people must pay benefits. That would make higher income earners pay more into the program than lower income earners.

The other amendment would say that premiums must be based on income and in a sense that is the same thing. If a person earns less, they pay less premium and if they earn more, they pay more premium.

With all respect to the members, we have to decide, and I think this might be a good time, whether this is really a pension plan or whether it is a social program, whether it is an income redistribution program.

• (1700)

If it is just an income redistribution program, let us not mislead the Canadian public by saying that it is a pension plan. Contributions are paid into a pension. They are invested and everyone benefits from that. That is a pension plan.

I have never heard of a pension plan where some people pay some money in and some people pay more money in and, then, at the end of the day some people get more out and some people get less. That is not a pension plan. That is an income redistribution program. It is a social program. It is entirely different.

If we are to say that this is a social program let us be honest about it. I actually agree it has been run like a social program in the past. Benefits have been paid to people who have not put in sufficient investment to get them out.

Investment will be put into the plan by people who will not get the value of their investment out. Then let us not call it a pension plan. It is a fiction if we operate it this way and pretend it is a pension plan. It is not a pension plan. There is no pension plan in the world that operates in this way.

If this is a social program where we take from the rich and give to the poor let us at least be honest about it. That is exactly what the majority of the amendments are proposing.

I for one think that if we are to run a pension plan let us run a pension plan. If we are to help the poor and disadvantaged with retirement security, there are other instruments in society to do that. We should get on with that. Let us not subvert or convert a pension program for the purposes that are being talked about here.

I notice the objectives of managing the fund keep coming up. NDP members say that we have to use it for other objectives to build infrastructure and help the economy. If this is actually a

Government Orders

pension program it belongs to the people who made investments. Their sole purpose is to get a pension out.

I dare say members of the New Democratic Party would not go to CUPW or any other union and say "By the way, the pension moneys you pay into your union pension fund should be available to the provinces to use for infrastructure and for economic development". They would get pretty short shrift if they went to union members and said the pension funds should be used for broader objectives. Yet they are saying to Canadians that their pension investment should be used for other good works and to help economic development in the provinces when necessary.

That totally flies in the face of logic, good management and the expectations of Canadians. I do not see any logic, good sense or proper management in the proposals. The one proposal I support is to make sure that the year's basic exemption continues to be tied to inflation.

As other members have pointed out the year's basic exemption, the minimum amount of money that does not require a premium to be paid, started out at \$400. We can imagine if it was frozen at \$400 and the government went to workers and said "Aren't you lucky you do not have to pay premiums on your first \$400 of earnings?" The workers would say "Whoop-de-doo, big deal". Because of inflation the basic exemption has had to rise to \$3,500. After a few years, if we do not tie this to inflation, \$3,500 will be worth to workers exactly what \$400 is today, nothing.

This is a very sneaky way of taking even more premium from low income people who can least afford it. I think it is dishonest. I think it is unwarranted. It certainly flies in the face of the stated intention of having a year's basic exemption in the first place.

I would certainly urge the government to get rid of taxation by stealth. If it is to take money from people, it should at least be done in an honest and forthright way.

We would like to increase benefits for everybody. I certainly would like to retire on a much bigger pension than I expect I will, having given up my MP pension. I did not think it was fair in light of what other Canadians can expect.

• (1705)

The fact of the matter is that we are already billions and billions of dollars in debt because of what we have promised. To promise more would be irresponsible and totally unrealistic.

Mr. Mark Muise (West Nova, PC): Madam Speaker, I would like to discuss Motion No. 11 put forward by the NDP. Basically if we voted for this amendment we would be negating our Motion

No. 12. The NDP amendment would eliminate clause 59 of the bill, which sets out the premiums to be paid now and in the future.

We agree that certain measures must be taken to ensure the stability of the CPP now and in the future. That includes raising CPP premiums. We also believe that hiking CPP rates would put payroll taxes at a level which would stifle job creation. It would place a tax burden on Canadians that would be hard to take.

While we can agree with raising CPP premiums they must be offset by a reduction in EI premiums. As it stands the EI fund has a huge surplus. During the election campaign we argued that EI premiums should be reduced 70¢ per hundred dollars. If members do not want to take our word for it, they can take the word of several business organizations that have echoed our position and said that premiums could be reduced 60¢ to 70¢.

Some business groups have recognized that reducing payroll taxes will not necessarily create jobs but that increasing payroll taxes will stifle job creation. The government recently ignored all these arguments in favour of reducing EI premiums substantially. It reduced them by a mere 20¢, not nearly enough to offset the \$11 billion tax hike with CPP premiums.

The NDP motion would eliminate higher CPP premiums altogether. That is irresponsible, to say the least. We cannot turn a blind eye to the crisis facing the CPP. Millions and millions of Canadians are counting on us to save the CPP for now and the future.

Certain decisions have to be made. The government wants young Canadians to foot the bill almost entirely. The NDP does not want anybody to foot the bill. We want to spread the bill as equally and as fairly as we can. I believe our amendments will do that.

[*Translation*]

Mr. Ghislain Fournier (Manicouagan, BQ): Madam Speaker, I am pleased to address Bill C-2 and to tell you why my party supports this legislation, thus acting in a responsible way, as it always does. Indeed, when a bill is good, we are prepared to support it.

First, I would like to briefly discuss Motions Nos. 11, 13, 14, 15, 16, 17, 18, 19 and 22. I am very disappointed by the behaviour of the Reformers, the Conservatives and the New Democrats. It has always been said that the opposition's role is to make constructive criticism. Again, I am disappointed by the Reformers, the Conservatives and the New Democrats as regards this bill.

Why is the Bloc Québécois opposed to Motion No. 11? The purpose of this amendment is to delete the clause allowing for an increase in the contribution rate. We are opposed to this amendment partly because we will partially restore intergenerational fairness through a faster rate increase.

Government Orders

• (1710)

Present workers and babyboomers will pay more than expected, and this increase will ensure the viability of the plan in the coming years.

The increase in the contribution rate, as amended, is the result of an agreement between the majority of the provinces and is identical to the one proposed in the debate on the Quebec pension plan.

Motion No. 13 put forward by the NDP provides for the deletion of the basic exemption limitation provision. Contributors to both plans benefit from an exemption on the first portion. The basic exemption will be fixed and premiums on total pensionable earnings will continue to increase based on salaries. That means that the more you earn, the more you pay.

The Bloc will vote against this motion. This cap on the exemption will have the effect of reducing the gap between the amounts used for calculating premiums and benefits paid. This cap represents in fact an increase in premiums for everybody, but this increase will be proportionally higher for low income people.

The viability of the program for future generations and the need to maintain contribution rates at an acceptable level require that some concessions be made with regard to benefits.

Motion No. 14 put forward by the Conservatives calls for the same thing and we will vote against it essentially for the same reasons as those for which we will vote against Motions Nos. 13 and 15 put forward by the NDP. It makes no sense at all. I think even they do not understand. How can we understand this total mess? It makes no sense from beginning to end.

Motion No. 16, put forward by the NDP, also calls for the deletion of a provision that sets new rules for calculating benefits.

I will not read through the motion. For the same reasons as Motion No. 13, we will vote against this motion because we must make concessions to ensure the long term viability of the plan.

Motion No. 17 is the same as Motion No. 14. As I was saying, we did not understand what it was about and we will vote against it for the same reasons.

Regarding Motion No. 18, if the amount is to go from \$35,000 to \$70,000, we are against the motion.

As for Motion No. 19 proposed by the NDP, we will vote against it motion for the same reasons as Motion No. 13.

Finally, we will be voting against Motion No. 22 put forward by the NPD, because the lack of concern about the negotiations and the urgent need for action about the pension plan are costing us enough money without having to repeat the same errors.

Earlier, I said that I wanted to tell the House why I, as the hon. member for Manicouagan, and my political party will be voting for Bill C-2. I was elected four times to the Sept-Îles city council and during the last term I was responsible for the senior citizens and the pensioners. There were two associations with a total number of 3,000 members.

Some of these senior citizens came to me and said "We worked awfully hard, we gave everything we had to take care of our children and to get a good pension plan". They explained their concerns and sent me and my party a message. They wanted us to protect their rights and to think about young people too.

• (1715)

If we want to preserve the pension plan for our children, for the next generation—and may I point out that I am a father of two and a soon-to-be grand-father—we have to be extra careful.

This is why our political party will vote against the amendments I mentioned, but for Bill C-2.

[English]

Mr. Greg Thompson (Charlotte, PC): Madam Speaker, I want to speak to Motions Nos. 13 and 14.

Motion No. 13 has been proposed by the NDP and talks about eliminating the freeze on the yearly basic exemption. I cannot support that and I will go on to tell the House why a little later.

While I am on my feet, I also want to speak on our Motion No. 14 which would freeze the yearly basic exemption for 10 years only. I would like to frame this as best I can so that the House will know what we are proposing.

The elimination of freezing altogether as proposed by the NDP would impose an additional 1.4% in premiums. Obviously when we are changing the principal amount of money that we are dealing with and the numbers of people who are paying, it has a huge impact on the fund. We cannot operate in a vacuum when we are talking about the realities of finances. It would be fine if we could, but unfortunately we cannot. We need to make sure that the fund is stabilized. The stabilization of that fund is paramount.

Madam Speaker, earlier today you were very gracious in allowing me a few more seconds than what I should have had in the debate when I was talking about this bill. I talked about the government postponing the inevitable. That is what has happened in regard to the Canada pension plan. The government knew full well a number of years ago and certainly when it took power in 1993 that something had to be done. It could only postpone the inevitable for so long. At some point reality comes home and we have to deal with it.

If it was a normal business transaction in an insurance company in the private sector, it would have had to declare bankruptcy. It would be insolvent. However in government, and this is the only

Government Orders

place it can happen, the government has the power to take measures to resurrect itself almost from the dead. Basically the fund at this point is dead. The Reform member mentioned that there is about two years of premiums in the fund. In other words in two years the fund will be broke.

What we are really talking about is pay in and pay out. It is on a day to day basis that the fund is sustaining itself now. The reality of having to deal with it is there.

Picking up from where I left off earlier in the day, the chance to have dealt with this reality presented itself in 1993 but postponing it is only postponing the inevitable. Now with compound interest and the demographics changing and moving around as they are and more people retiring and the pressures that are being placed on that fund, it has forced the government to increase the rates. I would call it an astronomical increase in rates.

Getting back to the reality of it, we have to deal with the cards that we have. None of us in this House or in the country want to see the fund go broke. There is an unfunded liability of \$600 billion staring the government in the eye.

● (1720)

The motion that is proposed by the NDP just will not work. The one proposed by the Liberals talks about an indefinite freeze on the basic exemption, and we are talking about a 10 year freeze on the exemption. The differences in these three divergent points of view reminds me of what Aristotle said 2000 years ago when he said that virtue was in the middle. It is in the middle, between the two extremes. That is what our amendment does. It is grappling with reality but it is not going to one extreme or the other. We are looking at a 10 year exemption.

What could happen in the meantime if the plan's earnings are invested wisely, and much more wisely than they have been in the past and are left untampered with, in a 10 year time period we could be looking at a completely different picture. The reality at that time would be that maybe our plan of a 10 year exemption would work, but in the meantime we have to deal with the cards that are on the table. I do not think any of us wants to duck that bullet because if we do, there is going to be a lot of hurt out there in Canadian society.

I think every member of Parliament is dealing with Canada pension plan problems galore back home. A number of disabled people are applying for Canada pension, and rightfully so, and are being turned down. They are just not getting it. One of the PC party members from Nova Scotia spoke yesterday of some of these situations back in his riding. That was during the statement period yesterday, right around 2.15, shortly before question period.

I have the same type of cases back home. People who have had hip replacements and cannot work. People who have a chronic disease or a crippling disability and cannot work, some of them much younger than I am. People apply only to find out that their applications are turned down, whereas just a few short years ago those same people would have been successful in their application for Canada pension plan benefits.

What we have now is the government accepting the reality that the fund is almost broken, but in the meantime there are a lot of innocent people who are casualties because of the inability to deal with this fund in the last number of years. In other words the fund is money in and money out. The government is taking a very hard look at who qualifies for these benefits. I think that is wrong. It is absolutely wrong because we are brought up to believe that if we pay into the fund, it is going to be there.

Now we find out that mismanagement over a number of years has left a lot of Canadians out in the cold. The worst thing that we could do at this point is to allow that mismanagement to continue and to not deal with the reality of having to readjust the premiums paid by you and me to sustain that fund.

Laying blame is not going to solve the problem. It would be easy for me to stand up here and condemn the government for having to do what it is doing, which is fine. And I do not agree with the huge increase in premiums either. Nobody could.

Our position has always been and it continues to be to this day, that if we are going to tackle the question of the CPP, let us also look at the employment insurance fund. Canadians are paying too much into that fund. It is just the opposite of the CPP. We are paying too much into that fund. Today as we sit, there is about a \$12 billion surplus in that fund.

● (1725)

What we are saying very simply is that the surplus in that fund should be applied to reduce the premiums in the Canada pension plan or at least to reduce the EI premiums that all Canadians pay so that at the end of the day it is a wash and will not be an extra tax burden on Canadians and on businesses. An increase in the CPP premium is really a hidden tax and we cannot stand any more of those hidden taxes on our businesses and professionals.

[Translation]

Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP): Madam Speaker, I want to talk about the huge problems Bill C-2 will create. This legislation reforms the Canada pension plan, without taking into consideration the needs and the interests of all Canadians. The Liberals would rather protect the wallets of the Toronto brokers and go after the most disadvantaged segments of our society.

Government Orders

The proposals put forward have a disproportionate impact on women, the disabled and the low income Canadians. What is the government trying to do? Is it trying to compete against the United States to see who can best abuse the disadvantaged citizens in their respective countries?

Bill C-2 will make it even tougher to get disability benefits. It is bad enough that these Canadians have to overcome their physical disabilities, but now the government wants to reduce the number of individuals who receive these benefits.

[*English*]

It is bad enough that the government is attacking people with disabilities by reducing the number of people who will receive benefits. Now it has created a category of storm troopers who will harass the disabled to make sure they are worthy of their benefits. Does this government have no shame?

[*Translation*]

Clauses 69, 87 and 107 of the bill must be deleted so that people living with a disability can do so with dignity and without being harassed by investigators. Resources would be much better spent by increasing benefits and the number of beneficiaries.

[*English*]

Women will also be negatively affected by Bill C-2. It is understood that because women leave the workforce to take care of loved ones, live longer and have fewer wages than men, women receive smaller pensions. On average, women draw CPP pensions worth only 39% of an already low maximum benefit and only 57% of average benefits drawn by men. The government had an opportunity with this legislation to rectify these imbalances, but what did it do? It made the situation of women even more difficult.

[*Translation*]

One of the most terrible things about this bill is that the amount of the basic annual exemption is no longer indexed. That means the poorest in our society will pay more, but the richest will pay less as inflation rises. Women in particular are penalized, because they are over-represented in the low income worker category. We must ensure that subclause 61(2) is deleted.

Women are also penalized under clause 76, which introduces a new calculation for disability, survivor and retirement pensions combined. Women often live longer than their spouses, and this clause will go after the already modest income they apply for. Clause 76 must be deleted to ensure that the women and men affected are not further penalized.

[*English*]

I have to also add it is not a surprise that women are attacked since they are attacked in every way, if we look at the EI where

women have been affected and also the way that the government is abusing its power by not paying the pay equity it owes to women.

[*Translation*]

Bill C-2 contains a number of problems, because according to the government's philosophy the economy is more important than people. The Canada pension plan looks after workers. Employers and employees contribute to it to ensure that Canadian workers enjoy a comfortable retirement. So would it not make sense for the government to listen to workers in this country and come up with a system that means more money for them? This would be the logical thing to do, but Liberal logic is not always comprehensible.

• (1730)

The Liberals will argue that they consulted provincial governments, but I never saw Franck McKenna protect the interests of New Brunswick workers. Also, union representatives came before the committee reviewing this bill to voice their opposition to the bill. Did anyone listen to them? Of course not.

This government made it very clear that it wants to protect the interests of the rich rather than those of Canadian workers. If the Liberals were really concerned about the situation of workers, they would reduce unemployment.

Quite simply, the larger the number of workers contributing to the Canada pension plan, the better it is for the system. If the Liberals really take the interests of all Canadians to heart, they will deliver on their promises and create the jobs so desperately needed by the unemployed.

The Liberals could ensure that the money paid into the Canada pension plan is reinvested in Canada. The Caisse de dépôt et placement du Québec is a good example, as funds are reinvested to help the Quebec economy prosper.

Why does this government not want to give us any assurances that the Canada pension plan will be used for the benefit of companies here in Canada? Is it afraid of seeing the unemployment rate fall under 9%?

It is clear, however, that job creation is not on the Liberal agenda. They would rather take the Canada pension plan and hand it over to Bay Street brokers to make even more money off it.

The NDP asks that a panel of experts oversee the activities of the board of directors. If this government is well-intentioned, it should not be afraid to have a panel of experts ensuring that friends of the Liberal Party act properly. If it is necessary to monitor people with disabilities who make, at best, slightly more than \$800, it is only logical to want to monitor those who will be making millions.

I went through a number of problems Bill C-2 will cause. Simply put, this Canada pension plan reform will see retired Canadians

Government Orders

become poorer and poorer. Over the past ten years, Canada has taken major steps to reduce poverty among seniors.

This bill will take us back to a time when seniors were even more vulnerable than they are today. We must see to it that this does not happen and that all Canadian workers can rely on a pension that will allow them to live with dignity.

Mr. Gilles-A. Perron (Saint-Eustache—Sainte-Thérèse, BQ): Mr. Speaker, thank you for giving me this opportunity to speak on Bill C-2, which the Bloc Québécois will be supporting, since it is a carbon copy of the Quebec pension plan.

This bill will make it possible to create a fund similar to the Caisse de dépôt et placement created by the Quebec pension plan.

This afternoon, I greatly appreciated the hon. member for Qu'Appelle's praise of our fund. I also appreciated his being so praiseworthy of a fund created by Jacques Parizeau, the former premier of Quebec. Mr. Parizeau is a controversial figure, but he has the courage of his convictions and he does not mince words, whether they are good ones or bad, he dares to express himself. We could do well with more politicians like Mr. Parizeau today.

Returning to the amendments proposed on Bill C-2 which we are discussing this afternoon, I really can say no more, because my Bloc Québécois colleagues have pretty well touched upon everything we do not like about them.

• (1735)

I must state, however, that Bill C-2, if it is indeed modelled on the Quebec pension plan, will be advantageous for all Canadians. This is the role of a serious opposition, to stand up for everyone, regardless of their political stripes.

I am pleased to have contributed to the review of this bill.

[*English*]

Ms. Judy Wasylcia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am pleased to participate in the discussion on this group of amendments to Bill C-2 sponsored by the hon. member for Qu'Appelle who has done my party and the Chamber a great service by doing such a thorough job of researching and presenting alternatives to the provisions before us as a whole.

If Stanley Knowles were here today he would be very proud of the work being done by the hon. member for Qu'Appelle and others. When Stanley Knowles passed away we said the best way we could honour his legacy would be to stand up for the programs he pioneered and to fight against any erosion, cutbacks or plans to terminate those very important programs.

If he were here today he would have stood in the House and said to members of the Liberal government that they were doing a great disservice to Canadians and to our history and traditions of working together to ensure that everyone is guaranteed some measure of equality upon retirement.

He would have said the proposals before us today in the form of Bill C-2 are a fundamental departure from everything we hold near and dear as Canadians, from the values of caring and sharing which have built the country. He would have said to the Reform member for Calgary—Nose Hill that she was wrong to spread the myths and misinformation that have characterized this discussion.

He would have reminded all of us that we were talking about a system which was not in crisis. It is a plan that needs adjustment and changes but one that should not be changed so fundamentally as to cause its inevitable destruction.

He would have said that we need balance. We need to look at the sustainability of the Canada pension plan for the future. That would mean some adjustment in the rates. That would mean some changes in the benefit structure. That would mean some increases in premiums. However these points must be balanced with our sense of valuing human dignity in society today.

He would have said to the Reform member she was wrong to suggest that the Canada pension plan was or should be a personal savings plan. He would have said it was a social insurance program in the best sense of the words.

He would have said that when Canadians supported the Canada pension plan originally they agreed to get together to pool the risk of providing for the loss of income we all face when we retire or become disabled. In so doing all of us as Canadians work to create citizenship rights or entitlements that reflect a collective responsibility for and to future seniors. He would have told Reform members and the Liberal government not to tamper with a program, which means so much to Canadians, to the point where they will cause its demise.

• (1740)

He would have said this was not supposed to be a program or a policy based totally on fiscal management but was about human worth. He would have said that this was not about the Reform view of society that this is a dog eat dog or survival of the fittest world. The plan was originally intended to do the opposite and any amendments to the Canada pension plan should uphold those principles and those values. He would have given our caucus all the support he could have mustered, for the amendments we are proposing today are right and just and deserve the support of every member of the Chamber.

Government Orders

In that context I want to focus specifically on a half dozen amendments before us in this grouping, the amendments that deindex the year's basic exemption of \$3,500. All of us by now should be aware that would download the burden of premium hikes to low income earners.

I want to talk about our amendment which seeks to change Bill C-2 in terms of its unfair burden on those who seek self-employment. I want to support our amendment which addresses the government's attempt to alter the benefit formula calculation, leaving a net effect of reducing benefits.

I want to support our amendment which addresses the government's proposal to change minimum contribution requirements for a disability benefit, the net effect being a reduction in disability benefits.

I want to support our amendment which addresses the government's proposal to set maximum pensionable earnings at \$35,800 so that those who make over the maximum pensionable earnings pay a lesser share than those who make under the MPE.

I want to support our amendment that addresses the government's attempt to reduce benefits in general for people with disabilities and for survivors. In every one of those amendments we are attempting to stand for those people who are most likely to be forced into poverty. Our amendments would raise people above poverty or remove them from poverty so that they can live their retirement years with dignity, respect and some sense of security.

Is it not ironic that today we are discussing provisions in a bill which disproportionately affect the lowest income people in society, that disproportionately affect women and that place the greatest burden in a negative way on people with disabilities?

Is it not interesting that we are debating those issues on a day when Campaign 2000 came out with its report card on child poverty in Canada? The report card shows that Canada is second from the bottom in terms of the wage gap between the rich and the poor, second from the bottom out of nine selected OECD countries at the same time as being second from the top in terms of having the greatest comparative national wealth.

When we are talking about the gap between rich children and poor children we are talking about the gap between rich families and poor families. Children are poor because their parents are poor. The last thing in the world we should be doing today is anything that will widen the gap even further and will relegate poor children to absolute destitute poverty when they reach the age of 65.

Is it not enough that we have one of the worst records of any developed country when it comes to treatment of women?

• (1745)

Is it not appalling that we are talking about amendments that will put women further into poverty when we know we are already dealing with a situation in Canada where many women live below the poverty line and where the majority of older women live in poverty?

I refer to a report by our own legislative library on women and poverty: "Much contemporary research also indicates that most women in Canada can expect to live their later years in poverty. Statistics show that 45% of unattached women between the ages of 70 and 74 live in poverty. The figure rises to 57% for women in the age group of 75 to 79 and skyrockets to 75% for women 80 years of age and over".

The report goes on to state that part of the explanation for such high poverty rates for the elderly lies in the inadequacy of the existing income security programs.

The National Council on Welfare has determined that in 1992 maximum benefits from the old age security pension and the guaranteed income supplement for a couple living in a large city were more than \$2,000 below the poverty line. For unattached pensioners living in a large city the gap was \$3,460. And we today want to make that situation even worse? We want to put more women into poverty? We want to ensure that just because you are a woman, when you become old you are designated to live in abject poverty?

Why are we not thinking about ways to have a balanced approach to income retirement security in this country? Why are we not looking at ways to ensure people can live with dignity and some sense of security after they have spent their working lives trying to contribute to this country? They have raised children, they have tried to hold down their jobs, they have juggled family and work responsibilities, they have participated in the community, they have gone to school advisory meetings to try to help on every front and we say that their entitlement after doing all of that is to live in poverty.

Our amendments are an attempt to address that fact, and it is a fact. It is a fact with this legislation. If Bill C-2 goes forward as this government is so determined to have happen, without real debate, without accepting any suggestions, without listening to any of these amendments, we will see that day, and that can only be described as the most irresponsible action any government could ever take, to deliberately go forward with a policy that will hurt women, people with disabilities and low income people in our society.

This is after the government promised that any social policy initiatives would have a gender analysis. Where is the gender analysis? All we heard from the Minister of Finance was that an analysis was done which showed that women will benefit most

Government Orders

from these changes because they live longer. My goodness, what an insult to suggest that because women live longer we should be satisfied with the fact that we are getting anything at all even if it is greatly reduced, even if we are talking about peanuts every month.

Surely in a civilized society we should ensure that everyone is entitled to decent security in their old age, in retirement and when faced with disability. That is our goal today, to try to make sure the government listens and accepts these amendments so we can move forward to ensure we have a great nation of equality, dignity and security.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I will spend some time discussing points that were raised. Motion No. 11 put forward by the NDP would eliminate the rate schedule as proposed, which basically means to revert to the existing schedule. The chief actuary has indicated that if we make no changes now the fund will run out by the year 2015. This is what the NDP would call "one of our reasonable amendments", which is to do nothing. We have to do something. We have to make sure that the Canada pension plan is still there.

• (1750)

The NDP would prefer to apply the funds as well for regional and economic development rather than for investment to provide for the best possible return for Canadians so that we can keep the rates as low as possible and at a steady rate so that it is efficient in meeting the objectives of the bill and of the Canada pension plan as a whole.

The second item on Motion 13 is with regard to the year's basic exemption and the fact that the \$3,500 is not indexed. It is important to put in context the amount that we are talking about. Inflation in Canada right now is about 1.7%. If the \$3,500 exemption on the CPP was indexed, it would result in a reduction of the Canada pension plan premiums otherwise payable by \$1.89 for the entire year. The deindexation item with regard to an employee, the maximum for someone making \$35,000, is only \$1.89. The member who just spoke talked about throwing people into poverty. I am afraid this is not the case.

The last area I want to comment on—I know other members want to speak and the parliamentary secretary would like to comment on these—is with regard to the issue of self-employed persons. As we know, self-employed persons pay both the employee and employer share. Currently they pay the full 5.85% whereas an employee would only pay half of that if they worked for a company.

There are a number of reasons for that. Members should know that under the Income Tax Act self-employed persons have a number of other opportunities within the tax system to reduce their taxable income. It could be with regard to use of automobile,

travel, entertainment expenses, tools, clothing and a number of things which are not available to employees. In terms of the assessment of whether or not it is fair that a self-employed person should pay both sides of it, you have to look at the full tax consequences of being a self-employed person.

As a chartered accountant, I can tell you that in certain fields there are a number of direct expenses related to that self-employed income that are deductible. The same levels or kinds of deductions would not be available to an employee. There is a balance of a process of arbitrage which makes these issues not as black and white as the member may indicate.

I would indicate that although there are a number of issues here they are self evident—

The Deputy Speaker: I hate to interrupt the hon. member but the hon. for Charlotte has a point of order.

Mr. Greg Thompson: Mr. Speaker, I find this unbelievable. We are here debating one of the most important bills to come before this House, certainly in this session, and there is not a minister in the House. It has always been the practice, Mr. Speaker—

The Deputy Speaker: The hon. member knows that it is improper to refer to the absence of members in the House. I am sure he would want to comply with the rules in that regard.

Mr. Paul Szabo: Mr. Speaker, I would like to conclude my comments by clearly stating that, in my opinion, the comments with regard to the last speaker about the benefits available to seniors and those in poverty are going down are absolutely wrong, false and totally out of character with the bill.

Seniors should be assured that the benefits under the Canada pension plan continue at the same levels and are indexed. They are guaranteed, they are secure and they will be there in addition to survivor benefits and the disability benefits.

The member has misunderstood Bill C-2 and the provisions under the report stage grouping which we are dealing with. I want to make sure that it is understood clearly by all members that benefits are not being reduced. We should not fearmonger and scare seniors today that somehow things are going to happen here which will reduce their benefits. It is not so. Seniors should be assured. I want to assure them that the benefits under the Canada pension plan and the amendments of Bill C-2 will ensure that those benefits are there, they are secure, they are guaranteed and they will be indexed.

• (1755)

For Canadians of all generations, the intergenerational equity is in place with these changes and all today's beneficiaries should be assured that nothing will change the benefits that they currently enjoy from the Canada pension plan.

Government Orders

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I want to make a few comments on each of the motions that form part of this group.

With respect to Motion No. 11, I think it is important to point out that essentially this motion puts the financial sustainability of the CPP at risk, the very thing that the bill addresses. The motion in fact would mean that instead of rising to 9.9% by 2003 and then levelling off, contribution rates would in fact rise to 10.1% and then to 14.2%, a 140% increase over current contribution levels. That is in fact the motion put forward by the NDP. This motion would impose an unfair burden on our children and grandchildren and never in fact make the CPP sustainable.

I ask the question, does the NDP want to kill the CPP by neglect? Let us do nothing. We have heard a lot of rhetoric from the NDP today which is in full flight. We did not hear anything of substance unfortunately.

With respect to Motions Nos. 13 and 14, the federal-provincial governments have put the plan on a sustainable track through their negotiations after consulting with Canadians. Freezing the YBE was part of the changes required to balance the cost of the program. Despite the freeze, the low income workers will still pay contributions on a smaller portion of their earnings than higher income earners.

In fact the amendment put forward by the NDP and the Conservatives would remove an essential element of the federal-provincial package and would require a significantly higher long term contribution rate than the 9.9% provided for in this legislation.

It also may be of interest to hon. members of the House to know that further examination of the basic exemption will occur in the next phase of the Canada pension plan reform studies. More specifically, the federal and provincial governments have agreed to study Quebec's proposal for graduated removal of the exemption as income rises. In fact there is a commitment on the part of the federal government and the provincial governments to the changes to the YBE in the next review.

Motion No. 16, essentially the measure that is the five year average of earnings, is similar in concept to how most private pension plans adjust for wage growth over a pensioner's working life. The reduction again helps the costs over time and strengthens the sustainability of the CPP. Again, I think it is very important to ensure that Canadians know that current pensioners and persons age 65 or older in 1997 will not be affected by any of the changes.

Changes to the benefits that had to be made were in fact balanced. This particular change is the only measure in Bill C-2 which affects retirement pensions and it is therefore not only

essential to the overall goal of sustainability but also to achieving an overall balance in the impact to the benefit changes.

The effect of the motion as worded is somewhat flawed and in fact would make the legislation unworkable. It would not be acceptable to take away this critical element to ensuring the long term security of the program.

Motion No. 17 essentially talks about the labour force attachment rule. The current provisions require very little participation in the workforce, in fact as little as a few months over the course of two years. I think this is important because members of the NDP have been getting up all day and making comments that in fact what the government is intending to do does not reflect what Canadians have been saying. During the consultations many Canadians have said that the current requirements of labour force attachment were not strong enough.

Now, with the changes put forward in Bill C-2, workers do have to demonstrate a slightly stronger attachment to the workforce to be eligible for the disability benefits. The measure will not affect current recipients of the CPP disability benefits. Under the proposed changes, workers must have made contributions in four of the last six years compared to the current requirement to work in two of the past three or in five of the past ten.

Again, it is also very important to make note of this. The new coverage rules are still more generous than the original rules of the plan.

● (1800)

Prior to 1987, workers had to contribute in five of the past ten years and also in at least one-third of the years from their 18th birthday in order to be eligible for disability benefits. We have seen the progressivity of the plan. The new coverage rules are still more generous than the original rules of the plan.

The NDP has continued to focus on the disability aspect of the plan. Persons with disabilities are not being singled out. The CPP changes are only one aspect of the government's broad agenda focusing on persons with disabilities. It is also important to note that the federal and provincial governments are moving forward on a number of other strategies that will enable persons with disabilities to participate more fully in the economy and society.

With respect to the CPP disability, the chief actuary analysis also points out that 75% of the proposed changes to keep the contributions to 9.9% are on the financing side and only 25% are on the benefits side. It reflects the message from Canadians during consultations to go easy on the benefits side when fixing the CPP.

With respect to Motion No. 18 put forward by the NDP, as worded the provision would be temporary in nature and would only be helping contributors who receive a benefit beginning in the

Government Orders

period from 1999 to 2003. This would be entirely unfair to other contributors, especially the future generations who will be paying for these pensions through their contributions.

We hear contradictions in the House where the NDP continues to put forward the intergenerational argument and how it is unfair to future generations. Here we have an amendment put forward by the NDP which would in fact do the exact opposite and put a greater burden on future generations.

If it was made a permanent feature of the program, the doubling of benefits as the NDP is asking for would also require an approximate doubling of contributions. This would be unacceptable to the governments that are the stewards of the program, both federal and provincial governments, and also to Canadians who have asked us to ensure that the plan remains financially sustainable.

The point has been made over and over again by various members of the opposition parties other than the NDP that if we want more benefits, premiums have to go up. The NDP have not formed any sort of argument that would deal with the premium side of the program. Canadians have said to deal with the plan, ensure that it is sustainable, ensure that we go easy on the benefits side and ensure that it is balanced off with the premiums.

With respect to Motion No. 19, I must stress that the proposed changes will not affect those who currently receive combined disability-survivor or retirement-survivor benefits. The CPP has always had limits to restrict the stacking of benefits. The proposed changes bring the limits on combined benefits more in line with their original intent.

It is also important to understand that the combined benefit provisions will have no effect on survivor recipients who are not also receiving another CPP benefit, that being a retirement or a disability pension in their own right.

It also may be of interest for hon. members of this House to know that there will be further examination of the role of the CPP survivor benefits in the next round of the federal-provincial review of the plan. The object is to ensure as far as possible that all CPP premiums remain relevant to the needs of Canadians.

I have one final motion to comment on in the time remaining. Motion No. 22 put forward by the NDP asks that we delete the requirement for increased contribution rates to cover the costs of new or increased benefits. It is an important statement of principle and something that Canadians have continued. It has certainly been very effectively communicated during the consultation process that the federal and provincial governments agree that any future benefit enrichments must be paid for, that we should never again put the security of the Canada pension plan at risk by enriching benefits without being willing to pay for them.

• (1805)

On the intergenerational issue, we must ensure the sustainability of the plan. We must do so not only for the seniors who are receiving the benefit now, the near seniors, the middle age Canadians, but for young Canadians. The changes we have made to the CPP will ensure that young people are not saddled with an unbearable burden.

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, I noticed that many of the amendments before the House simply want to delete items from the bill. They do not try to improve and they do not try to compromise. They think that whenever they do not like something, it should be scrapped. They do not think about the ultimate consequences and ultimate responsibility. We have to be careful that we do not throw the baby out with the bath water.

We in the Progressive Conservative Party believe that the CPP must be saved. Canadians deserve it and future generations of Canadian deserve it as well.

Our plan for the Canada pension plan which our amendments speak to has to be discussed today.

We know that payroll taxes kill jobs. The communique "The Economist", speaks to the fact that if we lower payroll taxes it will ultimately create jobs, but also that if we raise payroll taxes it will kill jobs.

The Canada pension plan provides a survivor's benefit. The government wants to raise the premiums by 73% and we know that will kill jobs. We believe that premiums have to be increased in order to save the Canada pension plan and make it viable. Canadians want the Canada pension plan.

The Canadian Federation of Independent Business is possibly one of the most democratic business organizations in the country. It polled 88,000 of its members. They said unequivocally and categorically that the Canada pension plan is part of the small business owner's plan for retirement. It is something that has to be saved. However, they know that payroll taxes will continue to kill jobs.

There is a \$14 billion surplus in the EI fund. For the government not to connect that with the increase in CPP premiums will actually kill jobs. We propose that if we have to raise premiums, we must at a minimum lower EI premiums. When the chief actuary visited the issue with respect to the EI fund, it was said that the EI fund would be sustainable at \$2 and would still be able to withstand a severe recession.

The government has lowered EI premiums by a mere 20¢, from \$2.90 down to \$2.70. During question period today I was afraid that the Prime Minister would say that he was going to raise them back up to \$2.80 because he was a little confused about the reduction. Reducing the premiums to \$2.70 is only a drop in the bucket. We need to get the premiums down to somewhere near \$2. This would be good for small business. It would be good for Canadians. It

would save the Canada pension plan and would ensure that we saved jobs.

Some of the amendments before us do not recognize the need for change. They do not recognize that we just cannot play around with people's pensions. We cannot eliminate what we do not like without any regard for the consequences.

• (1810)

Actually, this lack of responsibility reminds us of another party's plan for the Canada pension plan. I think you know who they are, Mr. Speaker.

The Reform Party tried to save face by presenting a few amendments to the bill. In fact, we agree with both measures that it proposes. But let us remind everybody that this is not a change of heart.

The Reform Party wants to eliminate the Canada pension plan and jeopardize one of the fundamental pillars of our retirement savings program. I agree with a lot of initiatives that the Reform Party presents from time to time, but there are some initiatives which are just plain wrong and some people might even say just plain kooky.

Reform's plan to eliminate the Canada pension plan would ensure that 325,000 disabled Canadians whose only source of income is the Canada pension plan would not have access to income from the CPP. The party to my left wants to scrap the Canada pension plan and leave 325,000 disabled Canadians without a source of income. I say shame on them. If that party were the government, the Canada pension plan would be over.

I campaigned for 36 days during the election this past May. Mr. Speaker, you did as well. You were there talking about the different issues in the election. We talked about the need to cut taxes, pay down the debt, get our fiscal house in order and restore fiscal conservatism to this House and to this country.

During the 36 days of the campaign, CPP came up on occasion. Every single day of that campaign I asked the Reform candidate who ran against me what Reform was going to do about the \$500 billion unfunded liability. Unfunded liability. What are Reform going to do with the \$500 billion unfunded liability? Mr. Speaker, when I was on the campaign trail, and maybe when you were there as well, Reformers did not have an answer. They did not have an answer for what they would do with the \$500 billion unfunded liability.

An hon. member: What are you going to do with it?

Mr. John Herron: We are going to save the Canada pension plan.

Government Orders

An hon. member: That does not solve your problem.

Mr. John Herron: We are going to raise premiums as well, compensated with a reduction in EI premiums.

I want to talk about the Reform plan with respect to the \$500 billion unfunded liability.

During the recent hearings on this the leaders of the parties sat down and spoke. I am sure people might have seen some of this on television when the finance minister actually presented his plan to save the Canada pension plan and then the Leader of the Official Opposition presented his plan to save the Canada pension plan.

The finance committee in turn asked the Leader of the Official Opposition about the \$500 billion unfunded liability. What did he tell that committee? I shake my head about the answer. He actually told the committee that it was a complex issue and it would take too long to explain Reform's plan for the \$500 billion unfunded liability.

You would think that after 36 days on the campaign trail and the whole summer and part of the first session of the House that Reformers would at least have some form of an answer about what they would do with the \$500 billion unfunded liability.

I have read Reform's platform, and guess what? It is not in the platform either. This fresh start is in fact a false start.

I also want to talk about this very issue in terms of how this party—

The Deputy Speaker: Not for very long. You have 50 seconds.

Mr. John Herron: Mr. Speaker, in order to sum up, I will just make a couple of small points.

That party does not understand the necessities or the wants of small business. The Canada pension plan is what small business wants and Reform does not support that. They want to have a flat tax which would mean that ultimately small businesses, because they are private enterprises, would be rolled into taxable income.

• (1815)

We have talked about some very important issues today with respect to pension plan review. We do not support some of these amendments because they do not propose any kind of alternatives. We need to save the Canada pension plan, but we need to provide small business with tax relief by cutting EI payroll taxes.

[*Translation*]

The Deputy Speaker: Order, please. It being 6.15 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

*Private Members' Business***PRIVATE MEMBERS' BUSINESS***[English]***PEOPLE'S TAX FORM ACT**

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.) moved that Bill C-214, an act to allow taxpayers to inform government of their views on levels and priorities for the expenditure of tax revenues and to provide for parliamentary review of the results, be read the second time and referred to a committee.

He said: Mr. Speaker, the bill I have introduced will be welcomed by all parliamentarians interested in improving their tools of representation.

A democracy functions best when people are well informed and through their representatives conduct the affairs of the country according to their will. Information must be open and available. Procedures must follow acceptable patterns. Decisions must be open and available for close scrutiny and all the information must be easily accessible.

This bill provides for one of the most important pieces of information that could be made available to government leaders to be in their hands.

People should have a mechanism by which they can tell government how they want their money spent, the levels at which they want their taxes and what their spending priorities are.

I can see the excitement building in this place as I describe this bill.

A government which is truly democratic would want to carry out the will of its people. It would not just ask for support and direction every four years, it would want to receive that support and that input on a regular basis. Look at the excitement. That is what my bill is designed to do in a very important area.

The people's tax form act, which I have introduced in the House of Commons, has wide public support. It has been around for a couple of years. People up and down this country have been able to look at it.

I only wish that we had three hours to debate this. I am sure many people would like to have input. However, we only have one hour. I only wish that the rules of the House required that all private members' bills were to be votable and I will work toward that end. That is a change which needs to be made. Otherwise we are just wasting our time.

What would Canadians think if they only had one store that they could shop at, which they were forced to shop at? What would Canadians think if money were taken out of their pay cheque for the store manager to fill the store with all the things which he thought were important, not what Canadians thought they needed? What would Canadians think if they went to the store to shop and

not only could not get what they wanted, but would be forced to buy and to take the things they did not need, did not want or could not even use?

Does that sound far fetched? Not really. Any Canadian who pays taxes already shops at this store. It is called the Government of Canada. At the end of every month we have to give our money and take whatever it decides to give us without having any input into it.

• (1820)

The government forces Canadians to pay high taxes and give taxpayers what the government wants, not necessarily what taxpayers want or need. Pandering politicians and meddling bureaucrats often will say trust us, we know what is best for you, just keep handing over the money and be quiet.

Taxpayers do not get any choice about the programs and services the government delivers to the taxpayers, to the people of Canada. If they do not like it, they are told to vote for someone else in the next election, as if that is the only way to go.

It is time for us to change the way we do business, to democratize the system. It is time to give taxpayers more say and some choice about how their money is spent.

That is why I think the people's tax form is a tax form taxpayers would really like to fill out. Why? For starters because it is voluntary and because this is no ordinary tax form.

Taxpayers would like filling out this form because it would let taxpayers tell the government where they think the government should spend the thousands of dollars each and every taxpayer sends in every year.

The people's tax form would let them identify the government programs and services taxpayers do not want to support with their tax dollars. Does that not make sense, Mr. Speaker? I see your excitement.

I think Canadian taxpayers would say this is the kind of schedule that should be included in every Revenue Canada tax kit. Canadian taxpayers want to send a message to Ottawa. They do not just want to send them the money.

Passing my bill into law would give Canadian taxpayers an opportunity to send Revenue Canada the people's tax form every year.

This is the essence of my people's tax form act. It proposes that government would design a form which would be included in every tax kit.

Completion of the people's tax form would be voluntary. All the forms returned to Revenue Canada would be analysed and summarized and a copy of the analysis would be sent to every MP and senator. The analysis would be tabled in both the House of Commons and the Senate.

The analysis would be automatically referred to the standing committee for review and reported back to the House. The duties of the standing committee are included in the bill, including a provision allowing the tax form to be amended.

I first heard about the idea for this people's tax form in an article in the *Fraser Forum* November 1995. It was written by Professor Filip Palda of the school of public administration, University of Quebec.

He wrote, and I think it is very important that I include this quotation, that every year millions of Canadians go through the agony of filling out their tax returns, their T-1s. Filling out these T-1s is painful, T-4s, whatever. It is painful because people have no sense that they control where their money is going. He suggested we add a sheet to this form that gives people that control. This sheet, which he called the people's tax form, would list the categories of government spending and invite taxpayers to decide what fraction of their tax bill should go to each category. Churches and charities call this earmarking. The people's tax form would allow citizens to earmark where they want their tax dollars to go.

The Library of Parliament examined Professor Palda's concept for me and proposed alternatives for implementing the idea. I bounced the idea off a number of other MPs and Professor Palda was kind enough to give me his comments and advice as well.

In the spring of 1996 I tested the people's tax form in my own constituency and finally sent instructions to lawyers in the House of Commons to draft a private member's bill.

On December 10, 1996, I introduced the people's tax form act. It says it is an act to allow taxpayers to inform government of their views on levels and priorities for the expenditure of tax revenues and to provide for parliamentary review of the results. That is the essence of this tax form act.

More than 500 of my constituents were kind enough to fill out and return the early version of the people's tax form act, proving that given the opportunity, taxpayers do want to have a direct say in how the federal government spends their money.

These results were very interesting but they need that mechanism and they do not have it at the present time.

• (1825)

Based on where they want their tax dollars directed, the top five government programs most strongly supported by my constituents were old age security, health care, justice and the RCMP, Canada pension plan, debt reduction, but also there are areas that they did not want their money to go to. The most strongly opposed areas were official bilingualism. Does that surprise you, Mr. Speaker? How about funding for special interest groups? Over 90% objected.

Private Members' Business

Gun registration just did not fly. Foreign aid was not a priority. Multiculturalism was opposed by over 80%.

Maybe I should not have mentioned those results. There are interest groups in this country that are going to lobby the government to veto this bill, to not have any part of it. Is that not unfortunate?

My test of the people's tax form found support in an article in *Western Report*, dated May 6, 1996. It read head of the Canadian Taxpayer's Federation, now the hon. member for Calgary Southeast, said the people's tax form is a great idea, and he would like to see it adopted as an advisory measure. He went on to say, and I quote: "If the government would compile the results and then be measured against it, it would wrest control of the budget away from interest groups". I am honoured to have had this MP second this bill when I introduced it on September 29.

My colleague's reaction was very similar to Professor Palda's. Again I quote: "When I suggest the people's tax form to my academic colleagues I get a shocked reaction: 'But that's putting power directly into the hands of the people who know nothing about government. Why would you want to do that?'".

I come back to my introduction. We live in a democracy. Surprise, surprise. Do those people not have the right to give us that kind of information? I really agree with Professor Palda when he says giving Canadians the power to directly influence government spending would create a panic in the ministries responsible for that spending and among the groups that benefit from that spending. Special interest groups could no longer ignore public opinion.

In the last four years the Liberal government has cut billions of dollars in transfers to the provinces for health and education and programs that my constituents strongly support and yet this same government spends billions on grants and handouts that my constituents strongly oppose. I suspect it is not just in my part of Saskatchewan. I suspect that opposition is across Canada.

The problem is that once the Liberal government extracts money from the taxpayers by force, then it can spend tax dollars any way it wants. Tax dollars are not the Liberals' money to do whatever they wish. All of a sudden the excitement is dying down, Mr. Speaker. What is going on?

This is the truth, though. Listen. Constituents are telling their members of Parliament what their priorities are and either the government is not listening or it does not care, or the message is not clear enough for it. How about making it a little clearer and support this tax form act and get that information into our hands.

Special interest groups, big corporations and paid lobbyist have been able to hijack the agenda and persuade politicians to give them tax dollars and implement programs that most people do not feel are high priorities. It is obvious the people want politicians to cut grants and handouts to special interest groups and big business

Private Members' Business

and thereby help preserve funding for pensions, health care and law and order.

Somehow the Liberal government does not seem to be getting the message. Everybody seems to be disappearing out of here now. They just do not want to hear this. The people's tax form act will make sure the message gets through loud and clear.

Our tax system focuses only on collecting money from people and without allowing them a real say in how it is spent. The current system rewards groups that make the most noise and individuals and organizations that make the biggest donations to the political party in power, not the people who are paying the bills. We ought to listen to them.

Why should taxpayers be forced to support political programs and activities that the vast majority do not believe in? The people's tax form act will give Canadians a chance to make their priorities the government's priorities.

As I draw near to the end, I want to give some other positive spin-off benefits that we would have. It would foster debate across Canada. It would increase interest in the affairs of government. It would combat apathy. It would decrease public cynicism.

• (1830)

Second, if they see government wanting their opinion and listening to it, the attitude of many people that government does not care about what they think would begin to change. If they see government actively seeking information and following the direction, it would restore faith in their institutions.

Third, it may even help unity problems. That is not a stretch because people in all parts of this country feel alienated. They would again feel like they belonged. It would be a small step in the right direction.

Fourth, Canadians would find citizenship much more meaningful. They would be willing to accept more responsibilities.

I have listened to some of the objections from people in Parliament. One of the first is that common people are not capable of knowing how to best spend the money. That is not so. I detect that here in Ottawa the elite have the attitude that they know what is best for the country. The people out there know.

There is an objection that this initiative may cost too much money. It would actually save money. Will Rogers said it well: "Lord, the money we spend on government" and it's not one bit better than what we got for one-third the money 20 years ago. That is the truth.

I seek unanimous consent not to make this a votable item but to refer it to the committee for further study. There is very wide

support for this initiative among the members of this House and among Canadians in general, and it is a non-partisan issue. Mr. Speaker, I would like you to ask for unanimous consent because this is supported on all sides of this House.

The Deputy Speaker: It is my understanding that the hon. member is asking for unanimous consent to refer the subject matter of the bill to the Standing Committee on Finance for further study. Is there unanimous consent?

Some hon. members: Agreed.

An hon. member: No.

The Deputy Speaker: There is not consent. Resuming debate.

An hon. member: There was dissent.

The Deputy Speaker: There was dissent. There was not unanimous consent. Resuming debate, the hon. Parliamentary Secretary to the Minister of Finance.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, the government welcomes any efforts to open up the lines of communication with ordinary Canadians on tax and expenditure policy. Since we took office in 1993 we have greatly expanded the opportunities for individual taxpayers to make their voices heard in the policy process.

As part of the new open budget process, the Minister of Finance appears before the House of Commons Standing Committee on Finance each fall to discuss the options and priorities for the upcoming budget. The finance committee then begins a prolonged period of direct public consultations on budget priorities across Canada. This year for the first time the chair of the finance committee, the member for Vaughan—King—Aurora, asked each and every member of this House to consult Canadians in their own constituencies. That is direct democracy.

The government is apprised of the results of these consultations through a report of the committee which is tabled in the House and delivered to the Minister of Finance before the budget.

The Minister of Finance and other ministers also receive many other proposals and recommendations on tax and expenditure policy from the public each and every day. These take the form of letters, faxes, Internet, E-mail letters and other means. We take each and every response into consideration in the formulation of policy. In short, we already have a dynamic and practical system of public consultation and communications in place to help guide us in our tax and expenditure policy decisions.

While further consultations are always desirable, I am not sure this bill would significantly add to the information the government already collects in the area. As mentioned by the mover of this bill, the financial implications of this bill need to be addressed.

I do not believe it is a prudent expenditure of public funds since it would largely duplicate the results of the public consultation systems that are already in place. While I appreciate and share in the objectives of this bill, I do not think it will improve upon the existing system of public consultations on tax and expenditure policy in a very practical and efficient manner. As such I really cannot support this motion.

The member also stated that his bill will allow for extensive debate to take place throughout this country. I have to state quite clearly that at least the members on this side of the House, and I am sure some members on that side of the House, do involve themselves in extensive debate with their constituents on an ongoing basis.

• (1835)

Members of Parliament have ample opportunity to meet with their constituents either through town halls or round tables and certainly through householders. I ask my constituents on a regular basis through my householder for feedback on various items that the government is considering pursuing and certainly on this very important issue of fiscal dividend as we move into an era of balanced budget and a fiscal dividend. The government wants to hear from ordinary Canadians.

I find it somewhat unfortunate that members continue to point to the fact that those people who come before the finance committee are all representatives of interest groups and they do not reflect the concerns of individual Canadians.

I recall when the finance committee was in Vancouver we had a very passionate presentation put forward by an individual from Vancouver East. This individual was not there speaking on behalf of any so-called interest group, as the Reform Party is so fond of referring to. He was there to deliver a message on behalf of those constituents and individuals who live in Vancouver East. The finance committee took that information into consideration. It was a very passionate presentation indeed.

What the member is proposing in this bill is to duplicate a system that is already in place, a system which is quite dynamic and practical and does allow for public consultation and communications. This government, more than any other government in the past, has been more open, more transparent in its pre-budget consultations, allowing many Canadians the opportunity to come before the committee or provide some written submissions. Members of Parliament have gone out and consulted with their constituents through town hall meetings and round tables so that we can go directly to Canadians right across this country.

We do not require another bill that speaks to the duplication of what is already taking place. I find it ironic. The Reform Party has always been out there talking about government needs to eliminate duplication. We now have a bill here that promotes the duplications.

Private Members' Business

The Reform Party continues to talk about the prudent expenditure of money. Passing this bill would allow for some phenomenal bureaucracy to take place. We would have to go out and hire more public servants at a time when we have been talking about reducing the public service in order to deal with the financial implications we were left with because of the past administration, the Tory government, that did such a terrible job over the last period it was in office in dealing with the finances of this country.

In closing, while I certainly appreciate and certainly would say quite clearly that not only on this side of the House but on both sides of the House further consultations are always desirable, I am not sure this bill would provide anything significant and would add to the information the government is already collecting.

An hon. member: Useful information.

Mr. Tony Valeri: The member makes a statement that it is useful information. I will tell him, and I take exception to the statement, the useful information that is coming to this House right now is coming in the form of public consultations directly with Canadians through round tables, through town halls that members of Parliament conduct in their constituencies. We do not require this duplication of effort. We do not require the additional bureaucracy. Quite frankly, I am astonished that the Reform Party is putting this forward.

• (1840)

[*Translation*]

Mr. Odina Desrochers (Lotbinière, BQ): Mr. Speaker, I am pleased to address Bill C-214, introduced by the Reform member for Yorkton—Melville.

The bill was drafted following the hon. member's experiment with taxpayers from his riding in western Canada. Again, we can see that the Reform Party has a hard time understanding how our democratic institutions work. That right-wing party comes up with a regional idea it sees as innovative and, above all, realistic.

Let us take a look at the title of Bill C-214:

An act to allow taxpayers to inform government of their views on levels and priorities for the expenditure of tax revenues—

The title is a long sentence which could summarize our whole democratic system. The way some Reformers behave in this House, one gets the impression they want to reform everything.

“An act to allow taxpayers to inform government of their views”. The fact is that every three or four years, depending on the Prime Minister's mood, Canadians are asked to support or reject the government's achievements, through a general election. They are also asked to choose among the programs of the various political parties that clearly indicate how they intend to use taxpayers' money.

Private Members' Business

The intentions of Bloc Quebecois members are clear. We want to give back to Quebec the taxes paid by Quebecers. We are convinced that the federal system no longer meets Quebec's real needs. In the last election, Quebecers understood Reform's message and decided not to elect any member of that party, a party which is openly opposed to bilingualism and which flatly rejects every one of Quebec's demands.

For the Reform members, that consultation was not adequate. When taxpayers prepare their income tax return, they want them now to fill out a form describing how they want their money to be spent.

Imagine that tomorrow morning Revenue Canada has to review 18 million ideas on how Ottawa should spend the money. Who will determine the priorities? Would Revenue Canada's unionized workers be willing to screen these millions of ideas? No, with the cuts and the constant remodelling that most departments have experienced, the work of these government employees is now based on very precise duties and they have neither the time nor the training required to perform the new duties that the Reform Party would require of them.

The Reform Party could force them to do this work by implementing a series of orders or special laws. This is probably what would happen when you consider how that party treats the postal workers. They really have difficulty understanding how collective agreements are negotiated. The Reform philosophy, which leans strongly to the extreme right, is once again leading them to opt for the hard line by calling for a special law and by completely disregarding the claims of Canada Post employees.

Imagine if after difficult negotiations with Canada, the Reform Party had to hire personnel to try and compile these millions of ideas.

I would like to see the leader of the official opposition, who is constantly calling for cuts, cuts and more cuts, rise in this House and attempt to justify these additional expenses, and especially to explain why the decision making process has bogged down. Of course no one is surprised by the way the Reform leader changes his mind, especially when we see that his official arrival at majestic Stornoway cost taxpayers over a quarter of a million dollars.

The member for Yorkton—Melville thinks that he has made a great discovery with this method of consulting taxpayers in his riding. This type of consultation is part of a member's job to maintain a close relationship with the grassroots, and we do not need to fill out a Revenue Canada form to do this work.

Furthermore, Reform members have to recognize that there are other means of finding out what the public thinks about the policy decisions we want to implement. They only have to consult their

supporters in the community and, from time to time, to study the polls or read the opinions of political and economic commentators.

At any rate, in Quebec, the public knows what the real face of the Reform Party is. They remember how the Reform Party insulted Quebec's political leaders during the last electoral campaign, the anti-Quebec advertising. We all know that this party from the right has absolutely no idea of what the issues are in Quebec.

• (1845)

I would like to remind the Reform member who sponsored this bill that there is a whole other series of activities here in the Parliament of Canada by which politicians, groups and individuals can make known their points of view: oral question period, parliamentary committees, statements by members, speeches, press releases and even press conferences.

I really have trouble understanding how the logistics of this bill could be defended.

I nonetheless took the time to examine the result of this local operation in the riding of Yorkton—Melville. Here are the priorities expressed by the 500 taxpayers who went along with their MP's request. But before I give you the results, I will briefly review the purpose of this bill, an act to allow taxpayers to inform government of their views on levels and priorities for the expenditure of tax revenues. The French leaves something to be desired, but what it boils down to is "Where would you like to see the money you give Revenue Canada spent?"

The answers were as follows: 93% are against their money being used for bilingualism; 81.2% are against multiculturalism; and 78.4% are against native peoples.

This is the upshot of the 500 forms completed perhaps by the 500 members in good standing of the Reform Party. The constituents indicate their preference for justice and the RCMP, and jails, with welfare 21st on the list. In other words, they would rather send the least well off in society to jail than provide them with social and community support. Here again, we recognize the philosophy of the Reform Party.

My conclusion will look at the results of this operation, a phoney consultation, a tool for disinformation in the hands of a right wing party from western Canada trying to get the public to swallow Reform Party ideas that will not work in the 1990s.

The political party to which I belong, however, would be tempted to try this approach, given the negative sentiments expressed about Quebec and about social democracy. This kind of consultation would certainly help the sovereignist cause.

However, we will be voting against this bill, which has no serious foundation and which is pure Reform party politics.

Private Members' Business

[English]

Ms. Judy Wasylcia-Leis (Winnipeg North Centre, NDP):
Mr. Speaker, I am also pleased to join with my colleagues in the Chamber to debate Bill C-214, the People's Tax Form Act.

At first glance the bill seems to be quite interesting. It even sounds great. I do not think a soul in the Chamber does not support the basic premise that taxpayers, the citizens of the country, have the right to have their views considered on how government spends tax dollars.

However one has to ask if this is the way to address the concerns. Is this getting to the heart of the matter when it comes to people's sense of being disenfranchised? Are there not other steps that must be taken first before we look at establishing another form that requires a great deal of knowledge to complete?

This will in some cases be seen as an unnecessary piece of mail. The major concern of taxpayers is to feel confident the government is prepared to achieve tax fairness and to address the concerns working men and women deal with on a daily basis.

For example, a few years ago one of my constituents had a full time job at a brewery in Winnipeg. The brewery closed down and my constituent lost the full time job he had held for many years. He found a part time job. Then he found another part time job to supplement his income. He is doing night courses to retrain for some other field, for some other hope in the distant future. He has a couple of kids. His partner works. They are all juggling work and family responsibilities to try to make ends meet. They are barely surviving. They got a call from Revenue Canada saying that they owe taxes on the RRSP they had to cash in.

• (1850)

This person was dealing with an institution which did not make the tax deductions at source. This person who is barely making ends meet was suddenly faced with an adamant voice on the other end of the phone from Revenue Canada saying "Too bad, you have to give us something. We need something. You have to pay some of the taxes".

He asked me "How is it that I am getting harassed on a day to day basis over this kind of situation when so many wealthy people in society and so many big corporations are able to avoid paying taxes, to take advantage of loopholes, to take advantage of deferred taxes, to invest in all kinds of areas and not to pay immediate taxes?"

I raise this situation because it demonstrates where people are at today and what is important. They are saying that the first pressing issue for them is to have some fairness in the system. Sure, they would like to have a say, but the government should first address

the fundamental issue of how they survive on a day to day basis, given the present tax structure.

They are saying that there is a heck of a lot of other ways to make government more accountable than having another form come in the mail which takes time, knowledge and resources to complete. They are saying that the government could be more accountable if it was willing to do so right now without the additional forms or paperwork.

The current pre-budget consultations are relevant to this debate. We had round table discussions. The Minister of Finance went across the country and held discussions. Some people had a chance to participate. A small number in each town were allowed to participate but certainly not a vast number of people.

What was even more galling to the folk who saw that as somewhat of an opportunity to participate in the decision making process was that they learned, all the while the pre-budget consultations were going on, the Minister of Finance was meeting with his cabinet colleagues and making decisions about how the budget would be allocated.

If we want to start somewhere in terms of restoring people's confidence in government, letting people know they have some say in how tax dollars are spent, and giving them the sense that some day there might be a bit of tax fairness in our system, we need to start with our own house. We must get our own house in order. We must ensure that the government practises honest and real accountability and does not create some pretence that it is consulting with the people when all the while it has a set agenda.

I have a few other suggestions. Why not ensure much more open and transparent debate in the House and across the country? What does it do to people's confidence in democracy and in parliament when the government readily introduces closure and cuts off debate? It denies us the opportunity to contribute the feelings and beliefs of our constituents on an important issue such as changes to the Canada pension plan.

We are talking about restoring confidence in the system, in the government and in people's ability to influence decisions. What about putting an end to the appointments of MPs who have either decided not to run or who were defeated at the polls? These are patronage appointments for defeated MPs turfed out by the electorate because they did not win the confidence of the people in their constituencies. They suddenly find themselves in a lucrative position with as much power, if not more power, as a member of the Chamber.

• (1855)

Many people have made other suggestions. We need to look at a more simplified tax form so people can see what is happening in terms of their own situation and get a better handle on where their money is actually going.

Private Members' Business

I made the suggestion again today of the need for a tax ombudsperson, someone people can turn to for raising their concerns when they feel their minister of finance or their elected representative is not responsive. We could give more powers to the auditor general to make his recommendations a much more meaningful part of our decision making process.

The list goes on. It comes down to trying to restore people's faith and confidence in government, in parliament and in politicians. While the idea of the bill seems great at first glance, it is not the solution at this time. It is not an appropriate mechanism for dealing with those kinds of concerns. People want to see us act to put in place measures that will guarantee them a voice in this place.

We have to do that by improving our methods of accountability. We have to try to encourage the government to hold honest and open discussion on such things as pre-budget consultations and on major legislation such as the Canada pension plan.

We have to be able to show people that we are always accountable and do whatever we can to hold round tables in our own constituencies, to get the information out about developments in parliament and to give people a chance to give feedback to us. We need the opportunity to convey those sentiments in the Chamber.

While I appreciate the efforts of the Reform member in introducing the bill, my feeling and the feeling of members of my caucus is that this is not the appropriate mechanism at this time. There are many more ways to address the concerns of people.

Let me conclude by saying that if there is anything we have learned as members of Parliament at a time when people are so cynical and sceptical about politicians, it is that we must go the extra mile to restore that confidence.

Instead of talking all the time about deregulating, privatizing, offloading and cutting back in terms of government responsibilities, we should be truly talking about democratization. This is the greatest service we could provide to Canadians.

Mr. Eric Lowther (Calgary Centre, Ref.): Mr. Speaker, I applaud the hon. member of the New Democratic Party for giving some consideration to the bill before us and for being open to more accountability in the House. It is certainly one of the things we agree is very desperately needed today.

I also appreciate the opportunity to represent my constituents and my party. I am proud to stand in the House to speak in favour of Bill C-214, the people's tax form.

As its title explains, the people's tax form would allow taxpayers to give a sense to the government of their views on levels and priorities for the expenditure of tax revenues and to provide parliamentary reviews of the results. This is truly direct input, a

people type of bill, a bill where real Canadians would have some input into the way their tax dollars are being spent.

It is important for us to remember that Canadians are actually paying the ultimate bill. The bill we are discussing and debating is a bill of fiscal responsibility. It would encourage the government to better prioritize and account for where it spends the taxes it collects.

The bill would not frighten any responsible democratic government but it does seem to frighten the Liberals. They see it as a potential hindrance to their agenda if people do not agree with their priorities. It frightens them because it would let taxpayers put priorities on how governments spend taxpayers' money. It frightens them because the Liberals are, I am afraid, increasingly out of touch with real Canadians and with what they want their taxes going toward. The Liberal priorities and values are not lining up with those of ordinary Canadians.

● (1900)

Instead of funding Liberal projects, this bill would give taxpayers more say and some choice in how their money is spent. That is something the people want but the Liberals do not. This bill concerned the Liberals so much that they refused to allow a vote on it in this House. Further, they will not even let it be discussed. A few moments ago they refused to give unanimous consent of the House to refer this bill to committee for further study. What they are saying is no accountability and democratic input. It is not allowed.

Why is it that the finance minister and the Standing Committee on Finance travel around the country at this time of year under the guise of prebudget consultation while refusing to consult ordinary Canadians at a time when they are filling out their taxes? Apparently the minister is more interested in controlled input from a select few and racking up his air miles than getting broad based input from ordinary Canadians.

Paying lip service to consultation by going through the motions at staged committee meetings does not allow the priorities of the whole Canadian public to be heard. Canadians are increasingly and understandably jaded about the wisdom of their elected representatives spending their dollars.

Thirty years of government overspending has saddled us with \$600 billion of debt, the highest taxes in the G-7 countries, with interest payments that are eating the heart out of our social programs. Given this track record, the status quo on tax and spend governments from on high is not acceptable. In fact it is destructive.

Canadians want to have input into the governance of their country. It is that desire that has put Reformers in this House. This is the message that Reform has consistently promoted since its inception over 10 years ago. This is the message we will continue to promote.

This bill furthers this vision. I commend my hon. colleague from Yorkton—Melville for his initiative and effort in putting it forward. I was very interested to hear the results that he received back from his constituents when he asked them to fill out the people's tax form. It is clear that his constituents want to retain public security for those who need it most. Old age security, health care, justice and even the RCMP are their priorities.

Reformers are true Canadians who care, despite how others in this House want to misrepresent them.

My colleague's constituents also made it abundantly clear that they do not want their tax dollars going to pet Liberal projects like multiculturalism and special interest group funding. They want government to encourage but not subsidize business initiatives. They know that Canadian industry is strong enough to stand on its own and that tax breaks to consumers will do more to strengthen business than making them dependent on subsidies.

The people of Canada want Ottawa to stop telling them what is best for them. They are tired of a Liberal position that it is not the people's job to think but to obey.

This bill provides an effective vehicle for government to better serve the people. I ask my hon. colleagues in this House to support the people who have put them here and to support this initiative. It is with this in mind that I would like to seek the unanimous consent of the House to make this bill a votable item.

The Deputy Speaker: Is there unanimous consent for the motion proposed by the hon. member?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: There is no consent.

Mr. Roy Bailey (Souris—Moose Mountain, Ref.): Mr. Speaker, I will be sharing my time with my hon. colleague who shares the southern borders of our province, the hon. member for Cypress Hills—Grasslands. The day after the June 2 election one of the press people came to me and said "What do you suspect will happen in the House when you get there, given the fact that there are four opposition parties and the Liberal Party, the governing party opposite".

• (1905)

I said to that young reporter "I expect that it is going to be 240 versus 60". That is the way it has been. When we bring common sense legislation in, we see 240 lining up to vote against the 60 people that come here.

I come from the highest taxed province, Saskatchewan. Saskatchewan is the highest taxed province in Canada right now. When I hear people talking about this being very expensive to have one electronic sheet placed in everybody's income tax forms, to be filed

Private Members' Business

through electronic machines in each province on the computer, any government should welcome this. They would have more public opinion than a thousand town hall meetings and they would have it every year in April. By April they would know what the people across Canada are thinking. They would know that the thoughts of British Columbians differ from those of the maritimes. At least they would have before them a truly volunteered opinion coming before them at very little cost.

No one in this House can say that this is an expensive measure as far as democracy is concerned.

If any government were to take a look at a sheet coming in like this, they could look down at the constituency of my colleague and see that 88.8% of the people are opposed to government expenditures in the matter of gun registration. The amount of money that they would save in gun registration over the next five years would pay the bill of the tainted blood inquiry and Canada could walk away free.

We spend more money because some brainwave comes into existence with no feeling toward the public whatsoever. Any government that really wanted to be truly representative would say "We can do this in a minute. We can have this ready in April. We can have a form filled out and it would come through. It would not have to be touched. It would be automatically recorded and there the government would have the party's opinion".

I wonder what the people of the provinces of Ontario and Quebec would think if the people in the four western provinces were paying \$2.90 for a package of cigarettes and here they were paying \$5.70. I am sure they would be complaining.

An hon. member: I'm not a smoker.

Mr. Roy Bailey: I am not a smoker either, but boy there would be something to pay.

For the last five years or six years the people in western Canada who smoke pay at least \$3 more for a package of cigarettes. We have never had any big complaint about that, but with this government it seems to matter where the complaints come from. That is what makes the difference.

This would be one of the cheapest public relations jobs this or any government could possibly do. We could possibly lead the world in the way of getting an electronic opinion from the people that we serve.

We should support the bill. We should discuss it further. I will turn the rest of my time over to my hon. colleague from Cypress Hills—Grasslands.

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, I think the problem that we are encountering here with endeavouring to get serious consideration for this bill was actually spelled out by the hon. member for Yorkton—Melville in his

Private Members' Business

address when he stated that if this bill were to become law, there would be less public apathy in government.

The last thing that the Liberal government wants is less public apathy. The more apathy the better. The government says "Keep them out of it. Keep them asleep. Do not consult them. Tell them, 'Pay your taxes folks and then shut up and leave us alone'."

• (1910)

The reason I am rising is really more than to speak to the estimable merits of the bill. I want to comment on the presentation by the hon. member for Lotbinière. He appeared to think that this was not a bad idea, but he was distressed because he felt that if this did become law, the people of Yorkton—Melville might oppose the expenditure of federal funds to promote official bilingualism. I would submit that if this became law, it would also be the law in the province of Quebec. The people of Quebec likewise would vote massively to avoid spending federal funds to promote federal bilingualism.

The hon. member also commented on the fact that we did not elect any Reformers in Quebec. I would like to point out that the Bloc did not elect very many members in western Canada. So what pray tell is the point of his argument?

Finally, he mentioned the fact that Reform said in the last election that perhaps provinces other than Quebec should begin to have some small voice at the top level of government. But do the separatists not say the same thing? They not only want to reduce the overwhelming influence and power of Quebec in Ottawa, they want to eliminate it altogether. They want to leave Quebec as this pitiful and powerless little fish in a vast anglophone sea.

This is one of the most interesting bills I have seen presented in Parliament in Private Members' Business to date. It is a great shame and a pity that it is not being sent to committee. It is a bill that would not require any great expenditure of public funds. It is pin money to this government. It is a bill that would give the people of Canada a sense of ownership, a sense of being a part of the process of governing this great country, a sense that they are losing by leaps and bounds. There is a vast distaste, a vast distrust out there of government.

All of us as politicians hear this all the time: "It does not matter anymore. It does not matter who we elect, who we send to Ottawa, it is all nonsense. Go on down there and play your games. We will work and pay our taxes but we know in our hearts that it is just a charade".

I was just getting warmed up, but I see you are giving me the finger, Mr. Speaker.

The Deputy Speaker: I would not think of giving the finger to the hon. member, but I was warning him that he had a minute left in his speech.

However, the time provided for the consideration of Private Members' Business has now expired and the order is dropped from the Order Paper.

[*Translation*]

It being 7.15 p.m. the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 7.14 p.m.)

CONTENTS

Thursday, November 27, 1997

Privilege

Amending Legislation—Speaker's Ruling	
Drafting Legislation—Speaker's Ruling	
The Speaker	2343

ROUTINE PROCEEDINGS

Government Response to Petitions

Mr. Adams	2344
-----------------	------

Organized Crime

Mr. Scott (Fredericton)	2344
Mr. Forseth	2345
Mr. Marceau	2347
Ms. Desjarlais	2348
Mr. MacKay	2349

Committees of the House

Public Accounts

Mr. Williams	2351
--------------------	------

Climate Change

Mr. St. Denis	2352
---------------------	------

Corrections and Conditional Release Act

Bill C-292. Introduction and first reading	2352
Mr. Marceau	2352
(Motions deemed adopted, bill read the first time and printed)	2352

Canadian Security Intelligence Service Act

Bill C-293. Introduction and first reading	2352
Mr. Marceau	2352
(Motions deemed adopted, bill read the first time and printed)	2352

Petitions

Taxation

Mr. Szabo	2352
-----------------	------

Questions on the Order Paper

Mr. Valeri	2352
------------------	------

GOVERNMENT ORDERS

Canada Pension Plan Investment Board Act

Bill C-2. Report stage	2353
Mr. Nystrom	2353
Mr. Szabo	2355
Mr. Mayfield	2355
Mr. Szabo	2355
Mr. Mayfield	2355
(Division deemed demanded and deferred)	2355
Mr. Nystrom	2355
Motion No. 9	2355
Mr. Dubé (Madawaska—Restigouche)	2357
Mr. Nystrom	2358
Mr. Dubé (Madawaska—Restigouche)	2358
Mr. Godin (Acadie—Bathurst)	2358
Mr. Crête	2358
Mr. Muise	2359
Mr. Laliberte	2360
Mr. Thompson (Wild Rose)	2360

Mr. Muise	2360
Ms. Desjarlais	2361
Mr. Wappel	2361
Mrs. Ablonczy	2361
Mr. Valeri	2362
Mr. Szabo	2363
Mr. Chrétien (Frontenac—Mégantic)	2364
Mr. Dumas	2364
Mr. Nystrom	2365
Mr. Dumas	2365
Mr. Nystrom	2365
Mr. Dumas	2365
Mr. Breitreuz (Yorkton—Melville)	2365
(Group No. 4 motions deemed put, divisions deemed demanded and deferred)	2366
Mrs. Ablonczy	2366
Motion No. 10	2366
Mr. Dubé (Madawaska—Restigouche)	2366
Motion No. 12	2366
Mr. Crête	2367
Mr. Godin (Acadie—Bathurst)	2368
Mr. Muise	2369
Mr. Canuel	2370
Mrs. Ablonczy	2371
Mr. Thompson (Charlotte)	2372
Mr. Valeri	2373
Mr. Thompson (Charlotte)	2373
Mr. Nystrom	2374
Mr. Dubé (Lévis)	2375
Mr. Price	2376

STATEMENTS BY MEMBERS

Environment

Mrs. Kraft Sloan	2376
------------------------	------

Year 2000

Mr. Grewal	2376
------------------	------

Jacques Parizeau

Ms. Jennings	2377
--------------------	------

BC Mine Workers

Mr. Fournier	2377
--------------------	------

The Environment

Mr. Caccia	2377
------------------	------

Seaforth Highlanders

Mr. Hart	2377
----------------	------

Jacques Parizeau

Mr. DeVillers	2377
---------------------	------

Child Tax Benefit

Mrs. Gagnon	2378
-------------------	------

Jacques Parizeau

Ms. Folco	2378
-----------------	------

Canadian Flag

Mr. Thompson (Wild Rose)	2378
--------------------------------	------

Jacques Parizeau

Mr. Saada	2378
-----------------	------

Alternative Service Delivery	
Ms. Lill	2379
Quebec Premier	
Mr. Harb	2379
Pharmaceutical Industry	
Mr. Charest	2379
Quebec Sovereignty	
Mrs. Dalphond–Guiral	2379
The Late Justice John Sopinka	
Mr. Valeri	2380

ORAL QUESTION PERIOD

Canada Post	
Mr. Manning	2380
Mr. Chrétien (Saint–Maurice)	2380
Mr. Manning	2380
Mr. Chrétien (Saint–Maurice)	2380
Mr. Manning	2380
Mr. MacAulay	2380
Krever Report	
Mr. Hill (MacLeod)	2380
Mr. Rock	2380
Mr. Hill (MacLeod)	2381
Mr. Rock	2381
Minister of Intergovernmental Affairs	
Mr. Duceppe	2381
Mr. Chrétien (Saint–Maurice)	2381
Mr. Duceppe	2381
Mr. Chrétien (Saint–Maurice)	2381
Mr. Duceppe	2381
Mr. Chrétien (Saint–Maurice)	2381
Mr. Duceppe	2381
Child Poverty	
Ms. Davies	2382
Mr. Pettigrew	2382
Ms. Davies	2382
Mr. Pettigrew	2382
The Economy	
Mr. Charest	2382
Mr. Chrétien (Saint–Maurice)	2382
Mr. Charest	2382
Mr. Chrétien (Saint–Maurice)	2382
Aboriginal Affairs	
Mr. Scott (Skeena)	2383
Mrs. Stewart (Brant)	2383
Mr. Ramsay	2383
Mrs. Stewart (Brant)	2383
Minister of Intergovernmental Affairs	
Mr. Brien	2383
Mr. Dion	2383
Mr. Brien	2383
Mr. Dion	2383
Aboriginal Affairs	
Mr. Mayfield	2383
Mrs. Stewart (Brant)	2384
Mr. Kerpan	2384
Mrs. Stewart (Brant)	2384

Minister of Intergovernmental Affairs	
Mr. Gauthier	2384
Mr. Dion	2384
Mr. Gauthier	2384
Mr. Dion	2384
Aboriginal Affairs	
Mr. Johnston	2384
Mrs. Stewart (Brant)	2384
Mr. Breitzkreuz (Yorkton—Melville)	2385
Mrs. Stewart (Brant)	2385
Krever Report	
Mrs. Picard	2385
Mr. Rock	2385
Justice	
Ms. Augustine	2385
Ms. McLellan	2385
Aboriginal Affairs	
Mr. Chatters	2385
Mrs. Stewart (Brant)	2385
Mr. Hill (Prince George—Peace River)	2385
Mrs. Stewart (Brant)	2386
Krever Inquiry	
Ms. Wasylcyia–Leis	2386
Mr. Rock	2386
Ms. Wasylcyia–Leis	2386
Mr. Rock	2386
RCMP	
Mrs. Wayne	2386
Mr. Scott (Fredericton)	2386
Mrs. Wayne	2386
Mr. Scott (Fredericton)	2387
Climate Change	
Mrs. Redman	2387
Mrs. Stewart (Northumberland)	2387
Aboriginal Affairs	
Mr. Manning	2387
Mrs. Stewart (Brant)	2387
POWA	
Mr. Chrétien (Frontenac—Mégantic)	2387
Mr. Pettigrew	2387
Human Rights	
Mr. Nystrom	2387
Mr. Martin (LaSalle—Émard)	2387
Krever Inquiry	
Mr. Thompson (Charlotte)	2388
Mr. Rock	2388
Aboriginal Affairs	
Mr. Williams	2388
Mrs. Stewart (Brant)	2388
Literacy	
Mr. Myers	2388
Mr. Pettigrew	2388
Seal Hunt	
Mrs. Tremblay	2388
Mr. Anderson	2388
Business of the House	
Mr. White (Langley—Abbotsford)	2389

Mr. Boudria	2389
Point of Order	
Oral Question Period	
Mr. Bergeron	2389
The Speaker	2389
Pharmaceutical Industry	
Mr. Charest	2389
Withdrawal of Comment	
Mr. Pankiw	2389

ROUTINE PROCEEDINGS

Committees of the House

Finance

Mr. Adams	2390
(Motion agreed to)	2390

GOVERNMENT ORDERS

Canada Pension Plan Investment Board Act

Bill C-2. Report stage	2390
Mr. Price	2390
Mr. Szabo	2390
Mr. Valeri	2392
Mr. Solomon	2393

THE ROYAL ASSENT

The Speaker	2395
-------------------	------

GOVERNMENT ORDERS

Canada Pension Plan Investment Board Act

Bill C-2. Report stage	2395
Mr. Tremblay	2395
Mr. Iftody	2396
(Divisions deemed demanded and deferred)	2398
Mr. Nystrom	2398
Motions Nos. 11 and 13	2398
Mr. Dubé (Madawaska—Restigouche)	2398
Motion No. 14	2398
Mr. Nystrom	2398
Motions Nos. 15, 16, 17, 18, 19 and 22	2398

Mr. Nystrom	2398
Message from the Senate	
The Deputy Speaker	2399

THE ROYAL ASSENT

GOVERNMENT ORDERS

Canada Pension Plan Investment Board Act

Bill C-2. Report stage	2399
Mr. Nystrom	2399
Mr. Dubé (Madawaska—Restigouche)	2400
Mrs. Wayne	2401
Mr. Dubé (Lévis)	2402
Mr. Solomon	2403
Mrs. Ablonczy	2405
Mr. Muise	2406
Mr. Fournier	2406
Mr. Thompson (Charlotte)	2407
Ms. Vautour	2408
Mr. Perron	2410
Ms. Wasylcyia—Leis	2410
Mr. Szabo	2412
Mr. Thompson (Charlotte)	2412
Mr. Szabo	2412
Mr. Valeri	2413
Mr. Herron	2414
Mr. Herron	2415

PRIVATE MEMBERS' BUSINESS

People's Tax Form Act

Bill C-214. Second reading	2416
Mr. Breitzkreuz (Yorkton—Melville)	2416
Mr. Valeri	2418
Mr. Valeri	2419
Mr. Desrochers	2419
Ms. Wasylcyia—Leis	2421
Mr. Lowther	2422
Mr. Bailey	2423
Mr. Morrison	2423

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