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(HANSARD)

Monday, February 2, 1998

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Monday, February 2, 1998

The House met at 11 a.m.

Prayers

• (1100)

[*English*]

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. McClelland): 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 bills, to which the concurrence of the House is desired: Bill S-5, an act to amend the Canada Evidence Act and the Criminal Code in respect of persons with disabilities, to amend the Canadian Human Rights Act in respect of persons with disabilities and other matters and to make consequential amendments to other acts and Bill S-4, an act to amend the Canada Shipping Act (maritime liability).

PRIVATE MEMBERS' BUSINESS

[*English*]

EUTHANASIA

The House resumed from November 4 consideration of the motion and of the amendment.

The Acting Speaker (Mr. McClelland): On debate, the hon. member for Lac-Saint-Louis with eight minutes remaining.

Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.): Mr. Speaker, since we last had this debate the member for Burnaby—Douglas had a pretty bad accident. I wish him all the very best on returning to the House.

When we started the debate in which I had two minutes of speaking time, I alluded to a reference from Drs. Herbert Handin and Gerald Klerman from the American Journal of Psychiatry in 1993 in which they concluded as follows, and I will repeat the quote to put it in the context of the debate:

If those advocating legalization of assisted suicide prevail, it will be a reflection that as a culture we are turning away from efforts to improve our care of the mentally ill, the infirm and the elderly. Instead, we would be licensing the right to abuse and exploit the fears of the ill and depressed. We would be accepting the view of those who are depressed and suicidal that death is a preferred solution to the problems of illness, age, and depression.

[*Translation*]

What we are discussing here is not the act of artificially prolonging life. I believe there is a general consensus within society that medical means ought not to be used to artificially prolong the lives of those suffering so much that, to all intents and purposes, their lives no longer have any meaning.

• (1105)

That is not what we are discussing here. What we are discussing here is the proactive act of helping in someone's suicide or death.

[*English*]

We are not debating the withholding or withdrawal of life support systems but whether physicians and others should help suffering individuals to cause their own death. Where do we draw the line once we have crossed the threshold of active euthanasia or assisted suicide?

The patient is inevitably influenced by someone else whether it be a doctor, a relative or a friend. This advice, and more so the act of helping the death of another, can be influenced by so many factors, many emotional, as to become very subjective. Who are we to decide to deliberately terminate a human life? What happens if our judgment happens to have been wrong? It is then too late to change it.

I have a son Peter who is severely handicapped, intellectually handicapped. He cannot hear and almost cannot speak. Lately his kidneys collapsed. I remember meeting with a renal surgeon at the Montreal General Hospital. We were examining whether Peter should be given the same chance as somebody who is productive in society.

Some in society would look at the bottom line and say no, Peter should not have a chance to have dialysis, that it should be given to another person who is productive in society. To the tribute of Dr. Kaye, he decided Peter should be given that same chance as anybody else. Today he goes to dialysis three times a week and brings joy to the people there. He brings joy to the nurses by the fact that he accepts this imposition on him with joy. He has a smile on his face. He brightens up the place. Maybe he is not productive

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socially. Maybe he is not productive in dollars and cents, but he brings a lesson, which has been a huge lesson, to my own family, to me, to my wife and to our other children.

Who are we to decide? Should we decide that he who is not productive should not have dialysis and so we assist in the termination of his life? What is more, do we decide in our subjective opinion that somebody like him should be terminated earlier to avoid suffering or to avoid his having to go to dialysis considering that already his life is pretty well impaired?

Once we cross a line in the sand that gives any of us the legal authority to help terminate someone else's life, we breach a most sacred trust, the tenet of the sanctity of life.

Today some will hold that Peter should not have been born at all. We have technological instruments that tell us whether a child will have Downs Syndrome or be severely retarded before his birth, so some say he should not have the right to be part of society because he will not be productive and will be a hindrance to his family.

Thank the Lord that we never thought that way. He brought joy to us. He brought a tremendous amount of comfort to our life. He brought an example. Because of him my children are more aware of others with handicaps and of others who are weak in society. I rejoice in his life. I rejoice in the life of every person. Every person has the right to live. We as human beings, so frail and subjective, have no right to decide when a person should die, when we should extinguish a life.

• (1110)

I am totally against the motion. I hope it is rejected.

[*Translation*]

Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ): Mr. Speaker, it is in a spirit of respect and compassion that I rise today on Private Member's Business Motion M-123, moved by the hon. member for Burnaby—Douglas and amended by my colleague for Berthier—Montcalm last November 4.

That motion, if adopted as amended, would read as follows:

That a special committee be appointed, pursuant to Standing Order 105, to review the provisions of the Criminal Code dealing with euthanasia and physician assisted suicide and that the Committee be instructed to report to the House.

This is not the first time in this House that I have addressed this very sensitive issue of growing concern to our fellow citizens of Quebec and of Canada. The purpose of the amendment put forward by my colleague for Berthier—Montcalm is ensure that the parliamentarians who will address this matter in committee will have all the latitude necessary for such a debate. The committee will then be able to carry out its in-depth examination without needing to concern itself about the very significant and demanding requirements that drafting a bill on this matter demands.

What we are debating here today is one of the great ethical debates in developed countries. In the recent past, and particularly these past few months with the so-called Latimer case, it is becoming clear that public opinion about assisted suicide is polarized.

Everyone remembers Sue Rodriguez' fight for the right to die with dignity. More recently, just last week in fact, a citizen of Manitoba was charged with murdering his wife in another case of assisted suicide.

The House of Commons cannot ignore such situations. It does not have the right to bury its head in the sand.

It is therefore essential that a committee look into these issues, hear what the people and stakeholders have to say, and report to the House. It will then be up to the government to legislate on the matter, while showing respect for values and for individuals.

Since the late 1960s, public attitudes about physician-assisted suicide have changed considerably. A 1968 Gallup poll showed that 43% of respondents believed a physician should be legally authorized to end a patient's life when officially instructed to do so in writing by the patient.

The increasing number of cases that have arisen in recent years dictates that we take a serious look at this issue which involves legal, ethical and moral considerations.

I believe this debate is basically about the right to dignity, the right of terminally ill patients or those with deadly diseases to decide when and how they will die.

There have been tremendous advances in medicine during the 20th century and we all expect miracles from medical research. In addition to saving many lives, medicine has extended life, holding death further at bay.

Palliative care designed to reduce suffering in terminally ill patients has greatly improved too. Everyone recognizes that unbearable pain is incompatible with the kind of respect owed to a person, with a person's right to dignity. Unfortunately, this care is not always the panacea it is made out to be. There are patients who continue to suffer not only physically, but also psychologically and emotionally.

• (1115)

If people are suffering from some irreversible illness which seriously affects their quality of life, they should have the right, if it is their wish, to choose when and how they want to leave this world.

However, let us be very clear: the decision must be made in an informed and competent manner. An increasing number of people are making what is called a "living will" so that, should they become sick or suffer a serious accident, they can choose not to receive care or stop treatment.

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The purpose of this motion is not to deal with the advisability of euthanasia for those who do not request such a measure, or who are not in a position to make such a request or to do so in an informed manner. The decision to resort to euthanasia rests with the person. It is an extremely important decision. The decision rests with the person alone.

In this regard, the Latimer case raised major concerns among handicapped people and the groups representing them. Such concerns are understandable and legitimate. This is another reason to consider the issue of assisted suicide from every possible angle. To rule out the right to die with dignity is to negate the very real right of a person to choose how his or her life should end.

The ban on assisted suicide, as stated in section 241 of the Criminal Code, can also lead to other types of abuse. A large number of assisted suicides are conducted illegally. This situation has an adverse effect on the dignity of the person. How can we accept that an act conducted illegally, often away from close ones, in a foreign environment, could be the accepted standard in our society? I do not think this could be the case, because compassion is a value in which we all believe.

A parallel can be made with the abortion issue. Abortion was long considered a criminal act. Still, women had abortions. They had them clandestinely and in conditions that could put their life at risk. Decriminalizing abortion has had the effect of greatly improving the conditions in which these acts take place. Charlatans and quackery have disappeared. Once a woman has made her decision, she is entitled to quality care.

I hope Motion M-123 will get the support of a majority of parliamentarians. If death is part of life, if it is its hidden side, then we have a duty to ensure that conditions exist to preserve and promote people's dignity. For us, and for all our loved ones, can we really choose anything other than a gentle and humane death with dignity?

[English]

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, it is my pleasure to rise today to speak to Motion No. 123 as proposed by the hon. member for Burnaby—Douglas. This motion advocates that a special committee be appointed to review the provisions of the Criminal Code dealing with euthanasia and physician assisted suicide and that a bill be brought into the House by this committee.

In the 1990s people are now able to live longer than ever before. This is in part because of the fantastic advances that have been made in medical treatment and more positive, personal enhancing lifestyles.

Unfortunately the reality of this situation is that along with prolonged longevity one can also experience a reduced quality of life, especially those afflicted with incurable and degenerative diseases. Diseases such as AIDS, Alzheimers and cancer can make the latter stages of life unendurable.

• (1120)

Persons with these afflictions can see their probable future before they become incapacitated. Some of them will seek assistance to die, desiring greater control over the decisions related to life or death.

In June 1995 the special Senate committee on euthanasia and assisted suicide produced a very comprehensive report. One of the prominent recommendations made within the report was that the Criminal Code be amended to clarify the practice of providing treatment for the purpose of alleviating suffering that may shorten life.

This is not an issue that has been introduced in these chambers for the very first time. Since March 27, 1991 when private member's Bill C-351 was introduced, numerous attempts have been made through the use of motions and private members' bills to bring about significant changes to the Criminal Code, changes pertaining to euthanasia and doctor assisted suicide.

Reading *Hansard* transcripts of those debates in the past in this House revealed that certain presenters were extremely knowledgeable about this issue, most notably the comprehensive, well researched debates made by the member for Burnaby—Douglas.

Every effort in the past was destined to fail due to the fact that the concepts presented were very foreign to the cultured and conditioned minds of members present. Every attempt died on the order paper.

There is much to be gleaned from the legislative judicial accounts in Australia, Netherlands and numerous states south of the border.

I think it is appropriate that the House of Commons now examine this issue as it definitely merits further study. I can imagine no better approach than a House of Commons special committee composed of representatives of each official political party as a means of investigating this complex matter.

Euthanasia and physician assisted suicide are certainly contentious, stirring deep emotions in most Canadians. These practices abroad have raised many questions regarding the importance of regulation.

There are several countries that have been utilizing some form of euthanasia. It may be possible that the experience in these countries may make us more sensitive to the benefits as well as the drawbacks of this practice.

Some of the benefits include the empowerment of individuals to decide the extent to which they can live with pain, thus allowing individuals to become more autonomous in medical treatment decision making.

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The rationale here is that the extension of life, without an accompanying improvement in the quality of life, is not necessarily the desire of all patients suffering through painful, irreversible medical conditions.

In some instances, preservation of life may imply nothing more than prolonged pain and suffering. Many Canadians believe that allowing individuals to die with dignity is a reasonable proposition. There appears to be growing support among Canadian for the concept of euthanasia.

Let us look at the down side. There are concerns that legislative voluntary euthanasia can lead to involuntary euthanasia or murder as we know it.

We have heard anecdotes of shocking cases in Netherlands, for instance. In one published case, a Dutch general practitioner was called to a patient's home and, meeting her for the first time, immediately asked her to choose between hospitalization and euthanasia.

When the stunned patient could not reply because of her condition, he gave her one hour to think it over. This highlights a concern held by critics of euthanasia who fear that physicians may very well end up taking the initiative in the cessation of life without the voluntary wish of an incoherent individual.

• (1125)

In Netherlands although euthanasia is a criminal offence it is actually not prosecuted as long as specific guidelines are followed. These guidelines were developed following a series of court decisions. The patient must repeatedly and explicitly express the desire to die time and time again. The patient's decision must be well informed, free and enduring. The patient must be suffering from severe physical or mental pain with no prospect of relief. All other options for care must have been exhausted so that euthanasia is a last resort or the patient must have refused other available options. The euthanasia must be carried out by a qualified physician. The physician must consult at least one other physician or consult any other health care professionals. The physician must inform the local coroner that euthanasia has been carried out.

This is the present state of affairs in Netherlands after many years of debating, arguing, court cases and so forth. They have all led to the acquisition of more knowledge and understanding. The spinoff is that the general population also becomes more knowledgeable throughout this process.

During this decade Canadians have been exposed to the concepts of euthanasia and doctor assisted suicide more frequently than in any other decade in our history. Sensational court cases have made it obvious that Parliament must act. The courts should not be making the laws of the land. Members of Parliament must accept that responsibility. Our past minister of justice, the member for

Etobicoke Centre, clearly stipulated this position on February 14, 1994. He also declared that it was time for an informed discussion.

The former leader of the Bloc Quebecois, Lucien Bouchard, stated: "Like many Canadians, I was asking questions. Obviously there are very deep personal questions involved and we should, all of us, in a non-partisan way try to set up a new kind of approach to it".

As parliamentarians we must not enter the debate regarding these contentious issues in an ignorant emotional manner. It is for the purpose of increasing our knowledge and exploring this issue that I stand here today and urge all members to support Motion No. 123.

The Acting Speaker (Mr. McClelland): Before we go to the next speaker, since our rotation is a little out of order, I will give you a heads up on what is going to happen. We will go to the member for Yukon next, then the member for Elk Island, then the member for Scarborough East and the member for Pictou—Antigonish. Many people would like to speak during this debate, so if you do not need 10 minutes, do not take 10 minutes.

Ms. Louise Hardy (Yukon, NDP): Mr. Speaker, I rise to support the motion to have a committee prepare a bill that would deal with physician assisted suicide. We should not force a prolonged painful dreadful death on a rational but incapacitated terminally ill human being.

People are already being assisted with their suicides, with their choice to die with dignity, but it is happening without open discussion and without any safeguards. We need to clarify the practice of any treatment that lessens suffering and may shorten life and withholding or withdrawal of treatment that would prolong life. When are these actions legally acceptable? More important, when are they ethically and morally acceptable.

My mother at 59 suffered a heart attack and became mentally incapacitated, but physically she was very strong. I remember asking the doctor why she was not getting the treatments that would help her. His reply was that she was old and was now mentally handicapped. I argued and pushed for her to have the treatments. She remained very strong physically but her life was certainly limited. My life was devoted to her care.

• (1130)

As time went on, another doctor asked if we should revive her if she had another heart attack. I was appalled. I never believed that I would be asked that question. I did not believe it was for me to answer that question. It was her life. I had never talked to my mother about death and I had never prepared myself to answer a question like that. I never knew what her beliefs were except that she was Catholic and it was not something she wanted.

More than anything, she loved being alive. Her way of life was different. It was limited but it was full of joy. She wanted to be with her grandchildren and she wanted to be with me. That was all

that mattered and she loved it. I resented having that question asked because I felt it was wrong. It was an ethical question and if my mother had not made that choice, I was not there to make it for her.

We need to know when the interest of the individual overrides our concern for the whole of society and the implications that physician assisted suicide poses for all of us. These changes, should we make them, would not pre-empt palliative care, pain control or symptom relief. We need safeguards for the sanctity of life and we need to consider those safeguards.

Those who do not want to suffer must give informed voluntary consent that is enduring and free of coercion and they must be able to revoke that consent at any moment. They must be sound in mind, competent and unimpaired when making their decisions and their decisions must be based on complete medical knowledge of their illness. A physician cannot be compelled in any way to participate in the process and no one should ever gain in any way from a physician assisted suicide. The decision must be made by the individual, not by the family, friends, clergy, sons or daughters.

We must let a committee hear all the moral, medical, legal, ethical, religious and societal arguments and attempt to balance those with the pleas of those suffering from a terminal illness.

When I travelled throughout the Yukon in January I spoke to high school students. They were intrigued and fascinated by this question. It was immediately something important to them. A young First Nations boy knew he would do what his elders wanted, that he would not oppose them. He felt he would be wrong in opposing their wishes or the wishes of anyone who asked him for help in that way. He wanted to know more and to talk more.

I telephoned my bishop to hear what he had to say and his concerns. Where should we be going? What historical perspective do we need on this issue? Most of all we cannot leave a person to go into a vehicle, turn on the ignition and die alone and deserted without any ceremony. We cannot allow people to end their lives with indignity.

I believe it is critical to take this time to put all these questions before our countrymen and women and to come to a decision that will assist us all. Then we will not be caught out. We will be able to discuss death and we will not be afraid of it. When it comes to suicide we will be able to discuss the shame we all feel, the sense of loss or the feeling that we have somehow failed someone who no longer wants to be among us.

I support this motion.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I realize this motion is of considerable importance and great consequence.

What is this motion really about? We need to recognize it is part of a political process. Instead of a motion that asks specifically to

permit euthanasia, it is legislation by degrees. It first proposes that the committee study this issue in the hopes that everybody will say yes.

Slowly we will be dragged along to accept something we recognize deep inside ourselves is wrong. I believe most Canadians deeply inside themselves know that it is wrong. I am speaking against this motion simply because I am opposed strongly to the outcome of what this motion proposes.

• (1135)

I want to make it very clear that the whole issue of euthanasia and the lack of it in this country has nothing to do with forcing people to undergo continued suffering and artificially prolonging life using extraordinary means. Within the legal values in our country it is already a permissible act to ask that treatment be discontinued. Any patient has the right to deny further treatment.

I also want to emphasize that in our present technological age there have been great advances made in palliative care and in pain control.

The greatest danger in walking down this road is that it is the beginning of a long road which will inevitably have serious ramifications. There is no doubt in my mind as has been experienced in The Netherlands that once we start, the pressure will increase. Elderly people will feel if not direct pressure then subtle pressure to try to save their family members from their grief.

They speak of dying with dignity. I cannot help but think of the passing away of my wife's father several years ago. He had terminal cancer. He suffered with it, yes. There was pain, yes. When I think of the term dying with dignity I think strongly of my father-in-law Mr. Dan Klassen who to the very end kept a strong faith, a strong love for his family. He told me "It is tough to say goodbye. I would like so much to be with mom and the children but I am ready to go. That account with God was settled long ago". He died with real dignity. That is the dignity of which I speak.

In the past 30 years we have undergone a dramatic change in our thinking. We have shifted 180° from the concept of the sanctity of all human life to the bizarre notion that somehow death is benign. That is a contradictory statement. I wish we would look again at our values and our true roots. Why do we think that death is an option? Is it because we despair of any other solution to our problems?

I was deeply moved by the speech this morning of the hon. member for Lac-Saint-Louis. His situation is very similar to that of my family. I have spoken in the House before of my sister Marian, who next week will turn 53. She lives in an extended care centre. She was born with cerebral palsy. She cannot speak. She never has. She cannot look after herself. She cannot dress herself. She needs help with eating. She can sometimes eat on her own, but it gets

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rather messy. However, there are loving people in the facility who will help her clean up.

Somehow many people have come to the conclusion that it would be better for people like her to die. That is a false assumption.

The facility in which she lives is a residential cottage in which disabled people like my sister are looked after. The cottages are brightly coloured. They are named after birds. My sister is in the Swallow cottage along with 20 or 30 others.

I am going to paint a picture of the future if we continue this way of thinking. What would we say if next Tuesday on my sister's birthday a bus were to roll up to the Swallow cottage and take the 20 or 30 residents to the hospital in downtown Moose Jaw and all of those severely handicapped people would undergo one last assessment after which they would be given a lethal injection?

• (1140)

On Wednesday the bus would go to the Swan cottage. On Thursday the Robins would go. On Friday the residents of Owl cottage would go, and so on. There would be 20 to 30 people each day. There are 430 residents living there so it would take a whole month. How many days would pass before there would be a sufficient public outcry to stop this? Is this acceptable? I say no, no, a thousand times no. That is not acceptable and it is not a correct way of thinking.

Most of us, I believe, recognize that what I have proposed would be terribly wrong. The simple question I ask is, if it is wrong for all of them, how can it be right for any one of them? How badly we have slipped when we are ready to accede to the notion that the elderly, the handicapped or the suffering are not worthy of being protected.

Recent events in my home province of Saskatchewan show that there is a surprising level of support for ending the life of one who cannot speak for herself. Where are we going? In my view, if we go forward with what is proposed under the term doctor assisted suicide, we are dangerously close to the scene that I have described.

It is not possible to logically argue against it once we have accepted that basic premise. How can we persuade our young people who are contemplating suicide that death is not the answer to their problem?

I cannot say it strongly enough. This whole notion of death to end suffering, to remove a person whose quality of life is judged to be less than acceptable is based on a wrong notion of false premise. I regret that in our society today so many of us are ready and willing to set aside those strong pillars of our society that have protected us and have kept us safe for all these years. In my view,

we are indeed on a very dangerous slope and slide to oblivion if we continue with this way of thinking.

There will be some who will argue why not have a committee study it. The Senate committee has engaged in a prolonged study on this. I do not believe that having a committee studying it serves any purpose at all because we are fundamentally opposed to it.

I will close by re-emphasizing my question which I want to burn into the hearts of all of the members here. If it is wrong for all of them, how can it possibly be right for any one of them?

Mr. John McKay (Scarborough East, Lib.): Mr. Speaker, I would like to thank the hon. member for his efforts in bringing this important issue to the floor of the House.

The Parliament of Canada is in fact the proper place for a debate of this magnitude. I was pleased to see that the late Mr. Justice Sopinka recognized that judge-made laws in areas such as this are frequently flawed and do not necessarily represent the consensus values of Canadians. The late justice recognized that the proper role of Parliament and its members is one of debate and deliberation.

In matters such as euthanasia it is very difficult for justices, no matter how learned, to properly deal with such an issue as they are frequently confined to a narrow set of facts and are limited by the laws of evidence on materiality and relevance. As a consequence, by definition they are not able to look at the big picture and are frequently in danger of making charter law which is not consistent with Canadian values.

It is a sad day when legislators yield the legislative floor to jurists. The effect is that we give up our democratic rights in order to replace them with a jurocracy.

The issue that we are dealing with today is more than merely a set of facts on individuals or a subset of individuals as compelling as those facts may be.

• (1145)

Members, from their own personal experience, can relate to a set of circumstances in which an individual appeared to live a prolonged life in great pain and a life of no apparent merit, meaning or purpose within our understanding. I can relate to that as immediately before the death of my father he found himself in such circumstances.

The legislation appears to be merciful. Who can be against mercy? It is called mercy killing by some. In reality, being merciful is far more difficult than merely terminating another's life. Mercy can be just as easily an act to relieve pain which may in some manner prolong life.

For the purposes of debate I will define euthanasia as a act which intentionally hastens another's life for the purpose of relieving

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suffering with or without the person's consent. While this topic opens up large moral questions, I will limit myself to four main points.

First, consent is almost always problematic. Second, systemic flaws inevitably result in abuse. Third, the state can never sanction the taking of life. Fourth, the relief of pain and suffering is the only appropriate response for limited resources.

The issue of consent is a troublesome one. Consent in law is very complex and vexes the medical community on a daily basis. The giving of consent must be voluntary and free of coercion. It can be revoked at any time. All circumstances are examined at the time of the giving of the consent, including those present and those not present.

In the area of health care on matters of much lesser magnitude than life or death, consent continues to be a problem of great vexation for the medical community. It is a matter of daily litigation in our courts. In my view there is no system mature enough to recognize the granting of final, irrevocable consent to terminate life. Therefore I am of the view that it is beyond the wisdom of human beings to impute consent and that the ability of the patient is impaired in some manner.

Frequently those in pain will say almost anything to be relieved of pain, including an apparent consent to terminate their lives. At best consent is temporal; at worst it is meaningless. Any person purporting to act on such a consent is imputing an intention which may or may not exist. In my view there is no form of consent that can be given or drafted on which any other person can rely.

This brings me to my next point, the use and abuse to which consent could be put. I have operated in the justice system in Ontario for the past 22 years. It has its flaws and it certainly is underfunded. I would argue that it is among the best justice systems in the world.

In spite of their heroic efforts and equally heroic efforts of legislators to draft procedurally sound laws, it has been shown to have a number of obvious weaknesses. These weaknesses have manifested themselves in a number of ways. Victims have felt it necessary to organize themselves so that their story does not get lost. Caveat, MADD and such organizations exemplify flaws in the justice system. Evidence disappears with disturbing regularity. Witnesses contradict themselves and each other. This is as good as the system gets in the world. It is far from perfect in matters of criminality, let alone matters of life and death.

A few years ago parliament saw fit to abolish capital punishment. As a consequence Messrs. Marshall, Morin and Millgard are with us today. The state chose not to participate in the taking of life because it recognized its own limitations and flaws. It is my submission that no system can ever be devised that could possibly prevent the wrongful taking of life.

• (1150)

A simple example is our health care system which continues to be underfunded and under tremendous strain. We are under continuous pressure to free up resources. It is quite clear that one can talk oneself into a position that one is merciful by ending Mrs. Jones' life. My submission is that that will make the difficulties of 1997-98 look like child's play.

My final point is to address the root motivation that brings forth the legislation. It is very difficult for decent human beings to watch people suffer, especially the ones we love.

I am told by competent health care professionals that a great deal of pain related suffering can be alleviated by proper pain therapies. In my view it would be the proper direction of this legislature to encourage the medical profession to explore areas of pain alleviation.

In summary, Mr. Justice Sopinka was right. This is a matter for the House, not a matter for supreme court justices. We should not be driven by a particularly egregious set of facts because bad facts make bad law.

Consent in matters of life and death is almost impossible to give and notoriously unreliable. No system, no matter how carefully devised, will be free of abuse and misuse. The state should not be involved in the sanctioning of the taking of life. Relief of pain and suffering needs to be better researched and better practised.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, I am pleased to speak today on behalf of my colleagues in the Progressive Conservative Party on this very decisive and emotional issue. It is one that is obviously of great importance to all Canadians and certainly, listening to the comments in the House, of great importance to all members.

I should note from the outset that the Progressive Conservative caucus has decided that each individual member should reflect on his or her own conscience. As well, each and every member should reflect on the views put forward by their constituents. As such, our party will be voting on this motion accordingly.

While in the parliamentary sense our caucus has opted for a free vote approach among members, there is nothing free about the consequences of the motion put forward. Although the motion merely deals with the convening of a special committee to examine the Criminal Code provisions dealing with euthanasia and physician assisted suicide, the long term consequences are something that all members of this place, regardless of political affiliation, will consider when reviewing such a motion.

Canadians from coast to coast, particularly those in the medical profession, are in need of direction. Indeed most Canadians sadly

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face at some time or another the devastating tragedy of death whether by terminal illness, accident, age or infirmity.

I commend the member for Burnaby—Douglas for his hard work and dedication to the issue. Whether one agrees or disagrees with the member's stand, one cannot help but respect the strength and passion the member brings to the House in this debate.

I also welcome the hon. member for Burnaby—Douglas back to the House after his very serious accident over the holidays. One thing I have come to learn in the short time I have been in the Chamber is that this place is a more lively and open forum with the participation of the member for Burnaby—Douglas. Indeed it would have been a shame had this debate taken place without his presence. In any event, I wish the hon. member for Burnaby—Douglas good health and best wishes for a speedy recovery.

As previously mentioned, recent court cases have highlighted the fact that euthanasia is on the minds of many Canadians. Unfortunately specific case references can be misleading because they are fact specific. As the hon. member opposite noted bad facts do make for bad law. Regardless of whether one supports or opposes the motion, in my view the very heart of euthanasia beats with the question of life itself.

● (1155)

When we look to the issue of abortion the question frequently posed is when does life begin. As we look at this issue the question we pose is simply when does life truly end. The questions may be simple; the answers certainly are not.

Canadian society among many societies in the world has not been able to reach a clear consensus. The continued advances made in medical technology pose new questions on issues of life and death. We need only to look at the developing controversy surrounding the issue of human cloning to know this to be true. It is very difficult to predict what the coming years may bring if technology continues to advance at this pace.

Creating life, as ending it, inevitably prompts an atmosphere of controversy. Those two inevitabilities provoke a moral and legal debate of mammoth proportions. As many in the House know and acknowledge, a Senate committee recently examined the question of euthanasia. While consensus was not reached on the core issue itself, two conclusions were reached that we should keep in mind during this debate.

First is an increased need for long term palliative care in Canada going unmet by the current health care system. Second, both medical practitioners and personal care givers need better guidance and protection so that they do not contravene sections of the Criminal Code.

While I read and consider what medical advice can achieve today compared to a hundred years ago I cannot help but be truly amazed that the advances made in technology have literally changed the rules of life and death. For example, medical practitioners are able to treat pneumonia for a person suffering from terminal cancer. Kidney failure or heart attack is no longer fatal at times when met with appropriate medical interventions. Should we now allow those same medical advances to alleviate the suffering of terminally ill through the acceleration of death?

Let us consider the arguments of euthanasia proponents. They point to a dramatically improving ability of providing palliative care to persons suffering from long term afflictions. With respect to the advances of medical and medicine technology, these advocates would say that we as a society must stop asking the question of what can be done medically and start asking instead with the query of what should be done.

Medical ethics make the distinction between active and passive euthanasia. I cite the basis upon which the North American Medical Association distinguishes the two. This statement is taken from the medical association:

The intentional termination of the life of one human being by another—is contrary to that for which the medical profession stands—The cessation of the employment of extraordinary means to prolong the life of a body when there is irrefutable evidence that biological death is imminent is the decision of the patient and/or his immediate family.

There are others who clearly reject the clear-cut distinction between active and passive euthanasia. These individuals would claim that whether treatment is withdrawn to cause death or treatment is applied to cause death the result is inevitable and the same.

Philosopher James Rachels wrote the following to support this view:

Fixing the cause of death may be very important from a legal point of view, for it may determine whether criminal charges are brought against a doctor. But I do not think that this motion can be used to show a moral difference between active and passive euthanasia.

The application of society's standards on individual questions of life and death will always be difficult ones, especially without clear answers to the questions of life and death. We are never left to forget the question of the rights of the individuals versus the rights of society.

Euthanasia proponents contend that individuals have the right to decide their destinies, including the right to end their lives in the event of terminal illness. Furthermore, they would have the Criminal Code make allowances for terminally ill patients who request euthanasia.

It is indeed difficult to ignore the pleas of those afflicted with debilitating diseases. Certainly persons in the House and Canadians

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throughout the land do not in any way want to see individuals suffer. That principle however is paramount.

For those who strongly oppose any form of euthanasia and the sanctity of life the questions of viability and of ensuring that consent is voluntary are extremely important. They believe that allowing for active euthanasia will lead to abuses. This is again a grave concern. To die with dignity, certainly the last wish we all have, will protect society and is nevertheless the cornerstone of the Criminal Code of Canada.

• (1200)

I am pleased to speak on this issue. I should note again that the Progressive Conservative caucus will be releasing its members from party lines to vote their conscience.

The Acting Speaker (Mr. McClelland): The time provided for the consideration of Private Members' Business has now expired and the order is dropped to the bottom of the order of precedence on the Order Paper.

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[English]

INCOME TAX AMENDMENTS ACT, 1997

Hon. Jane Stewart (for the Minister of Finance) moved that Bill C-28, an act to amend the Income Tax Act, the Income Tax Application Rules, the Bankruptcy and Insolvency Act, the Canada Pension Plan, the Children's Special Allowances Act, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act, the Customs Act, the Customs Tariff, the Employment Insurance Act, the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Conventions Interpretation Act, the Old Age Security Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act, the Western Grain Transition Payments Act and certain acts related to the Income Tax Act, be read the second time and referred to a committee.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, it is my pleasure to rise to speak on behalf of the government in support of Bill C-28. This legislation has many parts, as you so clearly outlined a few seconds ago, but its actions are bound by a single consistent dynamic: a strong economy, a strong society.

The relationship between a strong society and a strong economy was highlighted in last fall's federal economic and fiscal update. It

has been at the heart of our government's action agenda from the beginning of its first mandate.

We committed ourselves to a historic turnaround in Canada's federal finances because we understood that sustained deficit reduction was the key to lower interest rates and higher economic growth. We also understood, and made quite clear, that lower rates and higher growth are not ends in themselves. Instead, they were the best way to achieve the real bottom line benefits which Canadians deserve, more jobs and the national resources to make strategic social investments where and when needed.

As we near a new millennium Canadians are even closer to the threshold of a major change in our economic history, the day the federal government is deficit free. This progress, coming faster than we originally dared hope, is indeed delivering benefits we always expected. It has created the conditions for lower interest rates and sustained economic growth and these have set the stage for further milestones.

Last year 363,000 new jobs were created. That is the best record since 1994. In December the unemployment rate was the lowest in seven years. This is one important human aspect of the rewards which come from faster than expected fiscal progress.

Another vital dimension is reflected in today's legislation. We are now in a position where we can make key social investments, investments which respond directly and concretely to the concerns of Canadians. Just as important, we can make these investments without jeopardizing our continued advance to a balanced budget.

The most significant part of this legislation clearly is the measure to increase the cash floor of funding to the provinces under the Canada health and social transfer. Bill C-28 increases the guaranteed amount of federal cash funding—funding for health care, post-secondary education and social assistance and services—from \$11 billion to \$12.5 billion a year through to the year 2002-03. It starts applying this higher cash floor one year earlier than originally slated.

• (1205)

This means the provinces will receive close to an extra \$7 billion in cash over six years. That is by far the largest new spending commitment we have made since first coming to office.

The CHST measure represents by far the most financially substantive measure in Bill C-28 and the one ultimately affecting the lives of most Canadians.

Before I get into the specifics of that measure, let me address the other parts of this wide ranging bill and, in particular, the two tax measures that also reflect our commitment to strengthening Canadian society.

First, Bill C-28 follows through on our 1997 budget pledge to help and encourage Canadians to save for the post-secondary

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education of children. Under this legislation we are increasing the amount that Canadians can invest in a registered education savings plan from \$2,000 to \$4,000 a year for each student beneficiary.

As well, Bill C-28 will allow someone who has contributed to an RESP but who then sees the intended student not go on to post-secondary education to transfer the income from the plan to an RRSP. This will reduce the risk and the disincentive that parents may face that the benefits of the RESP investment could be completely forfeited if their child chooses not to pursue higher education.

Indeed education is the equalizer, the instrument by which a level playing field can be created for all Canadians to help them compete in a fast paced changing economy. This important change will continue to support the task of improving access to post-secondary education for our youth.

Bill C-28 also takes important steps to encourage and support charitable giving by Canadians. It increases the amount of donations for which the charitable credit can generally be claimed to 75% of net income from the previous 50% mark. This 75% limit will apply equally to all charities, eliminating the previous advantage enjoyed by donations to the crown and crown foundations.

The legislation also reduces the income inclusion rate on capital gains arising from certain donations such as stocks, shares and bonds from 75% to 37.5%. This was an area where the existing tax law in Canada was much less generous than in the U.S. Now, with Bill C-28, Canadian charities will enjoy an equal footing with those in the United States.

Each of these three measures which affect the CHST, registered education savings plans and charitable giving provides concrete bottom line support in areas that contribute to the individual well-being of millions of Canadians and to our nation as a whole.

Using the resources of a strong economy to ensure a secure and compassionate society is a key obligation of government. However, we must not put aside our work to maintain and expand that economic strength. One of the foundations of a well-functioning economy is an effective, fair and transparent tax system, a system that allows companies and individuals to focus on the work of building and growing their companies or personal endeavours through real value added, not through manipulation of tax rules.

That is why Bill C-28 includes a range of technical tax measures, including rules relating to transfer pricing. These rules are based on international standards established by the OECD and will ensure that when goods are transferred cross border between elements of a multinational corporation, the pricing involved is based on the principle of arm's length dealings. In other words, companies will not be able to avoid or manipulate taxes by setting a transfer price that is artificial or arbitrary.

Rules that restrict the transferability of losses between affiliated persons will ensure that the federal tax base is not eroded by, for example, one company selling its tax losses to another unaffiliated company.

Also included are rules that apply when a corporation becomes or ceases to be exempt from income tax. This ensures that a tax exempt crown corporation is not able to store up tax deduction and credits if it does not need them and then use them to reduce its taxable income and tax payable after it has been privatized and becomes taxable.

• (1210)

Finally, it includes a measure that ensures that there will be no tax penalty for Canadians receiving disability benefits should the insurance company paying the benefits become insolvent and an employer takes on the responsibility for paying those benefits.

I should point out that these technical provisions of Bill C-28 regarding taxation were made public long ago through draft legislation and ways and means motions. As a result they have been closely scrutinized by private sector experts. The legislation before us truly reflects the revisions and improvements brought to us by such consultation and expert commentary.

I am confident that these sections of Bill C-28 carry the support and acceptance of the sectors involved and deserve the same support from this House.

Let me return to the subject of the CHST as it is undoubtedly the part of this legislation which touches most broadly on the public interest.

It has been claimed by some, and will likely be said again during the debate in this House, that Canada's provinces have contributed an unfair share to federal deficit reduction. The opposition parties may get up today to belittle the enrichment to the CHST floor that Bill C-28 provides, arguing that we are merely restoring some of the funds that we have taken away. Let us be clear. The fact is that as we launched our deficit reduction strategy a contribution from virtually all areas of federal spending was the only way to get Canada's financial house in order.

Reductions were made in transfers to provinces under the CHST when it took effect for 1996-97. This action was not unfair. It was very necessary. It is because we took the necessary action when we did that we can now say that the era of cuts is over. If we had not taken the tough action that we did, today's legislation might be very different.

Rather than providing renewed funding for key social programs, we might be coming before this House to ask for new cuts and additional restrictions. We do not have to look very far. The Ontario government is today looking for billions of dollars more out of its education programs to finance its premature tax cuts and

increased spending. Because we did what had to be done, when it had to be done, we have been able to achieve the federal fiscal success that is beginning to pay real dividends, dividends of solid benefits to each province and all Canadian citizens.

Remember it was the strong majority of Canadians who demanded that the deficit problem be resolved. They have supported our action plan. Without their support our success would not have been possible.

No objective observer can question what had to be done. The hard truth is provincial transfers represent about 20% of all our federal program spending. That is one dollar in every five. There was simply no way we could meet our deficit commitment to Canadians without touching transfers. We worked hard to make these cuts as fair as possible. This deficit cutting exercise was transparent. It was done in consultation with Canadians and their provincial governments. We gave provinces a full year's notice of our plans so that they had time to adjust their priorities and programs.

There is another aspect of the CHST that demonstrates our commitment to fairness and to positive partnership with the provinces. In response to the provinces' request for flexibility we restructured the previous system with its separate targeted components into a single Canada health and social transfer. This addressed the longstanding provincial concern that the inflexible conditions associated with the previous transfer systems did not allow them to meet specific regional needs and opportunities. We instituted the CHST to deliver greater flexibility while still firmly upholding the principles of the Canada Health Act.

• (1215)

Mr. Speaker, you do not bring down a \$42 billion deficit by nibbling at the margins. This government tried to be as fair as possible and that meant hitting ourselves harder than we cut anyone else. Let us look at the facts. And as I said earlier, the opposition parties will soon get up to talk about how we have not cut any spending.

In 1996-97 total provincial entitlements including the CHST and equalization amounted to \$35.7 billion. That was a drop of \$1.7 billion or 4.5% since 1993-94. I had better repeat that just so we are very clear. The facts are that in 1996-97 total provincial entitlements including the CHST and equalization amounted to \$35.7 billion. That was a drop of \$1.7 billion or 4.5% since 1993-94.

In contrast, our own program spending declined \$6.9 billion over the same period. That is 12.5%, more than double the transfer ratio. Some provinces and some in this House may try to give a different set of numbers. That is because they refuse to recognize that tax points are an important component of the total provincial entitlement.

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These tax points have been provided to the provinces over the years. They mean real money in their hands and a real loss of money to the federal government. In fact this year alone the value of tax points we have ceded to the provinces is nearly \$13 billion. That is why the total support to the provinces under CHST today exceeds \$25 billion.

An interesting point which needs to be made over and over again is that the value of these tax points will grow as the economy strengthens. That is why the total value of the CHST to provinces is slated to increase 2.5% annually on average. This means that the CHST is projected to reach more than \$28 billion by 2002-03.

There are two final points I want to offer concerning the enrichment of the CHST under this legislation.

First, the cash floor it sets is \$12.5 billion. This was not devised by some bureaucrats in the back room. This was not a figure that was pulled out of the air. It is the precise amount recommended by the National Forum on Health.

Some hon. members may remember that in last fall's economic update the Minister of Finance said that the increase in cash floor would mean an extra \$6 billion for the provinces. Today, as I said earlier, this cumulative gain will be nearly \$7 billion.

Some may be wondering where the extra money came from. The fact is that transfer payment schedules are re-estimated twice a year as economic data moves from the realm of preliminary estimates to final results. What this does is it again highlights the benefits of the tax point component of the CHST. It is because economic growth has been stronger than originally projected that the tax point portion of the CHST is worth more.

When the discussion surrounding CHST occurs in the House, I hope that members will continue to articulate the importance of the tax point portion of the transfer because the tax point portion will continue to increase as the economy grows. We have just seen that in a very tangible way by an additional \$1 billion flowing through the CHST because of the increase in economic activity.

• (1220)

Under the previous circumstances, before Bill C-28, before the cash floor was put in, the increase in tax points would have triggered a reduction in the cash portion of the federal funding that provinces would receive. Because this legislation sets the \$12.5 billion cash floor, it cannot drop. The provinces get to keep the extra dividend. That is the source of the additional \$1 billion.

This legislation guarantees that the future growth in the tax point component of the CHST will not see the cash portion decline below \$12.5 billion over the next five years. In other words, at least \$12.5 billion in federal funds will be there each and every year. It will be

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there to help provinces provide the national health care system which is cherished by Canadians. It will be there to support the post-secondary education that gives young Canadians new opportunities for the future. And it will be there to support social assistance so Canadians in need will not be abandoned or betrayed.

Canada's fiscal progress has been won by the hard work and the shared commitment of the vast majority of Canadians. Now that this progress is making possible renewed investment in key social areas, it is only proper that such a dividend go where it does the most good, toward helping the most Canadians. Surely the Canada health and social transfer honours that criteria. Just as surely, Bill C-28 deserves the support of each and every hon. member of this House.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it is a pleasure to be able to rise today to speak to Bill C-28. I wish a Happy New Year to you, Mr. Speaker, to all those who are watching and to my colleagues across the way.

Sadly I cannot support Bill C-28. I am disappointed that the government would bring in a tepid housekeeping bill as its first order of business when real action is demanded in the country today. In case my friends across the way have forgotten, we have a debt of \$600 billion. We have taxes that are far higher, 56% higher than the taxes of our trading partners around the world.

My friend alluded to another problem just a minute ago. The government has cut so dramatically in areas like hospitals and higher education that many people are suffering today. Instead of cutting into the government operations, as my friend suggested they did, they really took the broad axe to hospital beds and education instead.

I am disappointed this is the first piece of legislation. The government could have made a better effort.

My friends across the way will undoubtedly be just about dislocating their own shoulders from patting themselves on the back because we are now in a position where we have a balanced budget in our country. Reformers are certainly supporters of a balanced budget. That is one of the reasons the Reform Party came into being in the first place 10 years ago. We have been pushing the government hard on this issue, but we disagree completely with how the government achieved it.

I mentioned how the government has cut deeply, how it has cut transfers to the provinces for hospital beds and for higher education by 35%. However when it came to trimming its own spending, the cut was around 13% despite the fact that in 1995 the finance minister told the Federal Reserve Bank in Kansas City that when he made his cuts they would fall disproportionately on government operations. That is unfortunately not the case.

My friends across the way feel that we can break out the champagne since we have a balanced budget now. However, I want to bring us back to reality by quoting from a couple of articles printed recently in the *Ottawa Citizen*. An article written by Nicholas Patterson on December 6 states:

Our standard of living and prosperity, compared to other countries, has dropped like a stone from third highest in the world to twelfth in less than a decade. So says the World Bank, the leading global economic monitoring agency, using the yardstick of national per capita income, the universally accepted measure of economic success. And, Canada is the only one of 13 major industrial countries to experience an absolute decline in its real standard of living, an event unprecedented for our country since the depression.

● (1225)

He goes on to say:

Worse still, our "true" level of unemployment, at an eye-popping 18%, is almost two and a half times worse than the U.S., when discouraged unemployed workers and involuntary part time workers are included. This is because in a healthy economy like the U.S. with virtually full employment and emerging labour shortages there are relatively few such workers since anyone who wants a job can generally find one. Thus the failure of the Canadian economy is a good deal worse than it first appears.

There is a more recent article and this comes from the government itself, from an internal study done by the industry department. This is from the *Ottawa Citizen* of Friday, January 30:

But an internal study compiled by the industry department raises serious doubts about whether Canada has much to brag about.

Here are some of the findings:

There is a worsening national income gap between Canada and the U.S., with Americans now 25% richer than Canadians.

As the U.S. economy gets richer, it pays workers better. On average, American manufacturing workers get paid \$1 per hour more than their Canadian counterparts. The salary gap is particularly pronounced in occupations requiring high skills, with U.S. engineers, computer scientists and architects earning on average nearly \$11,000 more than their Canadian counterparts in 1993.

I can speak from personal experience having sat on a plane not too long ago with a bureaucrat from Revenue Canada who was at a job fair in Toronto. He said that they were losing somewhere in the range of 20 to 30 people a month from Revenue Canada in the high tech industry to go not only to the private sector but outside the country for precisely the reasons that are outlined in this article.

Again, taxes and debt are absolutely killing prospects for many bright young Canadians in this country. Unfortunately, my friend across the way did not draw attention to this. The same article goes on to say:

Not so long ago, Canadians were among the world's biggest savers, but now they salt away a smaller share of their incomes and hold more personal debt than do Americans. As of the end of March 1997, Canadians were saving about 2% of their incomes, down from close to 12% in 1989.

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What a huge drop. The U.S. savings rate has held steady at around 6%. The article goes on to say that the U.S. economy has grown 5% faster than Canada's during the 1990s. It goes on to say that in the vast services portion of the economy, and even in natural resources and agriculture, American companies are growing faster while Canadian companies are losing ground.

We have a dollar that is now worth what, 68 cents, if we are lucky. And we cannot keep with the Americans when it comes to natural resources. Here is a country that is blessed with unbelievable natural resources, but our industries cannot keep up even with the 68 cent dollar.

My friends opposite want to paint a rosy picture. I do not buy it for a moment. The government's own study goes on to say that in total the Canadian manufacturing industries have been calculated to be only 70% as productive as their U.S. counterparts. It goes on to say that Canadian workers are now one quarter less productive than American workers.

I do not think that is any reason to break out the champagne. I think it is ridiculous that the government somehow thinks it defeated all the economic monsters out there. We have a balanced budget. That is all. We still have a debt of \$600 billion.

To help balance the budget, the government raised taxes 37 times, including the massive tax increase that came in on January 1, the CPP tax hike. I am not as excited as my friends across the way about their progress with respect to the economy in this country.

• (1230)

Just a day or two ago I saw an article in the *Globe and Mail* concerning how the country's economy had gone soft in November. We saw a drop in GDP. People are concerned that perhaps the government has put on its rose coloured glasses.

In light of all these problems, I call on my colleagues in the House to join me in making a couple of new year resolutions. We are at the beginning of the parliamentary new year so we can make a couple of new year resolutions. The first one is that we should resolve to give Canadians back control over their own lives. We do that by controlling the size and reach of governments. Let us resolve to give Canadians back some control.

The second resolution I would make, which relates pretty closely to the first one, is to support the family budget by ensuring that we control the size and appetite of the federal budget.

In addressing the first resolution, giving Canadians back control over their lives, I simply point out that Canadians today work six months out of the year simply to pay their taxes; 48 cents of every dollar they earn now goes to pay taxes. Right away Canadians have lost a substantial amount of control over their own lives. Half their

income is gone which leaves them with fewer options. They have to do all the things that families want to do with 52 cent dollars. If they want to put their kids through university they have to do it with a 52 cent dollar. If they want to go on vacation it is with a 52 cent dollar unless they go to the United States in which case it is probably a 25 cent dollar.

An hon. member: After tax.

Mr. Monte Solberg: Yes, after tax. If they want to put the kids in ballet or in hockey they have to do it with 52 cent dollars. This makes it extraordinarily difficult. Sometimes people have to sacrifice these things and often they do. Since 1990 disposable incomes in Canada have fallen by \$3,000 for the average family of four. This makes it extraordinarily hard for people to live their lives as they want to do.

I point to another example of where I feel the government has taken over too much control of the lives of Canadians. The most timely one is the Canada pension plan. For the last 30 years the government decided it would look after pensions for Canadians. Over the last 30 years governments knew the Canada pension plan was going off the rails. In fact when it was set up it was doomed to fail. For 30 years the Conservative and Liberal governments did nothing. In the meantime a liability of almost \$600 billion was run up.

All this is coming to light and the government's only solution is to keep control of a plan which it has absolutely botched. It is now asking all working Canadians to pay another \$700 a year as a reward for the job they have done for the government to provide them with the same pensions they were getting before, \$8,800 a year. Actually it is a little less than they were getting before.

It is time for the government to begin giving up some control. Let us let workers control the money they now have to give to government. Some young entrepreneur who is just entering the workforce today will have to pay \$3,200 a year for the next 45 or 47 years, until they are 65 years old, to get a pension of \$8,800. That is so ridiculous it hardly deserves comment. Unfortunately that is what is happening. The government refuses to consider any of the options.

Around the world countries such as Australia, the U.K. and the United States are moving toward the idea of a personalized RRSP type system. They are giving workers control over their own lives. People are building up huge retirement accounts for themselves and for their families. However our power hungry government steadfastly refuses to do so. I do not know what else to attribute it to. The government refuses to allow Canadians to retain control over their own income. I do not understand why. I do not understand why the government never considered looking at some of the other options when it was investigating all this a couple of years ago.

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• (1235)

Government members went across the country to talk with Canadians about what government should do about the \$600 billion liability. They only met with 270 Canadians who were told "Your only option is to fix the plan as it now is". That was the only option offered. That is ridiculous.

If there is to be a consultative process in a modern democracy, government should be willing to consider all options. Sadly that was not done and Canadians are now saddled with an unbelievably unfair tax hike that will hurt young Canadians more than anybody. It will drive a wedge between generations in years to come.

What is the solution to the problem of government grabbing more and more control and getting bigger and bigger? The solution is obvious. We should simply return to the tradition of limited government which we had for close to the first 100 years of Confederation. Until 1965 the level of Canada's taxes compared to the economy was only 27.7%. The G-7 average was 27.6%. We were almost exactly on par. The 1996 statistics indicate that Canada's taxes as a percentage of the size of the economy represent 43%. The G-7 average is 36%.

Not only have we grown tremendously relative to how much we taxed people in 1965. We have also grown tremendously compared to our trading partners in the G-7. We are about 25% higher than them in terms of the total economy. Our income taxes are 56% higher than those of our G-7 trading partners.

We should return to the tradition we had of limited government, a government that lives within its means, does a few things well that only the federal government can do and should do, and a government that allows the provinces, municipalities, individuals, families and charities to do all the rest. Does it not make sense for the federal government to focus on the things only it can do?

It would have benefits well beyond saving a few dollars. Maybe we would have a government that was actually effective at delivering some of the essential services which only the federal government can deliver.

Imagine if the federal government took all the bureaucrats who occupy the buildings in downtown Ottawa and focused them on fixing the criminal justice system. We might even have a criminal justice system in which Canadians have confidence.

Imagine if we focused some of the savings on equipping our Canadian military? The Reform Party raised the issue, before the House rose for the Christmas recess, of a soldier in Bosnia who suffered head injuries when a vehicle rolled over because we could not supply him with a helmet. I cannot believe it.

The federal government should focus on fixing the Canadian military and providing the equipment that is needed. Our soldiers

did an outstanding job in helping Quebeckers and Ontarians during the recent ice storm. Let us give them the equipment to do the job when they go overseas to Bosnia or Haiti or wherever they are sent. That is the sort of thing the federal government should focus on. If it did those things instead of getting into all these other things it would have the money to do so.

My friend across the way is saying we need the money. Of course we need money. However, instead of spending \$24 million on a flag program at the same time that hospital beds were being cut, maybe the government should have taken a look at the priorities of Canadians.

One solution in giving Canadians more control over their lives is simply to return to our tradition of limited government, a government which lives within its means, a government which does not spend more than it takes in.

• (1240)

Our party would invoke balanced budget legislation to ensure that legislators keep their promises and live within their means so that we do not saddle future generations with huge amounts of debt either through CPP or through the debt the federal government has already built up.

My second point is that it is time to support the family budget by controlling the appetite of the federal budget. There are three steps in doing so. The first step is that we have to freeze spending at its current levels and reallocate spending within those levels, within the hundred billion dollar budget.

If we did that, what would happen very quickly is that money that goes toward flag programs would get put into health care. Money that goes to building golf courses, which is something the government actually does, believe it or not, would go into things like research and development. If spending were reallocated into things Canadians really care about, people would be forever thankful to the federal government for finally doing the things they care about.

If the government focused on fixing the criminal justice system and doing those sorts of things instead of getting into fuzzy, ill defined projects, Canadians would be quite grateful.

The second step is to secure our future by paying down debt. My friends across the way proposed in the election campaign last year, in the throne speech and recently in the prebudget report of the finance committee that they would like to see 50% of any surpluses spent on new spending. That shocked me. I could not believe it when I heard it.

We are just emerging from a deficit we have had for 27 years. We have a debt of \$600 billion. The average family pays \$6,000 a year in tax just to pay their share of interest on the debt. It is unbelievable. My friends across the way want to start spending

again. I cannot believe how imprudent, how foolhardy that approach is. It is absolutely ridiculous.

We need a plan to pay down the debt. The government does not have a plan. The Reform Party has come up with a plan. If we took half the surpluses we will soon be running and devoted them toward paying down debt, we would very quickly be in a situation where we would have reduced our debt to GDP ratio from over 70% down now to about 20% by 2016.

In the process of doing so, when we get down to about 45% of GDP mark we would probably start to recapture our triple *a* credit rating and interest costs would start going down. When we get down to about 20% of GDP, or a real cut of around \$240 billion in overall debt, there would be a savings every year of about \$20 billion in interest payments Canadians are currently making. That \$20 billion could go back into hospitals, research and development, or possibly be used to deal with the huge unfunded liability in the Canada pension plan. A lot could be done with that \$20 billion.

I must point out to my friends across the way how imprudent they are. We have a debt of \$600 billion. We have a global marketplace and a global environment. We have things like an Asian crisis that help spike interest rates or cause all kinds of volatility. Unfortunately the government in its wisdom does not think it is a problem. It would rather take any surpluses and devote them to new spending.

My final point is that we must create an environment for prosperity and opportunity. We should not be driving up taxes evermore. Our income tax is 56% higher than the G-7 average, according to a report from the government's industry department. We are 25% less wealthy than our American colleagues across the boarder.

The Reform Party would take the other half of the surplus and devote it to lowering taxes. That would do more for the average Canadian than all the fuzzy headed social programs the government is embarking on, the 31 new programs it announced in the throne speech.

• (1245)

My other point is that my friends across the way have made a history in this country with the claim that they are more compassionate. I will address that head on. I wonder how compassionate it is to allow a family of four with an income of \$32,000 to pay \$3,000 in federal income tax. How compassionate is it to allow a single mother with one child, a waitress who makes \$15,000, to pay over \$1,300 in income tax?

Canada is the stingiest of all G-7 trading partners in how we treat low income Canadians with respect to basic exemptions. We are the stingiest. That is unbelievable to me. We always hear about Canada's tolerance and compassion. Where is the tolerance and

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compassion in that? Let us elevate all those people. Let us lift them off the tax rolls by bringing in tax relief that will allow those people to not pay any federal income tax.

I have raised the following issue in the House before and it deserves mention again. We have talked about people like Alice Strelaf, an older lady who lives in Abbotsford. She wrote to us because she was concerned about her personal situation. She had an income of about \$18,000. She had to mortgage her home in order to pay income tax. She had to turn down the heat in her house so she could somehow get by. She is paying thousands of dollars in taxes every year. That is ridiculous.

There is a lot the government can do to help people. It can break that ridiculous promise it made in the election campaign and devote more of that money to paying down the debt on one hand and to lowering taxes on the other.

Bill C-28 is insubstantial stuff. It does not address the real issues that Canadians are concerned about. From an unemployment rate of 8.6% to staggering taxes to record high debt, those things need to be addressed. We need to address what would happen to the strength of the dollar if we suddenly started to pay down debt. It would go up dramatically. We need to deal with those issues and not the insubstantial housekeeping stuff the government seems to think is so important.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Madam Speaker, before I begin to speak to Bill C-28, I would ask your permission to pay special tribute to the people of my riding of Saint-Hyacinthe—Bagot who, with courage and determination and always a smile, endured—and some of them are still enduring—the hardships of the ice storm in the past month.

I would say to them that I and my colleagues in the Bloc Québécois—I see the member for Drummond is here—will support them to the end. We will support them in their difficulties, as we have since the start of this disaster, and we will continue to ensure that they are treated properly. I refer, among other things, to the promise made by the Minister of Human Resources Development to eliminate the qualifying period and to not collect overpayments from the victims of the storm. I am talking as well about the various programs for small and medium size businesses, the very small businesses and the self-employed.

I can assure you that my colleagues in the Bloc Québécois and I will work tirelessly to ensure that these people and companies obtain satisfaction when they need the full support and all the efforts of the members of the Bloc Québécois.

A famous Quebec legislator has always said that, when an omnibus bill is presented in Parliament—

An hon. member: Oh, oh.

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Mr. Yvan Loubier: I would ask my Liberal colleague for a little more respect, because we have important things to say to his government and especially to the Minister of Finance.

An hon. member: Oh, oh.

Mr. Yvan Loubier: Madam Speaker, could you ask my Liberal colleague to show a little respect, please?

• (1250)

[*English*]

The Acting Speaker (Ms. Thibeault): I ask the hon. member to please listen to the debate.

[*Translation*]

Mr. Yvan Loubier: Thank you for your comment, Madam Speaker.

As I was saying, a great Quebec legislator always said that, when a government introduced an omnibus bill in the House, you had better watch out. You had better read between the lines, and watch out for the tiniest, apparently minor provisions, because they might be what we call “fast ones”.

So it is with Bill C-28 before us. Setting aside the fact that it provides for cumulative cuts of \$42 billion up until 2003 in provincial transfer payments for social assistance, post-secondary education and health—my colleagues, the hon. members for Drummond and Lotbinière will be speaking about this a bit later on—setting aside these outrageous provisions introduced by the Minister of Finance a few years back, which were made somewhat more palatable by the \$6 billion reduction in cuts already announced, a careful look at this 464 page omnibus bill reveals a little surprise.

What is this provision we find troublesome? It can be found in paragraphs 241(1) and (2). Clause 241 proposes amendments to the tax treatment of profits generated by offshore subsidiaries involved in international shipping, and these tax changes, retroactive to 1995, could mean that a certain number of individuals among the richest taxpayers in Canada could benefit from tax deductions that would be possible only if Bill C-28 were passed.

We suspect that clause 241 very clearly represents an apparent conflict of interest, and we will show why over the next few minutes. It is an apparent conflict of interest that could be very, very serious.

To go right back to the beginning of the story, prior to 1972, the federal government had become aware that the richest taxpayers in Canada were taking advantage of their position to hire specialists, including taxation specialists who were earning a pretty penny providing this type of advice, and dummy corporations were being set up outside the country, dormant corporations as they are called,

holding corporate shares, particularly in the area of international shipping.

Prior to 1972, the government looked into the situation thoroughly, and found that these offshore companies were being set up in what are considered tax havens, countries such as Liberia, Bermuda and Barbados. Tax havens are places where corporate taxes are very low, or in the case of Liberia, non-existent.

So they became aware that some rich Canadian taxpayers were setting up these dummy companies in countries considered tax havens, investing in them shares of foreign companies directly involved in maritime shipping. In 1972, therefore, the federal government decided to reform the corporate taxation system to some extent. This was in response to the Carter report and part of the overall movement to make the Canadian taxation system more equitable. In 1972, the federal government reformed the provisions concerning investment or stock administration companies handling shares of foreign corporations located abroad.

It stated that, in future, Canadian owners of foreign corporations, with no production activity and merely administering the shares of other foreign corporations involved in maritime shipping, ought to pay annual taxes, the present level of which is around 38%. This tax was to be paid annually to Revenue Canada. So all dividends on shares held by foreign investment companies and owned by Canadians, were to be taxed by Revenue Canada, in other words any interest or dividends paid, and so on.

• (1255)

This sort of income has been called foreign accrual property income, or FAPI, as the tax people know it.

So, as of today, any interest income drawn from this sort of bogus company must be included in the income of the Canadian resident and taxed at the current rate of approximately 38%. This applied from 1972 to date. Right up to today these businesses have been paying tax annually. They are obliged to do so.

Let us take a 1998 example. A Canadian business opens a subsidiary abroad in a country considered a tax haven, such as Liberia or Barbados. In Liberia, the business is set up to manage the stock portfolio of a foreign resident and the stocks are those of a marine transportation business located in another foreign country, also a tax haven.

When the shipping company pays dividends to the second company, which simply manages the shares it owns in the first company, the dividends are taxed by Revenue Canada.

Bill C-28 changes the rules for international marine transportation. Now, even though the business is nothing more than a bogus company abroad which holds the stocks of businesses involved in international marine transportation in foreign countries, the dividends paid to it will no longer be taxed annually by Revenue Canada so long as they are not returned to Canada by the mother company in Canada, and I am quoting the explanatory notes in

C-28 for clause 241. Paragraph 250(6)—of the current legislation—is amended to ensure that holding shares in marine shipping subsidiary is considered as equivalent to operating a shipping business. The corporation itself must meet the principal business criteria or hold throughout the year shares of one or more subsidiary wholly-owned corporations.

In other words, at present and until Bill C-28 is passed, any bogus corporation owned by a Canadian citizen abroad, in a country considered to be a tax haven, is required to pay taxes to the Government of Canada on an annual basis. With the new provision in Bill C-28 amending section 250 of the Income Tax Act, this corporation would not be required to pay taxes to Revenue Canada as long as the Canadian corporation's dividends have not been repatriated to Canada. This is a way for shipping corporations involved in international traffic to save tens of millions of dollars in taxes owed to the Canadian government.

I must point out that the bill provides for this provision to be retroactive to 1995. Taxpayers seldom benefit from retroactive measures. The government usually proposes retroactive measures when it stands to gain, but this measure, retroactive to 1995, where international shipping corporations will not be required to pay taxes on an annual basis, benefits about 10 or 11 corporations right now.

Let us take one of these 10 or 11 Canadian corporations that most Quebec and Canadian taxpayers are familiar with for having seen its ships, which are registered in Liberia, on the St. Lawrence River and near the Gulf of St. Lawrence. Let us take Canada Steamship Lines Inc. as an example.

Canada Steamship Lines Inc. deals in international shipping. It is a Canadian corporation owned by the CSL group. This Canadian corporation owns abroad, namely in Bermuda, another corporation which manages equity holdings known as CSL Self Unloader Investment Limited.

What this corporation does is hold shares in approximately eight corporations in Liberia, Bermuda and Barbados, which operate ships and are involved in shipping.

• (1300)

The first company, CSL Self Unloader Investment, which is based in Bermuda, collects the dividends paid by these eight companies through transportation activities. The dividends collected by Bermuda's CSL Self Unloader Investment are currently taxed on an annual basis by the Canadian government, because the business is deemed to be Canadian and must thus pay taxes to the Canadian government.

What would happen under Bill C-28? Under clause 241 of Bill C-28, Canada Steamship Lines, in Bermuda, which manages the

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investments, including the portfolios of companies that are truly in the transportation business, would no longer have to pay taxes to the Canadian government. The change would be retroactive to 1995, which means that if CSL Self Unloader Investment, in Bermuda, has already paid taxes to the Canadian government, it would get a tax refund. The company is currently taxed at about 38% on the dividends and other securities in its portfolio, which it manages for the Canada Steamship Lines group based in Canada.

Clause 241 of Bill C-28 proposes a major change to a tax system that has been in place since 1972. It is a change that applies specifically to Canadian shipping companies. As you know, this means only about ten Canadian companies, which are all members of the Canadian Ship Owners Association. Out of these ten companies, there may be two or three that can benefit from the new provisions and save millions in taxes, retroactively to 1995. One of them is Canada Steamship Lines.

Need I tell you who owns Canada Steamship Lines? It is the finance minister, the man behind Bill C-28 and its sponsor. Given what I have just said, one has to wonder.

First, and this is a question to the government: who asked for such a specific change, a change that would affect at the most ten Canadian shipping companies? The possibilities are tremendous for two or three of them, Canada Steamship Lines in particular. Who called for these amendments? Not the Canadian Lake Carriers Association, because we were speaking with its vice-president, Mr. Lanteigne, only this morning, and he told us it was the first he had heard of it. They were not the ones calling for these amendments.

So who asked for a specific amendment, which is so advantageous for international shipping and potentially very advantageous for the Minister of Finance?

The second question is how much of a tax saving would this new provision in clause 241 of Bill C-28 represent for the few shipping corporations involved in international shipping? Of these corporations, how much would Canada Steamship Lines, owned 100% by the present Minister of Finance, pocket in tax savings if Bill C-28 were passed? We know that the Minister of Finance has been the sole owner of the Canadian arm of Canada Steamship Lines since 1988. How much would this corporation pocket with Bill C-28 and the provisions in clause 241?

Then there is the next question, which we are entitled to ask as taxpayers, as citizens of this country, as the government, as lawmakers. If the Minister of Finance is the man behind a bill in which he also has a stake and stands to benefit from substantial tax savings through a corporation in which he holds shares, is that not a conflict of interest, or an apparent conflict of interest, which is questionable from a public and ethical point of view?

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• (1305)

Those are the five questions that really concern the opposition, the Bloc Québécois, and that appear on half a page of the 464 pages introduced by the Minister of Finance at the very end in what is called “certain Acts related to the Income Tax Act”. Buried in this 464-page bill is a two-paragraph provision that makes us suspect an actual or apparent conflict of interest involving the legislator—the Minister of Finance—and the principal shareholder of Canada Steamship Lines—who is also the Minister of Finance.

Until we get answers to these five questions, clear and unambiguous answers from the government and the Minister of Finance, we in the Bloc Québécois will fight with our last drop of energy what appears to be a conflict of interest, what appears to be an unfair advantage to a very small portion of Canada’s population, the richest Canadians, with the Minister of Finance as one of their prime representatives.

Rest assured that, because of this provision—and many others as well, but we will await the answers to the five questions—we will vigorously oppose the passage of Bill C-28 and strive to obtain answers to our questions, which are fundamental and related to a short provision that benefits certain people who are in conflict of interest.

[English]

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, I join my colleagues in wishing you a Happy New Year. It is great to be back after the recess, and we are back right into it with this tax bill, Bill C-28. Mr. Speaker, I suspect that over the holidays you read this bill carefully just as the rest of us did. It is a very complicated bill but a very important one which sends an interesting signal.

I listened with interest to my friend the Parliamentary Secretary to the Minister of Finance when he made his presentation today on Bill C-28. He began with an interesting comment. He said that Bill C-28 is being introduced today under the umbrella of a prosperous, dynamic and strong economy. I wonder where he has been in the last six or seven weeks. He obviously has not been in Canada but in some other country.

Just today the financial pages talk about how the increasing interest rates will cut off any hint of economic recovery. The papers talk about the widening gap between the rich and the poor in Canada. They point out that 42% of young families today are living in poverty. Think of that. As Parliament resumes its work today, 42% of young families in Canada are starting out their lives in poverty. Two out of five young families start their lives out in poverty. The papers say that 400,000 young people in Canada do

not even have jobs period. Many more have two or three crummy part time jobs as they try to make a go of it but there are 400,000 young people without jobs at all.

Today’s papers talk about the student debt load. They say that for those students who are in debt, which is now about half of all students, the average debt load at the end of this year will be about \$25,000. What a wonderful way to start off in life. You graduate, you seek out a job to begin your career and the folks in the program who are here with us today will know what I am talking about. A \$25,000 debt load is a huge albatross. It is like walking around with a big rock on your shoulders the minute you step out into the workforce.

The papers go on to tell us that the unemployment rate is about 9%. This is the 88th consecutive month that the rate has been 9% or worse. The papers talk about the dollar which is at historic lows, a reflection of what other people think of Canada in real terms. They want to get their money out of here and buy American dollars. They look around and say that this does not look too good. Our dollar is at historic lows.

Bankruptcies are now running at just under 10,000 a month. These are bankruptcies, when all else fails and you have to declare bankruptcy. There are 10,000 a month, year after year, month after month.

• (1310)

Then there is this whole merger mania. I noticed that not too many people talked about the merger mania that has taken over. Our two great big banks want to become one monster mega bank. This is going to be helpful to Canadian consumers and the small business entrepreneurs?

When my friendly parliamentary secretary says the economy is strong, I wonder where the hell he has been. He sure has not been in this country. He is obviously talking of some foreign country and I am not sure which one. He is on the finance committee as have been the other speakers.

When the finance committee toured Canada prior to Christmas, we did not hear glory reports from people about the strong economy. We heard stories of misery and of pain. There were people before those very formal hearings with tears running down their faces because they had to describe the kind of torment they were living in trying to raise their families with no jobs and no hope of a job.

We in this place should be embarrassed. All of us should be standing up and saying we are embarrassed that we have allowed the economy of the strongest most dynamic country in the world to end up in this bloody mess. For the minister to say it is great news,

that everything is fine reminds me of the worst drunk, the person who suffers from mega alcoholism and tells people time and time again "I do not have drinking problem". We have some serious problems.

As my leader said the other day, it is sort of like a *Titanic* economy. Remember when the old *Titanic* went down, two-thirds of all those folks in first class passage got off in lifeboats. They got preferential treatment and they did okay. But two-thirds of the people who were in the steerage compartments were actually locked down below so they could not get to the deck. They drowned. They were not rescued.

It is a *Titanic* economy. Some people are doing very well naturally. I can imagine how Mr. Matthew Barrett of the Bank of Montreal is feeling these days. He has pulled off the con of a lifetime. He has told the Minister of Finance "I do not care, I know you will cave in". He knows full well that in spite of all the talk the Minister of Finance is doing about being concerned about this and that and we should feel challenged by this, the government will cave in and will give those banks the old nod. After all, it just signed the WTO financial agreement that facilitates this process. It facilitates the merger takeover business.

I want to start off my comments today on Bill C-28 by saying we are not enthusiastic about this legislation. I am not going to stand here and say there is nothing good in this legislation. Some provisions are very helpful to a lot of Canadian families.

For example there are the changes to the RESP to assist families to provide for their children's education. It does reflect the fact that the present government has abandoned much of its traditional support for education. We have been encouraged by some recent comments, but by and large it reflects the fact that the government has backed out of funding universities and colleges and the research facilities across this country, as has been done in the past. We now have simply transferred our debt issue into the hands of those families trying to afford their children's education.

It is easy to solve the debt load, to stand up and say we are almost deficit free, that we have won this war against the deficit when it is simply handed off to students so they have \$25,000 in debt. It is handed off to our families, to the jobless, to the provinces so they have to shut down provincial health care systems and so on. It is easy, but have we really solved the thing? That is the question. RESP is a good step but it reflects the government's abandonment of education to a certain extent.

Increasing the encouragement for charitable giving is a good step. But let us also acknowledge the fact that again the government has essentially abandoned huge sectors of the economy that traditionally have looked to the federal government for leadership and for support. I am thinking particularly of the cultural industry or the granting agencies like the Medical Research Council. They have traditionally expected that Canada would provide global

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leadership on things like supporting pure research in those areas. This has not only a job benefit but it encourages those people who are in those fields to stay in Canada and work for future generations.

The rules relating to transfer of pricing are long overdue and are a positive step. The tax loss transfers from crown corporations will be helpful in building more fairness into the system. The minor support for the folks who are disabled is a good step.

• (1315)

The real irritant in the legislation is the CHST mentioned by the parliamentary secretary, the transfer payments for health care and education. Somehow in his convoluted mumbo-jumbo he tried to give the impression that the government was actually increasing spending and support in the areas of education and health care.

That is a bit like going down the street and being mugged. The robber sticks you up and says "Hand over your money". You hand over \$100 which is all you have in your wallet. Then he asks where you are from and you say "Alberta". He says "Shucks, you have to get back there. Here is 10 bucks back for your bus fare". You are supposed to be delighted that the robber gave you 10 bucks after stealing 100 from you.

That is what these folks have done. They have taken billions and billions and billions of dollars out of the transfers to provinces for health care and education and now say they will establish a floor of \$12.5 billion. Somehow we are supposed to be joyful at the news. It is a bit of a con job, a smokescreen, a magic act that I do not think anyone will believe. I could not believe my hon. friend actually had the courage to say it but he did.

Let us be clear that after years of cutting, cutting and cutting, almost to the point of destroying our a universal health care system, the government is putting on a ceiling. Every cloud has a silver lining. If there is a good side to the issue I suppose it is the fact that the government has at least put a bottom line on cash transfers. We remember the way it was going, that in a few years there would be no cash transfers and the federal government would not have any leverage at all in terms of national standards for health care.

There is an element of encouragement here. At least there will be a bottom line below which we will not go in terms of transfers to the provinces for health care. This would be helpful in the future to allow us to ensure once again that we do not have a patchwork health care system across the country and that health care is the same from coast to coast. Under the present system that would not take place.

The parliamentary secretary said we had to remember that with tax points revenues will grow as the economy grows. The economy will grow stronger in some parts of Canada than it will in others. That means our patchwork quilt health care system will be emphasized. It will be better in some provinces where there will be better access to health care compared to other provinces.

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That is not what Canada is all about. That is not what a country is all about. We do not want a different health care system between the provinces and the territories. We have to guard against that.

I quote from someone with whom we are all extremely familiar, Mr. Tom Kent, a senior policy aid to Lester Pearson when he was in opposition and later when he became prime minister. He was really the inspiration and brains behind the federal Liberal Party's shift toward a more active role in social policies in the 1960s. He was one of the major proponents of the health care system that distinguishes our country from the United States and from most countries in the world by having the kind of health care system we have developed over the years.

What did he have to say? Tom Kent made a blistering critique of the Liberal government's betrayal of medicare. It went on and on and on. He accused the federal government of putting medicare at a crucial crossroads by neglecting to properly fund it. The slashing of transfer payments for provincial social programs like medicare from \$19.3 billion annually down to now \$12.5 billion has placed medicare at a crucial crossroads.

Never before has it been attacked by such a senior and well respected person from Liberal history. He went on at some length. I could quote at some length all the comments he made the other day.

Tom Kent, a person we all respect for his sophistication, knowledge, views and dedication to the country, the health care system and the Liberal Party, publicly criticized the Liberal government of today by saying that what it was doing was absolutely wrong. He said that hopefully this would stimulate a debate which would move the Liberal Party back toward a more social reformist stance. Then he would be very delighted.

• (1320)

Let us get the facts on the table. When the government says that it is restoring funding for health care, we are a long way from what it needs to be. We have to take strong steps in that direction.

I want to comment on the speeches made by the Reform Party members who have spoken on the legislation. It should change its name to the party of surgeons because it loves cuts. It wants to cut even more. I cannot imagine that anyone who has talked to a citizen in the last week would say that we need more cuts to social programs or that we need to cut back even more.

Some hon. members: Shame, shame.

Mr. Nelson Riis: My friends across the way say shame, and so they should.

On the weekend I was walking up a street in Kamloops when a fellow ran out of a little Chinese restaurant and said "Mr. Riis, come and have a tea with my friend and I" I said I would be glad to.

We went in and poured out some Chinese tea; it was just after Chinese new year.

He said "I want you to explain why the government has done what it has to me". I said "What is that?" He told me his name was Russell and his friend's name was Gary. They were probably in their mid-forties. They had both lost their families through divorce and their kids were living with their mothers. They were living on their own and were both on disability pensions of some kind. They were former drivers of Greyhound buses before it was changed. They had lost their jobs, were on disability pensions and were both living on just under \$800 a month.

They asked "How can a family live on \$800 a month?" How could they as individuals live on \$800 a month? They said "When you get back to Ottawa ask the Minister of Finance that question". Rhetorically I am asking the Minister of Finance to explain to Canadians who are left with \$800 a month to live on how he would recommend they do that.

It is impossible to live a life of dignity with an income of \$800 a month. It is impossible to provide adequately for oneself or one's family on \$800 month. Yet that is what these two individuals, as an example of tens of thousands of others, are forced to do these days.

When Reform Party members say that transfer payments should be cut back even more I wonder what planet these folks are living on. Do they actually mean we should be cutting more transfers to provincial governments for health care, education and social programs? Perhaps my friends will answer that later today.

Do they actually think we should cut more to the Medical Research Council? Basically 85% of the requests for funding for pure research are now simply rejected. Of the few funded, the funding accounts for less than 75% of the funds required to do the job.

What is happening is that we have a brain drain. Some of our best scientists in the medical field feel they have to go elsewhere if they want to continue their careers as scientists and researchers. This is pure science that will lead inevitably not only to better health and health opportunities for Canadians but to jobs in Canada. Pure science inevitably leads then to further research and development that results in jobs being created, businesses being struck and so on.

The government has drastically cut that area back and members of the Reform Party are saying that it should be cut even more. This scalpel knife approach to trying to do something for the people of Canada has to come to an end.

Then Reformers talk about needing more tax cuts. I listened carefully to what my friends in the Reform Party suggested. They said that people who made money by capital gains should get a better deal and should not be taxed as much on their capital gains. I

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guess they are really saying that we should tax working people but if someone makes money in the stock market or speculates on real estate they should get a tax break. It is an interesting view but I certainly do not share it.

If we are to give a tax break to Canadians, which I feel is overdue, let us give a tax break that will benefit everybody and not just the people who receive incomes from capital gains. For example, let us cut back on the GST. It was introduced because we had a deficit problem. Now that we do not have a deficit problem, presumably, we should start cutting back on the GST, which would put money into the pockets of Canadians the next day. If Canadians had extra money in their pockets they would go out and spend that money, which at the same time would assist the local neighbourhood economy, increase economic development and create jobs.

• (1325)

If we are to have a tax cut, let us have a tax cut that will actually result in some action as opposed to assisting people who speculate on the stock market or in land.

Today when we go into a bookstore the most popular books we see are those advising us on how to avoid paying taxes. Canadians know that our tax system is corrupt. It is blatantly unfair. It is unjust. It is biased. Some people do not pay any tax and other people pay more than they should. Big corporations are not paying what they should and small businesses are paying more than they should.

Let us get back to building integrity into our tax system rather than having 464 pages of legislation dealing with tax tinkering. Will that restore confidence in our tax system? No, it will not. It will make it more convoluted, more complex and more biased.

We have to reform our tax system. We have to sit down and look at every tax exemption on the books and ask one fundamental question: Is it in the best interests of Canada? Most tax exemptions and loopholes will not be viewed as beneficial to Canadians generally and therefore should be scrapped. Those which make sense should be kept.

Let us get away from simply tinkering year after year with a word, deleting a word or adding a phrase to an already complicated system. It is so complex it is beyond comprehension.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, the issue we are now facing as a country is the fiscal dividend, the potential of a surplus. The PC Party takes great pride in this moment that our country has reached. The structural changes which were made in the Canadian economy by the Conservative government in the early 1990s have allowed Canada to seize the opportunity as we are poised to move into the 21st century of a fiscal surplus.

These structural changes included the deregulation of the financial services industry, deregulation of the transportation industry, free trade and the GST. Members opposite fought vociferously against free trade and the GST. They have now become free traders. The prime minister now claims to have invented the GST, which has enabled the government to reduce the deficit.

The Liberal Party now wants free trade with everybody. It will sign a deal one day with Chile and the next with Israel. However it is still reluctant to remove interprovincial trade barriers which continue to burden the Canadian economy. It denies the domestic economy the comparative advantage of free trade.

If we are to seize this opportunity Canadians need tax cuts now. They do not need tinkering. An hon. member referred to Bill C-28 as tinkering. That is a reasonable description of the bill.

If we are talking about a vehicle to get an individual from place to place, for instance a car, to a certain extent legislation offers that type of potential to a country. We have a very old car. The Canadian economy needs too much tinkering. Perhaps we need a new vehicle. I propose that vehicle would be the policies being brought forward by the PC Party.

Instead of fixing the Canadian tax code on an ad hoc basis, looking at individual issues and dealing with individual sectors, we should be looking at it from a holistic perspective. We need proposals to bring forward new and innovative tax policy and tax reduction for all Canadians. That will enable them to participate in the same economic growth enjoyed south of the border for some time. Canadians have had to deal with a 6% reduction in their standard of living over the past several years.

• (1330)

High taxes kill jobs. Our high debt to GDP ratio continues to hinder the Canadian economy and the ability of Canadians to participate in the global environment. We need to pay our debt and we need to reduce taxes now if we are to move forward into the 21st century.

In our background work we found the pervasive philosophy of Liberal government was obvious in Bill C-28. It is a philosophy of government by knee-jerk reaction, crisis management and economic tinkering. This is a government that does not plan to fail but it is clearly a government that fails to plan.

Look at the CHST issue. The same Liberals who cut indiscriminately after 1993 now propose to spend indiscriminately. I heard the analogy of the Reform Party as a party of surgeons with scalpels. I would use the same analogy potentially to describe the Liberal Party. The Liberals cut and the cuts they made after 1993 did not merely remove tumours. They cut bone and sinew. It was

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not fat that they cut. They cut bone and sinew in the health care and education systems at a time when we are in a global environment as we enter the 21st century, when our young people need all the advantages to compete internationally.

In a knowledge based economy our government has cut and has reduced its commitment to higher education to the extent that post-secondary students are now faced with an average debt of \$25,000 after a four year program. Twenty years ago a student who graduated from high school would have about the same opportunities in the workforce as a student who now graduates from a four year university program. Twenty years ago that student did not have a \$25,000 debt upon entering the workforce.

There is Liberal non-strategy in implementing some of the changes that were introduced first in budgets of 1994 and 1997. The country waits in anticipation to see what is going to happen in the 1998 budget. We are starting to get around to making the 1997 and the 1994 budgets law through this bill. One of the Liberal promises of 1993 from its brochure "Restoring Parliamentary Democracy" was to reduce the implementation time of tax policy changes promised in budgets.

This is another example of what has become a Liberal tradition, promise the voters one thing during an election and then flip-flop once elected. This tradition has been evident since 1974 when the Liberals flip-flopped on wage and price control. More recent examples would be their flip-flop in 1981 on the gas tax, and nobody has forgotten their promises to scrap the GST, to renegotiate the NAFTA treaty, to scrap the Pearson airport redevelopment, and of course they wrote a cheque for zero helicopters.

It is unfortunate that I was not surprised to find another example of a Liberal broken promise in this bill. As Tories we bear the heavy yoke of honest policy. Liberals are indeed fortunate to be able to glide through this parliamentary world and to operate without such political impedimenta.

With the notable exception of bank tax exemption, most of the tax measures introduced in this bill are either revenue neutral or simply give targeted tax relief to specific groups. Keep in mind that targeted tax relief simply serves to complicate the Canadian tax code.

I served as an associate member of the finance committee that listened to Canadians who came forward to express their views on the economy and what we should do now that we have a fiscal surplus. I did not hear one Canadian say that our tax code needs to be made more complex. Many Canadians came forth, especially small business people, the area I come from. They said that our tax code is much too complex. Yet this government's answer to economic policy is to come forward with measures like Bill C-28 that will complicate the tax code.

We should not be surprised that our finance minister/leadership candidate has targeted the banks as the only tax increase in the bill. Canadians should expect more boldfaced opportunism in the months to come as Merger Martin becomes Populist Paul.

• (1335)

For all intents and purposes, the capital's tax surplus on banks which is extended in this bill has become a permanent tax. Now, in Bill C-28, the minister continues to tinker with the economy and punish one sector over another.

If we look at the four targeted education tax measures, the first one talks about the education tax credit. Students will now be able to claim a tax credit of \$150 per month in 1997, \$200 per month this year up from \$100 per month in 1996.

Again this is a stop-gap, band-aid approach to a huge problem. We are talking \$100 here in a situation where students are graduating with \$25,000 worth of debt. I would be curious to know what type of student debt the friends of the pages in this House are going to have to endure when they graduate or if indeed they are going to be faced with this egregious level of burden as they enter the workforce.

It is not fair to young Canadians and it is not fair to all Canadians who need a competitive group of young Canadians going forward and capitalizing on the global economy.

Again, when this government talks about education reform, it is talking about these types of stop-gap adjustments to the RESP, the changes in the allowable deductions for students. It is a cobbled-up approach and it is not acceptable.

National leadership is required at all levels to ensure that young Canadians receive the best education in the world, such that they are able to compete and get the best jobs in the world right here in Canada.

The Minister of Finance has now begun talking about education. We all wait with bated breath for budget night to see what will actually be done relative to education. We expect more rhetoric. We do not really expect a lot of action.

The fact is we cannot deal with this situation effectively. We cannot deal with education as an individual issue unless we are willing to deal with tax relief. What good is it to provide an excellent education to our young people who, upon graduation, are forced by better paying jobs and a lower tax burden to go to the U.S.?

The student demonstrations last week typify the drastic situation that exists among students in this country. Once these students graduate and once our brightest and best have left Canada and have

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gone elsewhere where they will be paying less in taxes and essentially making more money, that is when we see that the financial inaction of this government to address the pressing issues of the Canadian economy are sapping the lifeblood out of the future of this country.

I went through Bill C-28. I felt that some of the changes deserve far less hoopla than I heard from the member opposite today. We are dealing with a situation where we have youth unemployment rates of over 17% in Canada, realistically significantly higher.

Highly educated and motivated Canadians are being forced to leave this country. The recent report from Industry Canada, keeping up with the Jones, describes this trend and the issue that is before Canadians now.

When a highly skilled American labourer earns \$10,000 a year more than his or her Canadian counterpart, clearly Canadian wage earners deserve to make as much as their counterparts south of the border. The answer is not in terms of how much they make but what they take home. The fact is that the government is taking far too much from them and providing far too little in services going back to them.

We need bold action from the Minister of Finance to reverse this exodus. The Liberal policy of maintaining high payroll taxes well in excess of what they need to be continues to punish Canadian workers and deny Canadian entrepreneurs the ability to hire more workers. The fact is international payroll taxes have been demonstrated unequivocally as being deterrents to job creation.

Further to this bill, I look at all these selected groups that are targeted with specific tax reductions and the further complexity of the Canadian tax code. I think of the state of the union address last week in the U.S. under President Clinton and Trent Lott's response. The U.S. tax code is actually far simpler than our tax code. There is a ground swell of support in the U.S. for changes to the tax code such that people do not have to hire a lawyer or an accountant to deal with their own governments. In Canada the situation is more dire. Here we cannot basically deal with our own government without professional representation. This is clearly wrong.

• (1340)

We are in an environment where disposable income has dropped by almost 6% since 1990. The minister speaks of lower interest rates and other positive economic indicators. However, this minister has about as much to do with the low interest rate situation we find ourselves in in Canada as he does with the fact that the sun rose this morning. To take credit for structural changes that occurred in the early 1990s under this government is indicative of the lack of depth these individuals have about economic issues.

Canada's GDP slipped by .3% in November. This was its third slip this year. Meanwhile the U.S. GDP has risen by 4% in the last quarter.

Some people may be asking what is the U.S. doing that we are not doing in Canada. That is not the right question. The question that should be asked is what is it not doing. Americans are not taxing their people to death in the U.S. They are not creating barriers to employment with a tax policy that is archaic. The cumulative effect of all this negative tax policy is an increasing gap in the standard of living between Canadians and Americans.

The film industry is dealt with in this bill. Coming from Nova Scotia where we have a fledgling and growing film industry, I am pleased to see that there are some positive incentives for investment in the film industry. I do however maintain that the best tax policy to benefit all sectors is one that puts more money in the pockets of Canadians and allows them to make their own decisions as to where they invest and where they invest in the future of Canada. It may be in the film industry or in another area but the fact is this government, by taking from Canadians through general taxes and income taxes and then providing these loopholes is further complicating the issue.

This government has cut the CHST by 35% since 1993. At the same time, it reduced program spending by only around 13%. Now it is making great hay about establishing a cash floor of \$12.5 billion. In fact, it introduced it in Nova Scotia during the election. Nova Scotians are a fairly shrewd bunch of people. When they looked at this they recognized that it was another shell game or magic show of smoke and mirrors from the Liberal Party and did not buy into it. On election day they flushed the Liberal MPs out like the tide running out of the Minas Basin. That exodus was certainly not a brain drain.

Bill C-28 proposes that the cash floor be raised to \$12.5 billion. This simply means that the cuts are going to stop. The Liberals are going to stop offloading the fiscal responsibility from Canada off to the provinces. This formula continues to move toward a per capita calculation. Nobody has touched on this yet but there are seven provinces that will receive less money year after year due to these changes. These seven provinces, including Nova Scotia, will lose a further \$384 million by the year 2002 due to these changes.

Our platform called for a provincial cash floor level which would truly establish long term stability for social investment in Canada instead of the Liberal plan which pits the interest of some provinces against those of another. We need a plan that ensures equity for all Canadians. This plan for the CHST is clearly not that plan.

The initial round of cuts has already had a dramatic effect on my own riding of Kings—Hants. Three major hospitals have either closed or have drastically reduced services, including closures at

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the East Kings memorial hospital, the West Kings memorial hospital and the reduction to 32 beds in my home community hospital, the Hants community hospital.

When one considers the impact on health care in provinces like Nova Scotia, we do not have the tax base at the local level to pick up the slack when these types of draconian cuts are made by a federal government.

• (1345)

The impact on the future of young Nova Scotians and on the elderly population of Nova Scotia who need a quality health care system is it has created irrevocable damage. The Minister of Finance would like Canadians to believe as he said in a press release recently that the government is about choices, priorities and values. Our choice is clear.

Health care should be a priority for this government. We do not need to hear more rhetoric about this. We need to stop the rhetoric and start stabilizing health care funding and not with a CHST with a national floor. We need provincially based floors to ensure that all Canadians are treated equitably through the CHST funding.

We need to invest in medical sciences, research and development. We need to explore new health care alternatives and vehicles such as palliative care for Canadians.

The Progressive Conservative Party believes that the federal government must play a leadership role in redefining the role of government and not simply the size of government that is discussed by the Reform Party. We need to redefine the role of government. We need to evaluate what investments and roles are appropriate for government. What is government doing now that it should not be doing? What is it not doing that perhaps it should be? How can we best unburden Canadians to allow them to make the decisions that can propel them successfully into the 21st century.

We need the government and the Liberal Party to become more visionary, to innovatively lead Canadians toward a brighter and more productive future. What we do not need is more legislation like Bill C-28 which creates a stop-gap, one-off approach to fiscal policy which clearly does not serve the long interests of Canadians.

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, I have some questions that perhaps the hon. member might address.

We experienced in the province of Ontario the results of a Tory promised tax cut in 1995 when Mr. Harris was elected based on a 30% cut in provincial income tax. Mr. Harris and some of his colleagues would say that they have had to reduce spending in health care, education and a few other areas due to reductions in the federal transfers.

Our question would be, and it is quite obvious, would it not be more appropriate to say that the decisions made by the Harris government in Ontario clearly are a result of its need to live up to

its promise to give a 30% tax cut? Would the member not agree that giving an across the board percentage tax cut simply benefits those people earning higher incomes dramatically more than the people who actually need help? Now that the tax cut is at about 22.5% in the province of Ontario and some folks, notably those wealthier Ontarians, are looking forward to the last 7.5% coming down in the next cut, people are wondering if they made the right decision in Ontario.

Teachers would certainly question whether or not that government's commitment to funding education is appropriate given the tax cut. Doctors, nurses, municipal leaders, municipal taxpayers who are seeing downloading, clearly many people in Ontario are saying "I think we made a mistake by buying into this simple so-called percentage tax cut".

That is the hon. member's party, the Conservative Party's position, that a 10% cut across the board will somehow magically restore an ability to fund the research grants the member talks about, to put more money back into health care, to somehow mysteriously put more money back into education. We on this side of the House know that the Conservative Party's strategy is to dangle some kind of a percentage tax cut so people might think in the end it will put more money in their pockets when in fact it will take money out of their pockets and take services away from the people who need them.

I wonder if the member might have a response to those comments.

Mr. Scott Brison: Mr. Speaker, I would like to thank the hon. member for what I assume must have been his maiden speech because he certainly went on for a long time and said very little. We talk about debt to GDP ratio, but if we were to talk about substance to rhetoric ratios, he would certainly have a very low ratio in that case.

• (1350)

He speaks about the provincial situation in Ontario, about tax cuts in Ontario, about what he feels are clearly the fault of the provincial government and about the impact of Ontario policy on people in Ontario. What about the impact of federal government cuts across the board? What about the 35% decrease in CHST since 1993 and its impact on provinces like Nova Scotia? This is the same government.

He talks about cuts to health care. Three hospitals were virtually closed in my riding because of this federal government, a government of which he was a member. It is absolutely unconscionable for him to speak about what a provincial government is doing when they have not addressed the issue, when he was part of the party that made draconian cuts in transfers to the provinces, when they allowed the type of health care destruction that occurred in provinces across Canada.

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The hon. member should realize that leadership is one thing that cannot be off loaded to the provinces. That is exactly what has been done. He cannot pass the buck in this House to what has been done in the provincial house in Queen's Park. The burden lies with the hon. member and with the members of his caucus who have allowed this to occur, who have allowed these cuts to occur and who have allowed ordinary Canadians to be hurt by these cuts. The fact is that with tax relief ordinary Canadians can make decisions for themselves that will be far better than the decisions made by the members opposite.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I have a couple of points of clarification for the hon. member.

The member said that this government had no impact on interest rates. When the member's party was in office and we had a \$42 billion deficit, a climbing debt and all the rest of it, interest rates were way up. The fact that we have our fiscal house in order is the reason interest rates are on a downward track and not on an upward track. But I know it takes some convincing since they do not quite understand the concept.

They talk about the tinkering in this bill. If I recall correctly that was the party that talked about eliminating the cash component of the CHST and going with tax points. They talked about eliminating the role of the federal government with respect to transfers. They said that the federal government has no role in transfers to the provinces.

We put the cash floor in place to ensure there is a federal presence in the transfers to the provinces, to ensure that we can enforce the Canada Health Act. Those are Canadian priorities which is something that party is completely out of sync with.

He talked about a by province floor. I point to the fact that when we talk about transfers to provinces we have to talk about total entitlements. Total entitlements are made up of a cash component and a tax point component. Total entitlements to the provinces are increasing because of the changes that are going on that this government has made. It will continue to increase so that provinces can continue to provide for their own constituents.

I am at odds to understand where this member is coming from.

Mr. Scott Brison: Mr. Speaker, the parliamentary secretary in his duties should take some time to read a little of what the international economists are saying about the Canadian economy. It is not simply what *The Economist* said a few months ago. They quote selectively from what some publications say. If they read the 1998 preview of *The Economist*, it said that the current fiscal

situation in Canada is largely due to the structural changes made by a Conservative government in the early 1990s.

That was free trade, the GST and deregulation of the financial services and transportation industries. I and other Canadians know where his party stood on those issues. They were opposed to free trade. They were opposed to the GST. Now they say they invented it.

• (1355)

It takes years for sound economic policy to have an impact. It takes a visionary government to implement this type of policy. Unfortunately sometimes the next government can take advantage of that sound policy. That is exactly what has happened. The Conservatives made the tough decisions. They made the visionary changes and the Liberals have taken advantage of it.

We will continue on this side of the House to bring forward innovative policy, much to the chagrin of members opposite. In four years we will have the opportunity implement it.

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, I listened to my hon. friend's response to the Parliamentary Secretary to the Minister of Finance. The question I would put to my hon. friend is, was it the Conservative government which actually introduced cuts to the transfer payments which had they continued as planned would have meant that eventually there would be no cash transfers to the provinces for health care?

Mr. Scott Brison: Mr. Speaker, the issue of transfers to the provinces and the transition to tax points was addressed in our recent platform. The fact that decisions should be made at the provincial level and that the provinces should have the ability to chart their own course on some of these issues as long as national standards are met is very clear. There have to be national standards but the provinces should have control over the funding.

What we tried to establish in the platform is that the CHST level needs to be established at a provincial and not a national floor level because many provinces will continue to be bludgeoned by the changes in Bill C-28.

In fact, they are talking about establishing a cash floor in my province of Nova Scotia. We are well below the floor. We are down in the basement. We are subterranean because of the cuts. Nova Scotia and other provinces have been bludgeoned by this type of change. It should be reversed now and this bill does not reverse it.

The Speaker: My colleagues, it is 2 o'clock and we are ready for Statements by Members. I am well aware that the hon. member for Mississauga West is going to be the next speaker. He will be recognized after question period.

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STATEMENTS BY MEMBERS

[English]

ICE STORM

Mr. Stan Keyes (Hamilton West, Lib.): Mr. Speaker, it is a time like this when I am especially proud of being a Canadian from Hamilton, Ontario. In the aftermath of the worst ice storm in history, Hamiltonians did not hesitate to offer speedy assistance to those in need.

Today I recognize the important contribution of Hamilton radio station CHML and manager Don Luzzi, hometown radio at its best. I salute CHML Talkline host Roy Green for leading the offensive in sensitizing Hamiltonians to the severity of the disaster and for requesting and co-ordinating donations toward the relief effort.

With the help and generosity of Fluke Transport president Ron Foxcroft, these necessities were loaded into five tractor trailers and dispatched to the hard hit areas of eastern Ontario.

The people of eastern Ontario, Quebec and the maritimes will not soon forget the caring and generosity of the federal government, the Canadian Armed Forces and in particular the young men and women from the Argyll and Sutherland Highlanders from Hamilton, Hamilton hydro workers and Hamiltonians who helped their fellow Canadians get their lives back together after the ice storm of 1998.

* * *

JUSTICE

Mr. Gurmant Grewal (Surrey Central, Ref.): Mr. Speaker, the householders which I send to my constituents in Surrey Central include a survey of the political issues of the day. My constituents take this opportunity to share their views with me. Quite often I receive detailed opinions on the Liberal government's mismanagement and lack of accountability.

One of my constituents said that all Members of Parliament should be spending more time and energy on issues that are of importance to their constituencies, such as crime, safety, health, education, tax relief and the deplorable justice system. In fact the most unified response shows that we should be getting tougher with criminals. They tell me that violent criminals aged 14 to 15 should be tried in adult court. Reform the parole system so that violent offenders serve their full sentence.

• (1400)

The Liberals are not listening to grassroots Canadians and the government's agenda does not respond to what Canadians want. Why will the Liberals not focus on the issues that concern our constituents?

ICE STORM

Mr. Hec Clouthier (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, there were many heroes during the ice storm of 1998. Our Canadian military and the hydro crews were simply unbelievable in their dedication and professionalism. But perhaps the real heroes were ordinary Canadians like Nancy Webb and Lucy Lecuyer of Petawawa. These women took charge and initiated a relief effort that benefited not only Renfrew County but also municipalities throughout eastern Ontario and western Quebec. This valiant pair worked non stop for over six days co-ordinating the relief effort. They were ably assisted by Colonel Kevin McLeod of CFB Petawawa.

As the Member of Parliament for Renfrew—Nipissing—Pembroke, I say to Nancy Webb, Lucy Lecuyer and all volunteers thank you for caring and thank you for being there when you were needed.

Example is an eloquent orator. These acts of kindness speak volumes about our Canadian spirit.

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[Translation]

ICE STORM

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, the people of Quebec will long remember the start of 1998 when they poured all their energies into battling this terrible freezing rain storm. Everyone gave everything they could to help the disaster victims.

I would like to congratulate and to thank all the people of Quebec warmly for their solidarity and community spirit in such difficult circumstances.

However, there can only be criticism for the Minister of Human Resources Development, who kept people in a state of total confusion over their entitlement to employment insurance. Many were outraged to discover that they were not entitled to any compensation from the plan to which they had so long contributed.

I strongly urge this government to keep its promise to not further penalize those workers victimized by this terrible storm, who have already suffered enough as a result of it.

* * *

ICE STORM

Ms. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, today I would like to thank all of the residents of my riding of Notre-Dame-de-Grâce—Lachine for their courage, generosity, patience, good humour and, in particular, their true commitment to our community during the 1998 ice storm.

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[English]

I am truly proud to represent NDG—Lachine. I would also like to personally thank the mayors of Lachine, St-Pierre, Montreal West and City Councillor Michael Applebaum, the Salvation Army, the Red Cross, hydro workers, our magnificent Canadian Armed Forces, the NDG Community Council, Ville St-Pierre's Club Optimist and the many wonderful municipal and volunteer workers who tirelessly worked throughout the storm to ensure that each and every resident of NDG—Lachine was kept warm, fed and safe.

Finally, let me publicly thank the Chinese community of Vancouver and Mr. Hansom Lau for raising \$18,000 and GE Canada for its \$50,000 donation to the Red Cross relief fund.

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ICE STORM

Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington, Lib.): Thank you, Mr Speaker, for this opportunity to recognize those who responded to the January ice storm, people who assured the safety of the storm's victims with compassionate and caring hearts.

As member of Parliament for Hastings—Frontenac—Lennox and Addington and as chair of the eastern Ontario caucus, I want to recognize the community volunteers, firefighters, snowmobile club members and others who responded quickly and efficiently. They ensured that roads were cleared, isolated residents were visited and those who wished to go to shelters were assisted. Others such as municipal employees worked well beyond the call of duty to implement emergency response actions.

The women and men of the military have earned special recognition for their efforts right across the storm area. I also want to acknowledge the hydro and phone workers who risked their lives to restore service.

Many Canadians in eastern Ontario and Quebec have moved past the crisis. Unfortunately others remain without hydro today.

Please join me in saying thank you to the volunteers and workers who have given so much and especially to those who continue to meet the challenges in the wake of the storm.

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OLYMPIC WINTER GAMES

Mr. Myron Thompson (Wild Rose, Ref.): Mr Speaker, on behalf of all Members of Parliament and each of my constituents I would like to be the first to extend my best wishes to all Canadian athletes arriving in Nagano, Japan this week.

Each of these athletes embodies all that is good about Canada. It is with great pride that we will watch the largest contingent of Canadian winter Olympians compete in this, the last winter games

of this century. I take particular pride in the athletes from Wild Rose and wish them the best of luck in their individual sports.

• (1405)

The winter Olympics epitomize the Canadian ideal that glory is found not solely in winning but in the journey of sacrifice and hard work that characterizes the athlete's life. Although the majority of Canadians will experience the Olympics only from their living rooms, we want our athletes to know that the nation is behind them every step of the way.

We know you will not fail us as Canadian ambassadors abroad and as role models to our youth. Good luck to one and all. You have already made us proud.

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ICE STORM

Mr. Joe Jordan (Leeds—Grenville, Lib.): Mr. Speaker, as a representative of one of the areas hit hard by the recent ice storm, I would like to take this opportunity to recognize the outstanding efforts of emergency services personnel, the firefighters who in Leeds—Grenville are largely volunteer, police, hospital staff, the Brockville Rifles, the local coast guard, municipal personnel and politicians, service clubs, local church congregations, CFJR radio station, local businesses, industries and government agencies, as well as countless volunteers and their families throughout Leeds—Grenville.

Although it is true we went without electricity, we were not however without power, the power of generosity, kindness, compassion, honesty, courage and community spirit. In Leeds—Grenville people pulled together to minimize the tragedies associated with this disaster.

If I seem to be holding my head a little higher it is because I have the tremendous honour of representing these people and their values in the 36th Parliament of Canada.

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[Translation]

FIFTIETH ANNIVERSARY OF THE FLEUR DE LYS

Mr. Maurice Dumas (Argenteuil—Papineau, BQ): Mr. Speaker, January 21 marked the anniversary of the adoption by the Quebec Legislative Assembly of the Fleur de Lys as the official flag of Quebec.

In 1946, independent member René Chaloult tabled a motion in the Legislative Assembly calling for a flag "symbolizing the aspirations of the people of this province". Finally, on January 20, 1948, at 3 p.m., as the Legislative Assembly met, Premier Maurice Duplessis announced that the Fleur de Lys now flew over the National Assembly.

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Twenty years ago, René Lévesque made a statement on this matter which is as timely today as it was then: "As the settlers of New France, we had to become a specific and homogeneous people. As citizens of Quebec, all that remains for us to do, in order to imbue history with its full weight of reality and hope, is to become the true nation our flag already proclaims us to be".

* * *

ICE STORM

Mr. Denis Paradis (Brome—Missisquoi, Lib.): Mr. Speaker, several thousand people remain without power in the aftermath of the recent ice storm. It may be too soon yet to have a full assessment of the emergency measures, but it is not too soon for us to draw attention to the extraordinary assistance that has come from virtually everywhere in Canada, and from elsewhere.

In Brome—Missisquoi, Paul-René Gilbert and his group from Magog distributed firewood to the people of Sainte-Sabine, Farnham and surrounding areas. Our colleague from the Ontario riding of Haldimand—Norfolk—Brant sent two generators from Stelco Steel to the municipality of Frelighsburg for their emergency shelter and their waterworks. This was only one of a multitude of examples all over Canada, but we will have an opportunity to say more about this later on.

I will conclude with a glowing commendation to all of the mayors and municipal authorities of Brome—Missisquoi and elsewhere in Quebec for their devotion and professionalism in implementing emergency measures.

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[English]

ICE STORM

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, I rise today to publicly thank our military on behalf of the official opposition.

During the recent ice storm which devastated eastern Ontario and Quebec Canadian troops played a crucial role in repairing the damage and ensuring the health and safety of Canadians. Our soldiers enthusiastically assisted with whatever needed to be done, whether it was helping hydro crews to restore power, protecting powerless neighbourhoods from looting or transporting the sick to medical facilities.

The vital role played by our military yet again during another natural disaster brought the attention of Canadians to the importance of our armed forces. It is unfortunate however that we do not often enough acknowledge the hard work and vital contribution our regular forces and reserves make each day to our national security.

While it is good for us to recognize the important work that our troops did to help deal with this natural disaster, I thank the men

and women of our forces every day for working so hard and risking so much to make me, my family and my country safe and secure.

* * *

• (1410)

[Translation]

ICE STORM

Mr. Jacques Saada (Brossard—La Prairie, Lib.): Mr. Speaker, the people of my riding of Brossard—La Prairie have also been especially hard hit by the ice storm.

I want to pay a heartfelt tribute to the mayors of our municipalities and their staff: Paul Leduc in Brossard, Guy Dupré in La Prairie, André Côté in Candiac and Lise Martin in Saint-Philippe. Their relentless efforts and dedication have been absolutely outstanding. The constant, comforting smiles of volunteers, young and old, was an inspiration to me.

Many of my colleagues and their staff have spontaneously and selflessly offered their support. This show of solidarity was greatly appreciated.

That is to say nothing of the great job done by the military, the RCMP, the provincial and municipal police, Hydro-Québec workers, scouts, the Red Cross, firefighters, and the list goes on. On behalf of the people of our region, I thank them all.

I sure am glad not to have to select the volunteer of the year in Canada.

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[English]

BANK MERGER

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, the proposed bank merger points to a revealing similarity between the Liberals and the Reform Party.

The Reform Party says that the merger would be okay as long as the American banks are given a larger role in the Canadian economy. This is precisely what the Liberals have already provided for by signing, days before merger talks began, the financial services agreement at the World Trade Organization.

Indeed the Minister of Finance's outrage about the merger is just so much play acting. Does the minister really expect us to believe that his departmental advice was so bad that he did not anticipate that mergers might be part of the banks' response to the agreement that he signed?

Canadians do not have to choose between the fraudulent outrage of the Liberals and the spectacle of the Reform Party's arms opened wide to the embrace of American banks.

The NDP stands for a world in which banks are answerable to the well-being of all rather than being further freed up to serve their

own selfish interests. Let us make Canadian banks behave as good corporate citizens and let American banks stay at home.

One is reminded of the drug patent issue: much Liberal outrage and then its members hide behind an agreement that they themselves signed.

* * *

ICE STORM

Mr. David Pratt (Nepean—Carleton, Lib.): Mr. Speaker, ice storm '98 will not soon be forgotten in my riding of Nepean—Carleton. Many in rural areas such as Osgoode, Rideau and Goulbourn townships were without power for between a week and two and a half weeks. Amidst the devastation of our hydro infrastructure, there was physical hardship, emotional stress and significant economic loss.

How did people respond? During the ice storm I saw strength, resilience, resourcefulness, generosity and even humour. People rose to the challenge and performed magnificently.

I offer my heartfelt thanks to the volunteers who staffed the shelters, the hydro crews, police, municipal and regional leaders and staff as well as the soldiers of the Canadian forces. Thank God for the army was a phrase I heard in every part of my riding. Our troops were greeted like an army of liberation.

With life back to normal, it is my sincere hope that the spirit of co-operation and neighbourliness that marked our experience during the ice storm continues. The communities in Nepean—Carleton were strong before the power went off. We are even stronger now.

* * *

[Translation]

ICE STORM

Ms. Diane St-Jacques (Shefford, PC): Mr. Speaker, like part of Quebec and eastern Ontario, the riding of Shefford has just experienced the effects of the worst ice storm in our history. The extent of the damage is such that we still cannot estimate how long it will take us to recover from this natural disaster.

It has given rise to an incredible community spirit we can all be proud of.

I would like to acknowledge the contribution of the federal, provincial and municipal governments, and particularly the help provided by the Canadian army, the Red Cross, Hydro-Québec and the many volunteers who spared neither time nor effort to provide assistance to the disaster victims.

I also want to thank all those who rallied to support and comfort us in spite of bad weather and distance, particularly the members

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for Madawaska—Restigouche and Tobique—Mactaquac and their constituents.

The effects of this storm will continue to be felt for months to come, and it is our duty to take a serious look at positive and efficient ways to alleviate the burden of those affected by the ice storm.

Solidarity in the face of adversity, combined with innovative solutions, gives us hope that life will soon be back to normal and that our economy will recover quickly.

[English]

The Speaker: Colleagues, as a general rule we ask members to stand in their places when they are speaking. I am going to make an exception today as I call on one of our own members of Parliament to address us in statements. The hon. member for Burnaby—Douglas will remain seated while he gives his statement.

* * *

• (1415)

MEMBER FOR BURNABY—DOUGLAS

Mr. Svend J. Robinson (Burnaby—Douglas, NDP): Mr. Speaker, on December 30, I was involved in a very serious hiking accident on Galiano Island in my home province of British Columbia. During the two weeks I was in Vancouver General hospital and in the days since then I have been deeply moved by the messages of support I have received from my constituents in Burnaby—Douglas and from people across the country.

[Translation]

The support I have received gave me a great deal of strength and hope for the future.

[English]

I want to take this opportunity to express my profound personal gratitude to my partner Max, to my dedicated staff and a special word of thanks to you, Mr. Speaker, and our staff on the Hill for your tremendous personal support.

I will be in a wheelchair for the next few months and my jaw is wired shut for some time to come. I understand that an all-party delegation led by the prime minister and my leader, the member for Halifax, has urged my gifted surgeon, Dr. Patti Clugston, to wire the jaw permanently shut.

I take this opportunity to briefly send a message of strength and hope to our colleague, the member for Labrador, who is fighting cancer in a St. John's hospital today.

I say to my colleagues on all sides of the House and in the other place, du Québec et partout au Canada, your words of solidarity and support have meant more to me than you will ever know.

*Oral Questions***ORAL QUESTION PERIOD***[English]***THE ECONOMY**

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, I know today is the first day of Parliament but it is also Groundhog Day. Wiarton Willie, the official groundhog, apparently saw his shadow which means that we are faced with many more days of winter this year.

Many Canadians are wondering whether the prime minister saw his shadow. Will it be an early springtime of debt reduction and tax relief or must Canadians endure many more wintry days of Liberal overspending and misspending?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, spring has arrived for the Canadian economy because we have managed to control the deficit. We said that we would reduce the deficit to 3% of GDP in five years and we managed to reduce it to virtually zero in four years. There will be more sunshine coming into the Canadian economy when the Minister of Finance introduces his budget later this month.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the prime minister came out of the same hole he went into last December. Things have changed. Interest rates are rising which is bad news for Canadians paying mortgages. It is bad news for Canadian businesses paying bank loans and it is bad news for the worst debt organization in the country, the Government of Canada, with interest rate charges on the debt threatening to eat up the surplus in the minister's budget.

My question is for the prime minister. He has bragged in this House about having deficit reduction targets. Does he have debt reduction targets? If he does, what are they?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, last year, after a long time, probably more than 20 years, the government started to pay off some of the market debt. We will have a budget in which the Minister of Finance will say exactly where we are at this moment.

We made a commitment to the Canadian people during the election with regard to the surplus. We are all happy that will be the situation in Canada very soon. The Minister of Finance confirms what we said, that half of the surplus will go toward debt reduction and tax reduction and the other half will go toward solving some of the economic and social problems of the nation.

• (1420)

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, it is not only that the debt is too high. The taxes are too high. A single mother with one child earning \$15,000 a year is paying \$1,300 in taxes to that finance minister. A family of four

with an income of \$32,000 a year is paying \$3,000 a year in taxes to that finance minister. The government has saddled us with the highest personal income tax in the industrial world.

Will the prime minister listen to the groans, curses and protests of overtaxed Canadians and offer tax relief targets for 1998?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, 33 days ago there was a reduction in taxes to the Canadian people by \$1.4 billion when we reduced unemployment insurance premiums.

We have also announced that in the fiscal year 1998-99 there will be \$850 million in tax credits allocated to poor people in our society.

* * *

HELICOPTERS

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, I have here a copy of the original EH-101 helicopter contract. It is clear from this document that the government has just spent \$200 million more on the present contract than the deal was worth back in 1992.

My question is for the prime minister. Will he explain to Canadians how he managed to buy a Chevy helicopter and pay a Cadillac price?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, that is simply not the case. I noticed in one of the newspapers today a report about an unsigned, unattributable document that has a lot of nonsensical information. That is probably what the hon. member is having a look at.

The fact is we could not afford the helicopter deal at that time with a \$42 billion deficit. We could not afford the extra equipment on that helicopter. Today we have one that is 40% cheaper.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, that sounds like another chopper whopper from the Liberals. Only a Liberal can pay more and call it a bargain. I think Canadians deserve better.

The Liberal helicopter deal is costing taxpayers \$200 million more than the 1992 deal. Look at the contract.

Will the prime minister explain to Canadians just how he managed to buy a Chevy helicopter and give it a new name for a Cadillac price?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the hon. member should look at the contract. The contract has yet to be signed. It is in the final negotiation.

When he sees the contract and the price he will see that in fact we have bought the best operational helicopter to meet our needs. We have bought it at a price that is far less than what the Conservative government would have paid for it previously.

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[Translation]

ICE STORM

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, I would like to begin by paying tribute to victims of the ice storm for the courage they showed throughout the crisis, and indeed continue to show, as well as to all those in Quebec, Canada and the United States who demonstrated such marvellous solidarity with them.

Some hon. members: Hear, hear.

Mr. Gilles Duceppe: The crisis experienced by all ice storm victims is without precedent. Given the exceptional nature of the situation, swift and concrete action has to be taken to meet the needs of storm victims, who are being hit hard by unemployment.

Given the exceptional circumstances, would the Minister of Human Resources Development not agree that a good way of alleviating people's suffering would be to end the confusion surrounding the directives regarding the application of special EI measures by suspending the two-week waiting period, otherwise known as the qualifying period?

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

Naturally, I share his sentiments about storm victims and I would like to tell him that the Government of Canada, including the Minister of National Defence and all my other colleagues, did everything it could to help resolve the problems.

• (1425)

I would like to be very clear, and I thank him for giving me an opportunity to do so today. There is confusion between qualifying period and waiting period. What we did as a government, and I used the powers accorded me by the legislation in these exceptional circumstances, was to eliminate the two-week waiting period so that people could receive EI payments much more quickly, but I maintained the qualifying period. The qualifying period remains, and I think it important that it remain.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, many storm victims called their MPs to tell them that, when they went to EI offices, they were often told that they first had to be unemployed for two weeks, to be without work for two weeks, before being entitled to EI benefits.

If I understand correctly, the minister has just told me that this is not the case, that these are not the directives issued by his

department. The answer being given out by departmental officials is the opposite of what the minister has just told us in the House.

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, what we eliminated was the two-week waiting period. In other words, I asked our officials to allow people who had been without work for five days to apply for EI and to receive within three, four or five days their first EI cheque, that they could therefore receive within the first two weeks, but for the following week.

That is why there may have been some confusion, but I think it important that this be known, because workers obtained assistance much more rapidly than they normally would have.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, during the ice storm the Minister of Human Resources Development publicly encouraged the unemployed to apply in advance for employment insurance benefits, adding that he would show a great deal of compassion toward them.

Everyone understood that, given the plight of thousands of families, the government would show flexibility and, more specifically, would waive the two-week penalty that applies.

Can the minister tell us whether or not the unemployed affected by the ice storm will have to pay back the extra money paid to them, given the two-week penalty?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the Bloc Quebecois is always creating confusion, and I hope it is not doing so deliberately.

I will be very clear. The first two weeks are not covered, because I do not want to unload all of Montreal's downtown onto the system. Given that four or five days were not worked, it is important for businesses and workers to take measures to make up for the lost time, through overtime or by working on Saturdays. I believe this is the best solution.

As for the waiting period, the workers got cheques in advance, as in the case of the Saguenay and Manitoba disasters, regarding which the waiting period was never waived. We will act humanely in each and every case.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, on January 15, the minister said "when people are forced to live without heat and power, the one thing we want to make sure is that they do not have to worry about their income". As things stand, these people are not paid for the first two weeks, while they are getting 55% for the other weeks, because the minister set up a new employment insurance program which is devoid of compassion toward the unemployed.

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Where is the difference? Why such a contrast between the minister's words about being compassionate and flexible, and the drastic and heartless measures he is now imposing?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, we allowed people to receive a cheque within 14 or 15 days after the problem began, that is as soon as we realized that some people needed that help.

People received money two weeks sooner than they normally would have under the employment insurance program. It was very important for these people to get that cheque and this is why we were quick to act. It was important for people without heat and power to get their cheque two weeks earlier than normal. We managed to do that and we are very proud of our initiative.

* * *

[English]

BANKING

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the big banks are trying to pull a fast one. They are trying to sell us a monster merger as if it is good for us.

• (1430)

The banks tell us there are not sufficient funds to keep their people working, not sufficient funds to maintain services and keep branches open, and not sufficient funds to reduce services charges which should not leave the finance minister with much to think about.

Will the minister kill the monster merger today? Will he send it back to the banks stamped NSF?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we received information that there is a desire for these two banks to merge.

The Minister of Finance rightly said that a committee is reviewing the situation. The committee will report in September. We are not in a rush to make any decision until we have received the report of the committee.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the prime minister and the minister of finance promised to protect the public interest. Those promises are as credible as the promise to scrap the GST and the promise to scrap excessive drug patent protection.

Let me give the minister another chance, the chance to stand up for bank consumers, for bank employees and for folks needing fair credit. Will the finance minister show some guts and bounce this monster merger today?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, some time ago in the middle of the last mandate the government put in place a process to deal with this kind of issue. That task force

will report in September. Following that report there will be ample time for parliamentary committee and full public discussion.

We are going to insist that timetable be lived up to. I assure the House of one thing. Unless this deal or any other deal works Canadians it will not work at all.

* * *

[Translation]

IRAQ

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, my question is for the Prime Minister.

I spoke with the Prime Minister on the phone yesterday. I sent him a letter concerning the situation in the Gulf and the possibility of an armed conflict with Iraq, among other things. It is quite possible that Canada will find itself in a war situation before very long.

I would like to know whether the Prime Minister intends to make a statement in the House of Commons informing the Canadian people of his government's position on this conflict.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I thank the leader of the Conservative Party for calling to inform me of his intention to ask this question.

As I told the press last Friday, I received a phone call from the President of the United States. We spoke about a number of things. We discussed the situation in Iraq, and I told him that the government's position, as the leader of the Conservative Party has said himself, is that we wish to see a diplomatic solution.

The Russians and the French are actively involved in this at the moment. The President of the United States did not in any way ask us to go to war. Should there be any such request, I can assure the hon. leader of the Conservative Party that there will certainly be a debate.

[English]

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, with all respect it is not the position of the Russians, the French or the British that we are interested in. We are interested in what is the position of the Canadian government.

Contrary to the practice of this government, this is not another Kyoto and it should not be. If Canada may end up at war soon, the Canadian people deserve to know what the position of the Government of Canada is.

Will the prime minister make a full statement to the House of Commons? Will he strike a joint House of Commons-Senate committee and call before the committee the minister of foreign affairs, the minister of defence and the chief of defence staff?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the leader of the Conservative Party said that he is in favour of a diplomatic solution. That is the position of the government.

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If ever there was to be a war, we would be facing this question and there would be a debate in the House of Commons at that time.

Hon. Jean J. Charest: Before.

Right Hon. Jean Chrétien: There is no war and there is no demand by anybody for us to be in a war. I have said that we want Saddam Hussein to respect the resolution of the United Nations Security Council because the situation cannot remain like it is. It is a very clear statement, but there is no request at this time by anybody to start a war in which Canada will be involved.

* * *

• (1435)

HELICOPTERS

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, speaking of a war of words, in 1993 during the campaign the prime minister said “Zero helicopters, period. Zero helicopters”.

Now in 1998 he says “Okay, 15 helicopters. Actually they will be the same kind of helicopters and actually they will cost \$200 million more than we thought they would”. What a steal of a deal; a Liberal would think that is good bargaining.

I dare the prime minister to stand in his place to defend the decision to get helicopters now after originally cancelling them based purely on politics and politics alone.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have no problem saying that when we were facing a deficit of \$42 billion we could not afford one helicopter and we did not buy one.

After that there was a white paper, endorsed by everyone, which said that some day we would have to buy helicopters. We have bought 15 helicopters for search and rescue at 40% less. We are spending less than \$800 million at this time, and the Tories wanted to pay at that time \$5.8 billion for helicopters.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, what happened in fact was that when the prime minister said they would not buy any the deficit was higher. Look at the debt right now. It is \$600 billion and increasing every second. What kind of a deal is that? They are not 40% less and the prime minister knows it. They cost more.

The government and the prime minister are single-handedly responsible for the mishandling of the helicopter hysteria.

I will ask the prime minister one more time how he can defend a decision that is so shamefully based on politics and politics alone.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, talking about hysteria, I do not know on which side of the aisle you would find it.

I am very happy to know that the Reform Party does not want to buy helicopters for search and rescue when we know that we have to replace the ones we have by the year 2001.

* * *

[Translation]

ICE STORM

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, during the ice storm the Minister of Human Resources Development announced, with much pomp but little in the way of results, \$45 million in assistance, \$25 million of it in Quebec, in the form of normal federal programs of the targeted wage subsidy and job creation partnership type.

In order to really help storm victims, will the minister undertake to relax the criteria for the targeted wage subsidies program so that wages are 100 per cent reimbursed by the federal government, since community organizations, businesses and municipalities do not have the financial means to assume their current share?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I thank my colleague in the Bloc Québécois for asking me this question, which gives me a chance to point out that it is not completely true to say that there was little in the way of results.

We have already invested \$3.5 million in job creation programs in the areas affected by the storm in order to help people rebuild, to improve the situation; \$3.5 million is something.

Many of the programs available to employers, communities and municipalities are already 100 per cent in job creation partnerships, as provided for under the legislation.

I think that, right now, the measures are meeting the needs of communities.

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I think the minister is mistaken about job creation partnership programs, which are 100 per cent funded, it is true, but the targeted wage subsidy program is not.

My second question has to do specifically with the job creation program. Will the minister undertake immediately to relax the criteria for the job creation partnership program, so that employers can request funds to buy necessary equipment, which is not possible under the program's current criteria?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I think it important to relax

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some of the criteria. In certain cases, I believe it will be possible to buy certain kinds of equipment.

It is obvious that these measures are directed primarily at job creation. We are in the process of looking at certain adjustments that could be made in this regard.

I am also counting on the Bloc Québécois to help us relax certain attitudes so that municipalities can come and work with us to set up programs that will be very useful to all municipalities with significant needs.

* * *

• (1440)

[English]

BANKING

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, Canadians are very concerned about high service fees at the banks, about the lack of credit for small business and about the virtual monopoly hold the big six banks have on our banking system. This is why it is particularly alarming to see the Royal Bank and the Bank of Montreal on television making banking policy while the finance minister is at home brushing his teeth.

Who is really setting policy here? Is it the Royal Bank and the Bank of Montreal or is it the government? Who is setting policy on banking?

Hon. Paul Martin (Minister of Finance, Lib.): First of all, Mr. Speaker, it is a habit that the hon. member might want to get into.

The hon. member can be very much assured that this government is going to set policy. That is why the task force on financial institutions was set up. It is why we made it very clear that when it reports in September it will be submitted to a parliamentary committee for full parliamentary debate. It is why in fact within the government caucus itself a study group has been set up to look at it.

We would hope in fact that opposition members themselves would take this matter very seriously.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, we are certainly glad to hear that. We were just a little concerned that we would have one of the bank presidents up here introducing the budget in three weeks.

The fact is other banks are not going to sit around and wait while the Royal Bank and the Bank of Montreal eat their lunch for them. This is just the beginning and consumers do not seem to have a voice in this whole process.

What plans does the minister have to deal with any more bank mergers, or should we be directing that question to the presidents of the other banks?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, what the hon. member might simply want to do is take a look at what in fact the government has said.

The reason that we said that the government as far as the Office of the Superintendent of Financial Institutions would not begin to look at this merger was precisely that we were not going to allow anybody to jump the queue.

The fact is that government policy will be set following a full public debate which itself will follow the task force report. Only at that point will we begin to consider this or any other similar merger.

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[Translation]

ICE STORM

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

In the regions affected by the ice storm, the plight of maple syrup producers is tragic. Their production is seriously threatened and extraordinary measures must quickly be taken to help these people.

Does the minister intend to make changes to the partnership program designed to promote employment, in terms of the budgets allocated to the cleanup of sugarbushes affected by the ice storm, so as to truly meet the needs of maple syrup producers?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I am very pleased to see the interest shown by hon. members in the initiatives taken by us during the crisis, with all the means available to the Department of Human Resources Development.

Let me say that maple syrup producers were among those we particularly had in mind when we were looking for ways to quickly provide assistance and budgets, precisely so they would not lose very important investments. These producers are among those who have already started signing partnership agreements with us.

Some are already receiving money out of the \$45 million fund allocated for those affected by the ice storm.

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, more specifically, and since the skilled labour required to do this type of work does not always meet the program's criteria, which means there could be a shortage of skilled workers, is the minister prepared to make his criteria more flexible so as to quickly allow for the hiring of competent workers who can help our maple syrup producers recover from such a disaster?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, it is important to realize and to recognize that the moneys from the employment insurance fund are there primarily to help the unemployed join the labour market.

However, this \$45 million includes another \$5 million to be spent through the Youth Employment Strategy, under which one does not have to be an employment insurance claimant to be eligible.

The hon. member referred to the possibility of a shortage. We will cross that bridge when we get to it. Meanwhile, I can assure you that the \$45 million fund is a very important tool of assistance regarding which we should be congratulated, instead of being asked such questions.

* * *

• (1445)

[English]

IRAQ

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, as Saddam Hussein continues to defy international law, the Liberals sit on the fence. They do not send a message to our allies.

After immediately sending ships, air support and hospital units in 1991, what will this government do in 1998 if in fact we need to send military forces? What resources will we use?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, to begin with let me correct the record. As members just heard, the prime minister had a direct conversation with the president of the United States on Friday. We have been in active consultation with a number of allies over the past two or three weeks. I met with British foreign secretary Robin Cook 10 days ago. We are looking at the situation.

We fully agree that Saddam Hussein and the Iraqi government must live up to their obligations. We are very concerned about all the reports that they are continuing to develop weapons of mass destruction. We insist that they live up to the obligations of the United Nations, which is exactly what every other country that supports the United Nations has said.

We do not intend however to start making judgments until we have had the full process worked out.

The Speaker: I would encourage all hon. members to make their questions so that they are not hypothetical.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, we have a proud tradition and I believe that is being put in jeopardy because of the way this government is sitting on the fence. What specific resources will we commit if in fact we are asked for them?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, the proud tradition of this country is to evaluate and assess the facts, not to engage in hypothetical speculation. Canadians expect us to be realistic.

What we are doing is taking a realistic approach to the situation. We have indicated our support for the necessary action to get

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Saddam Hussein to live up to his obligations. We are supporting the United Nations in that respect.

* * *

[Translation]

ICE STORM

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, my question is for the Minister of Industry.

During the recent unprecedented storm, a number of businesses and industries suffered losses of all sorts—stock, production and marketing losses. They have also had to absorb very high costs such as the cost of renting and using generators, which are much more costly than the regular systems.

How does the government intend, in its negotiations with Quebec, to give special attention to businesses in central Quebec and in the Montérégie region hard hit by the crisis?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, during the crisis in the Saguenay we faced the same problem and we set up a program, where the costs were shared with the province of Quebec, to enable business to get back on its feet.

In my negotiations with Mr. Brassard to date, during which I gave him an initial cheque for \$50 million, I wanted to address the question of assistance to business. He has indicated to me that we could discuss this matter later on. Groups have already been established for negotiations on the subject.

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[English]

PRIVACY

Hon. Sheila Finestone (Mount Royal, Lib.): Mr. Speaker, my question is for the Minister of Industry.

Health cards, credit cards, smart cards, all types of electronic commerce and the trade and sale of the information that they hold directly affects our privacy. Our study here in the House showed that once privacy is lost, it can never be regained.

What is the government doing in this new high tech world to protect the privacy of our personal information particularly in the private sector?

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I would like to thank the member for Mount Royal for her question and her concern in this matter.

The Government of Canada has just released documentation and discussion papers and will be seeking input from across the country. We must ensure consumer information is confidential. There are a number of basic principles that we must maintain. Some of those basic principles include confidentiality, account-

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ability, consent, accuracy and openness. We are starting on a consultation process in order to make this legislation happen.

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[Translation]

JUDICIAL SYSTEM

Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.): Mr. Speaker, in 1996, a 17-year-old Quebecker was brutally raped by two men. Last week, she was raped again, by our judicial system this time, as both men who committed this harrowing crime were allowed to go free.

• (1450)

This unacceptable sentence is the result of the Liberal legal loophole known as conditional sentencing.

Will the Minister of Justice put an immediate end to this legal loophole?

[English]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, in fact the hon. member raises a very disturbing situation, a very disturbing and tragic case in Montreal last week. First let me point out that my colleague, the attorney general of Quebec, Mr. Ménard, is appealing that case. Obviously it would be inappropriate for me to comment any further in relation to the facts of the case.

The hon. member more generally speaks of conditional sentencing. I made it very plain in this House that conditional sentencing is a relatively new provision in our Criminal Code. Courts of appeal across this country are developing guidelines for lower courts and we must await the outcome of those cases before considering further action.

[Translation]

Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.): Mr. Speaker, all the excuses in the world will not heal the scars this young woman will bear for the rest of her life. She was injured twice: first by her two assailants and then by our judicial system.

Will the minister draw a lesson from this painful incident and immediately amend the law?

[English]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, in fact as I have already indicated, it was a very tragic circumstance. My colleague the attorney general of Quebec is appealing the case.

Perhaps in relation to the more general question of conditional sentencing, I can do no better than to quote my provincial colleague, John Havelock of the province of Alberta in referring to

conditional sentencing: "I like the flexibility in conditional sentencing. As opposed to having the federal government developing some very specific guidelines, we can have the courts reacting to the needs of their respective communities across the country".

* * *

BANKING

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, my question is for the Minister of Finance. I am sure he will agree with me when I say that many young Canadians concerned about their future were driven to occupy one of the chartered banks last weeks, banks that show little concern for the well-being of our young people. In consideration of their future, will the Minister of Finance stamp the monster merger as NSF and tell the banks that the deal has no serious future in Canada?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I have already replied on a couple of occasions in this House in terms of the bank mergers.

I would certainly like to express the government's great concern with the whole question of student debt. Indeed it is why the prime minister before Christmas stood up in this House and announced the scholarship millennium fund to deal directly with that issue. It is why in the 1997 budget the government brought in a series of measures to deal with the whole question of student debt. It is why this government is very much concerned to make sure that young Canadians have equal access to higher education.

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, not sufficient funds is how the banks describe their inability to compete globally. They say that size matters and that is how they justify this monster merger proposal. Many financial analysts say today that the fixation with size is absurd. Will the minister reject this monster merger and stamp it NSF, no such fixation?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member raises a number of interesting points. I would hope in the great public debate that will follow the report of the task force and in the debates that will take place in this House of Commons that he will make those points to the Canadian public.

* * *

[Translation]

IRAQ

Mr. André Bachand (Richmond—Arthabasca, PC): Mr. Speaker, the hon. member for Sherbrooke directed his question to the Prime Minister. My question is also for the Prime Minister.

Could the Prime Minister stand in this House and explain the government's official position regarding Iraq? We will recall that, in 1991, when his party was in opposition, the Prime Minister stated "We will let the embargo and sanctions do their work". In

the meantime, with the ongoing sanctions and embargo, thousands of innocent men, women and children are dying in Iraq.

Does the Prime Minister agree that a debate should be held in this House before rather than after war has been declared?

[*English*]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member is not much of a historian. He would know for example that in 1996 we fully supported the actions to ensure that Saddam Hussein would live up to the obligations. The same stands today. We want him to live up to the obligations and we are prepared to support those measures to make sure it happens.

• (1455)

Mr. André Bachand (Richmond—Arthabaska, PC): Mr. Speaker, let us continue with this minister. In 1991 this minister refused to support any Canadian intervention under our traditional allied flag. He then said Canadian participation should only be done under the UN flag.

In light of these recent events has the minister changed his position? Will he let Canada support an armed intervention in Iraq that will not be under the UN flag?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, I am sorry the hon. member keeps compounding his ignorance. The fact is that I and my colleagues voted for the resolution in 1991 and the record will show that. Before they start asking the questions, they should go back and do their research and their homework much better than they clearly are doing.

* * *

HOUSING

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, my question is for the minister responsible for the Canada Mortgage and Housing Corporation.

The government has announced that it is extending funding for the residential rehabilitation assistance program, the emergency repair program and the home adaptations for seniors independence program. Why is the federal government extending these programs at this time and where is the money coming from?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, last Friday I announced that this government intended to extend RRAP, the residential rehabilitation assistance program, for the next five years, investing a total of \$250 million.

Where does the money come from? It is due to the good management of this government so that we can reallocate funds and respond to the needs of the provincial and municipal governments and private sector stakeholders. They all want the govern-

ment to remain in this program so we can commit to safer communities.

* * *

CANADA PENSION PLAN

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, the new RRSP bonds will pay 4%, guaranteed. The new CPP will pay young Canadians 1.8%, well maybe, according to the fund's chief actuary. Why should our children be forced to invest in the CPP when they could earn more than twice as much with the safest of government bonds?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, throughout a good portion of the September to December debate in this House, Reform Party members, including the hon. member, kept pointing out that the provinces would not support the Canada pension plan. They kept pointing out that the Canadian people would not support the Canada pension plan. The fact is that the provinces overwhelmingly support the Canada pension plan. Canadians overwhelmingly support the Canada pension plan. In fact the only Canadians who do not are the members of the Reform Party and they are out of it again.

* * *

[*Translation*]

VIOLENCE IN ALGERIA

Mr. Daniel Turp (Beauharnois—Salaberry, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs.

More than 1,500 people were reported killed in Algeria during Ramadan, and there seems to be no end in sight for the massacre of Algerian civilians, including women and children, while there is still no clear picture of who is responsible for these massacres, and the reasons behind them.

Can the minister tell us what he knows about the situation in Algeria at the present time, as well as when he plans to release the report by his special envoy?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, I would like to state first of all that the Canadian government strongly condemns the violence in Algeria. As the hon. member knows, the government sent a special envoy to discuss Canadian assistance in putting an end to this violence. At the present time, we received an indication that Algeria is prepared to receive a delegation of parliamentarians and I hope my colleague the House leader will be able to head up a group of parliamentarians in the coming months. I have invited a group of—

The Speaker: The hon. member for Regina—Lumsden—Lake Centre has the floor.

Points of Order

[English]

BANKING

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, my question is for the Minister of Finance.

A recent CFIB survey confirms what many small businesses and farmers have been saying for years, that bank loans are too expensive and harder to get. What proof can the minister give this House that this monster merger will be better for small businesses and farmers? Or at the very least can he promise it will not make things worse?

• (1500)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the industry committee has taken this matter up for quite some time. In fact the member from Spadina has made this a particular cause of his.

Over the course of the last two to three years, there has been a substantial improvement as a result of the monitoring that has been brought forth by members of this House. I can assure the House that will continue. In fact this is one of the issues which the task force will be looking at. We suggested that the task force look at it. It will certainly form part of the great public debate in this House and across the country.

* * *

IRAQ

Mr. David Price (Compton—Stanstead, PC): Mr. Speaker, the chief of defence staff said that Canada could send some help to the gulf region within nine hours of the order being given. I understand that our soldiers, sailors and airmen are not as confident.

Will the Minister of National Defence tell the House what is the state of readiness of our forces and what will Canada be capable of sending within nine hours when requested by our closest allies?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, first of all there has been no request. If such a request was received, it would have to be given serious consideration. What would be sent if that became a reality would depend on the nature of the mission, the nature of the military action.

The Canadian forces do have rapidly deployable units which are capable of moving on very short notice. However as has been said by my colleague and by the prime minister, the hope is that Saddam Hussein will come to his senses and abide by the UN Security Council resolution and that a diplomatic resolution will be found.

POINTS OF ORDER

BILL S-3

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, my point of order today concerns Bill S-3, an act to amend the Pension Benefits Standards Act, 1985 and the Office of the Superintendent of Financial Institutions Act.

To begin, I would point out that the official opposition supports the principle of this bill but it is not the principle of the bill which concerns us. What concerns us is the introduction of public bills in the Senate and in particular the breach of the constitutional principle that money bills must be introduced in the House of Commons.

Ethically there are many reasons why the Senate should not be introducing the legislation. Constitutionally there is only one. Section 53 of the Constitution Act 1867 provides that bills for appropriating any part of the public revenue or for imposing any tax or impost shall originate in the House of Commons.

While this seems to be a clear and well understood principle, the application—

The Speaker: Order. I am sure that all hon. members will want to hear the point of order of the hon. member for Langley—Abbotsford.

Mr. Randy White: Mr. Speaker, I know it is hard for them to understand when we talk about the Senate but we will get through this.

• (1505)

While this seems to be a clear and well understood principle, the application of it over the years is not always clear or well understood.

I would like to refer to an article from the *Ottawa Law Review* entitled “Money Bills and the Senate” by Elmer A. Driedger. Mr. Driedger argues:

Perhaps the strongest argument in favour of the Commons can be found on the theory that under our Constitution, representation and consent form the basis of the power of the Commons to grant money and impose taxes. Through the centuries the principle was maintained that taxation required representation and consent. The only body in Canada that meets this test is the House of Commons. The elected representatives of the people sit in the Commons, and not in the Senate and consistently with history and tradition, they may well insist that the Commons alone have the right to decide to the last cent what money is to be granted and what taxes are to be imposed.

If we are to insist that the Commons alone has the right to decide to the last cent what money is to be granted, then I would propose that legislation should never be introduced in the Senate. It is unethical, unnecessary and undemocratic.

Points of Order

Having said that, Bill S-3 has been introduced in the Senate and is now on our Order Paper here in the House of Commons. This bill deals with aspects of private pension funds which are of such financial importance to taxpayers that it must be considered a money bill. Its impact on Canadian pension funds is significant enough to warrant the accountability of an elected House, as Mr. Driedger and other experts have pointed out.

Another consideration can be found in F.A. Kunz's "The Modern Senate of Canada". There is a reference to the war risk insurance bill of 1942. The government had to accept a number of amendments made by the Senate, except one which enabled the minister to enter into an agreement with provincially registered insurance companies. After debate Mr. Iisley told the House on July 29, 1942 that the Senate in fact "contravenes constitutional usage and practice because the alteration of that scheme in any important particular is the alteration of what is essentially and soundly considered a financial bill".

The Senate through Bill S-3 is attempting to do essentially the same thing as the Senate tried to do with its amendment to the war risk insurance bill of 1942. Bill S-3 is attempting among other things to enable the minister to enter into agreements with designated provincial authorities respecting the application of provincial law to any pension plan that is subject to federal jurisdiction.

If the Senate amendment to the war risk insurance bill of 1942 contravened constitutional usage, then surely a bill attempting to do a similar thing originating in the Senate is a breach of the financial privileges of this House.

The Pension Benefits Standards Act and the Office of the Superintendent of Financial Institutions Act are sound financial acts. If the Senate is to amend those acts, it is amending financial acts. The government in its own terms of reference is referring Bill S-3 to the Standing Committee on Finance. Bill S-3 is a financial bill.

Furthermore Bill S-3 was introduced as Bill C-45 in the last Parliament. They are essentially the same bill. The government felt it necessary in the last Parliament to attach a royal recommendation to Bill C-45, an act to amend the Pension Benefits Standards Act, 1985 and the Office of the Superintendent of Financial Institutions Act. As you are aware, Mr. Speaker, royal recommendations are attached to money bills. The government by its own actions therefore considers Bill S-3 to be a money bill.

In conclusion, the members are concerned over the slow erosion of their power. Just recently we lost an important battle regarding the supply process which has rendered the influence of members in this House to that of a rubber stamp to the government. Members of this House cannot be further humiliated by becoming a rubber stamp for an unelected Senate. We have yet to get over the degradation of the treatment given our private members' bills.

• (1510)

It is high time that the benefit of doubt be given to the members of this House instead of the government and the unelected and unaccountable senators.

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I want to respectfully disagree with the submission made by the hon. House leader for the opposition.

In his submission the hon. member claims that this bill is a money bill and therefore it is constitutionally incorrect for the bill to have been presented to the Senate before the House of Commons. That is the essence of his statement today.

Mr. Speaker, you will know of course that the hon. member further stated that in his view no bill shall be presented to the Senate before the House. Of course the Constitution of our country is such that bills generally, with the exception of money bills—and I will get to that in a minute—can be presented to either House of Parliament.

Last fall hon. members across the way made the argument that government bills should not be presented to the Senate at all. Your honour adjudicated on that matter and stated that that submission by members across the way was wrong, that in fact both Houses did have the constitutional authority for bills generally. On that point I would submit that the hon. member lost the battle previously.

On the second issue as to whether or not this bill is a money bill, the bill is not a money bill. The hon. member himself admitted in his submission that the bill did not have a royal recommendation. He says that a similar bill in a previous Parliament did. It may be that a bill somewhat similar or even identical did have a royal recommendation. That is not the issue. The issue is whether a royal recommendation was required. A royal recommendation not having been required, there was no royal recommendation in the Senate nor is there one with the bill now in this House.

If there is no royal recommendation necessary for the bill, it is quite constitutional for the bill to be presented first before either house of Parliament and to the other house subsequently. This is exactly the process that has occurred with regard to this bill.

Finally, going back to the other point raised by the hon. member across the way, he submitted as he also did last year at one point, that bills should not originate in the Senate at all.

I want to remind the Speaker and the House that I put on the record last fall with Mr. Speaker that a bill in the last Parliament first introduced by the Senate and then subsequently dealt with by

Points of Order

the House required a stand up division vote on which he and other members of his party voted favourably.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I want to register the fact that the NDP caucus shares the concern of the Reform Party on this. In the past we have expressed our concern about bills being introduced in the Senate.

The government House leader says that no royal recommendation has been required in this case. One asks oneself whether no royal recommendation was attached in order to avoid having the bill properly characterized as a money bill. It is certainly arguable that it is in fact a money bill given its similarity to other bills that have been so understood.

I would like to make a further point which I have made before. In the current political context it is more and more inappropriate for bills to be introduced in the Senate no matter what they are. The NDP members have always felt this way. There have never been New Democrats in the Senate. Now with the addition of the Reform Party and the Bloc, we have three parties out of five that are not sitting in the Senate.

• (1515)

The undemocratic nature of the Senate and the unrepresentative nature of the Senate therefore becomes much more an issue than it was in some previous era where there were Liberals and Conservatives in this House and Liberals and Conservatives in the other house. I say that from the point of view of New Democrats who have always felt that and we have more company in our discomfort now than we may have had in the past.

This point needs to be made over and over again. There are two things. The government, if not for technical procedural reasons, should for good political process and democratic reasons desist from introducing bills in the Senate and make sure that they go through the elected House first where all parties are represented and where the broad spectrum of Canadian public opinion is represented. Second, the government should give heed to the various calls for Senate reform and take some action on reforming the other place or getting rid of it altogether depending on what we come up with.

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, listening to the House leader for the NDP I am not sure if misery loves company or what the phrase is that follows, but I have to concur with much of what he said. I would also add to that besides the fact that we need the Senate reform and besides the fact that the Senate is unrepresentative and undemocratic and all those other good things that we have a consensus on, I urge you, Mr. Speaker, when you rule on this to consider the trends that are happening in Parliament.

On a previous point of order on another unrelated issue you ruled against a point of order that I had brought forth on the way the

government had acted. You ruled against me but you chastised the government and the finance department in that case for all too often taking this House of Commons for granted. You did not rule in my favour but you basically said "I'm warning you not to keep this up, don't persist in this action or else".

We are now up to five or six bills introduced into the Senate. I know previously you said that a bill introduced in the Senate was not that big a thing. It was not unconstitutional. But look at what is happening if you would. This bill which the government House leader says is not a money bill is by his admission not a money bill because he just did not bother stapling a royal recommendation to the bill. Yet a few months ago he did staple the royal recommendation.

In other words, just tearing off that one piece of paper suddenly in his mind makes it unnecessary to bother with the royal recommendation. That does not make it so.

Second, Mr. Speaker, when you see now five or six bills introduced in the Senate, think of where we are going with this. I urge Mr. Speaker to consider that this House, as the House of the common people, the House where democracy should be heard and heard first, is where the bill should be introduced.

Mr. Speaker, I urge you to take that into consideration when you make your ruling later on.

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, as the member opposite has said, a money bill by definition must either appropriate part of the federal revenue or it must raise a tax.

That a bill can be described as being important does not make it technically a money bill. If it does not spend money or raise taxes, even if it deals with financial issues, it is not a money bill. The member opposite, I would suggest, failed to demonstrate that any clause of the bill either spends money or raises a tax.

I hope you will take those points into consideration, Mr. Speaker.

Mr. Bill Gilmour (Nanaimo—Alberni, Ref.): Mr. Speaker, I believe what we often deal with in this House is not black, it is not white, it is grey and this is one of those grey areas that you will have to deal with.

Arguably this is a money bill. This will be your decision. But I believe what we are dealing with here is the inch worm. It is the wedge.

If you rule against the Reform Party on this point of order, how far down the road do we have to go? Do we have to go to the state of the Australian Parliament where the Senate which could deal with money bills formed a gridlock? The Australian Parliament ceased to function. Is that where this Parliament is going? Is that how far we want to go down that road? Do we have to get there? I do not think we do.

• (1520)

Mr. Speaker, I urge you to look at this in the context of how far down the road we are going to stop it. I believe the time is now.

The Speaker: Colleagues will remember that early in the session I ruled that bills could emanate from the Senate. However, a new point has been brought up and this is what is arguable here. I have had arguments from both sides. I would remind the House that the Speaker rules in favour of the House. He does not rule for or against one side or the other. There is a matter brought before your Speaker and I will have a look at all sides of the argument. I would like some time to deliberate on some specific points which are causing me to think out loud and I will come back to the House if necessary.

I have another point of order, the hon. member for Langley—Abbotsford.

ICE STORM

Mr. Randy White (Langley—Abbotsford, Ref.): Mr Speaker, I understand all parties in this House have been consulted and agree on the following motion. I move:

That, notwithstanding any standing order or usual practice of the House, on Wednesday, February 4, 1998, no proceedings pursuant to Standing Order 38 shall take place, and, commencing at the ordinary time of daily adjournment on that day, a motion to adjourn shall be deemed to have been proposed and shall be debated under the following conditions:

1. Members may speak for no more than 20 minutes on the ice storm of January 1998, provided that two members may be permitted to divide one twenty minute time period;
2. During the debate no dilatory motions or quorum calls may be received;
3. When no members wish to speak, the motion shall be deemed to have been adopted.

(Motion agreed to)

ROUTINE PROCEEDINGS

[English]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's responses to 11 petitions.

* * *

CANADA EVIDENCE ACT

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.) moved that Bill S-5, an act to amend the Canada Evidence Act and the Criminal Code in respect of persons with disabilities, to amend the Canadian Human Rights Act in

Routine Proceedings

respect of persons with disabilities, and other matters, and to make consequential amendments to other acts, be read the first time.

(Motion agreed to and bill read the first time)

* * *

• (1525)

PETITIONS

CANADIAN WHEAT BOARD

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, it has been a busy month since the House last sat. It is my pleasure to present a petition with respect to the Canadian Wheat Board bill, Bill C-4, which will come back to the House either today or tomorrow for further debate. I would like to read the petition submitted by a number of signatories.

It states that Bill C-4 does not make the necessary changes to the Canadian Wheat Board that the majority of western Canadian farmers want to ensure that the CWB operates in the best interests of the producer, that Bill C-4 opens the possibility of including more crops under the Canadian Wheat Board's jurisdiction which will adversely affect the marketing and processing of non-board crops.

Therefore the petitioners call on Parliament to withdraw parts of Bill C-4 that would allow for additional crops to be marketed by the CWB and that no more crops be brought under the Canadian Wheat Board's monopoly.

I wish to table this as a petition of my constituents of western Canada.

CRTC

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, I have a petition signed by 150 constituents from Wetaskiwin. They say that the CRTC on July 22, 1997 refused to license four religious television broadcasters including one Roman Catholic service and three multid denominational services. On that same day the CRTC did license the pornographic Playboy channel television service.

These people believe that they have a constitutional right to freedom of religion, conscience and expression. Therefore the petitioners pray that Parliament review the mandate of the CRTC and direct it to administer a new policy which will encourage the licensing of religious broadcasts.

TAXATION

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, it is my honour to present a petition pursuant to Standing Order 36. The petitioners point out that other countries use their taxes in a very creative way. Ireland requires no income tax from artists in an effort to promote the artistic community in that country. In Taiwan

Routine Proceedings

teachers pay no income tax. Again this indicates the importance placed on teachers and young children.

They suggest that Canada should undertake changes to its tax system in order to encourage certain sectors. They point out the small business sector and those people who have launched self-conducting businesses, people running businesses on their own, home based businesses and that sort of thing.

I support the point they are making here, that tax reform is highly overdue.

ABORIGINAL AFFAIRS

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, it is my honour to present two petitions today. The first petition gives the opportunity for this House to give meaning to the government's words of working in partnership with aboriginal people. This is a petition for a public inquiry for Ipperwash.

Whereas many questions concerning the events preceding, during and after the fatal shooting of Anthony Dudley George on September 6, 1995 at Ipperwash provincial park, where over 200 armed officers were sent to control 25 unarmed men and women, have not been answered, and whereas the Constitution of Canada requires that Canada protect Indians and Indian lands, the undersigned petition the House of Commons that a full public inquiry be held into the events surrounding the fatal shooting of Dudley George on September 6, 1995 to eliminate all misconceptions held by and about governments, the OPP and the Stony Point people.

I take pleasure in submitting this on behalf of the signatories whose names cover eight pages.

PENSIONS

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, the second petition concerns fair pensions for Canadians. This petition has over 100 signatures. It calls for the rescinding of Bill C-2. It further petitions the House of Commons for a national review of the retirement income system in Canada to ensure the adequacy of Canada's retirement system today and tomorrow. I take pleasure in presenting this petition.

Mr. Svend J. Robinson (Burnaby—Douglas, NDP): Mr. Speaker, I have the honour to present two petitions. The first petition is similar to the one presented by my colleague from Halifax West. It is signed by many petitioners from British Columbia and is on the subject of the pension system.

• (1530)

The petitioners note that the CPP, the OAS and the GIS are the cornerstones of Canada's social safety net. The petitioners support a publicly administered universal pension plan. They call upon

parliament to rescind Bill C-2, which makes major changes to the Canada pension plan.

Further, they petition the House for a national review of the retirement income system in Canada to ensure the adequacy of Canada's retirement system for today and tomorrow.

NUCLEAR WEAPONS

Mr. Svend J. Robinson (Burnaby—Douglas, NDP): Mr. Speaker, I have another petition I wish to present. It is signed by hundreds of residents of my constituency as well as elsewhere in British Columbia.

The petition notes that there continue to exist over 30,000 nuclear weapons on earth and that the continuing existence of nuclear weapons poses a threat to the health and survival of human civilization and the global environment.

Therefore the petitioners urge that parliament support the immediate initiation and conclusion by the year 2000 of an international convention which will set out a binding timetable for the abolition of all nuclear weapons.

TAXATION

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, I am pleased to rise, pursuant to Standing Order 36, to present a petition on behalf of a number of individuals from Athabasca, Lac La Biche and Edmonton, Alberta, as well as other locations.

The petitioners are concerned about the tax structure. They feel that corporate contributions to public revenue are too low and among the lowest of all the G-7 countries. They are very concerned about the individuals' share of federal revenue in terms of the taxes being paid. They are also in opposition to the harmonization of the GST which the Liberal government has put forward.

The petitioners call upon the House of Commons and the Government of Canada to undertake a fair tax reform dealing with all these issues including the high taxes on gasoline.

* * *

[Translation]

ICE STORM

Ms. Diane St-Jacques (Shefford, PC): Mr. Speaker, as the member for Shefford, a riding hard hit by the ice storm, I support the motion on the crisis we have just come through. I had already sent you a letter requesting an emergency debate on this crisis, which hit part of Quebec and eastern Ontario.

I am happy to learn that such a debate will be held and I would ask that the letter I sent you earlier be withdrawn.

Routine Proceedings

[English]

The Speaker: I confirm that I received a letter for an emergency debate earlier today, but it would be moot now that the House in its wisdom has decided to take it upon itself.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the following questions will be answered today: Nos. 20, 25, 35, 36, 44 and 50.

[Text]

Question No. 20—Ms. Val Meredith:

Could the Minister responsible for Status of Women Canada list all expenses incurred by the coordinator for Status of Women Canada for the period January 1, 1995 to August 25, 1997?

Hon. Hedy Fry (Secretary of State (Multiculturalism)(Status of Women), Lib.):

Expenses Incurred from January 1, 1995 to August 25, 1997

Expenditure Category	1994-95	1995-96*	1996-97	1997-98*	Total
Travel	1,640	28,853	18,602	10,191	59,286
Training/ Conference Fees	52	6,516	625	1,195	8,388
Hospitality	983	388	508	141	2,020
Total	2,675	35,757	19,735	11,527	69,694

* Travel expenses of \$13,278 (Beijing 1995) paid by Foreign Affairs and International Trade, of which \$7,970 is based on information provided by and paid directly by FAIT

** Travel expenses of \$10,191 (Sri Lanka 1997) paid by Canadian International Development Agency, of which \$1,080 is based on information provided by and paid directly by CIDA.

NOTE: Minimal amounts paid via petty cash are not included.

Question No. 25—Mr. Rick Borotsik:

What is the exact amount of the debt incurred by the Ontario Wheat Board during the 1996-97 crop year that the federal government will be responsible for?

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): The department provided a price guarantee for the 1996 crop year to the Ontario Wheat Producers' Marketing Board under the Agricultural Products Cooperative Marketing Act. The 1996 Ontario wheat crop was severely affected by fusarium head blight which significantly reduced both the quality and quantity of the crop. As a result, despite the board's extraordinary and costly efforts to market the difficult crop, the Ontario Wheat Producers' Marketing

Board incurred a deficit in its operation of the marketing pools. The average wholesale price of the wheat fell below the price guaranteed by the federal government under the former Agricultural Products Cooperative Marketing Act, now the Price Pooling Program under the Agricultural Marketing Programs Act, resulting in a claim under the agreement. An amount of \$17.3M has been determined by an independent auditing firm to be payable to the Ontario Wheat Producers' Marketing Board under the Agricultural Products Cooperative Marketing Act agreement.

Question No. 35—Ms. Libby Davies:

What is the maximum number of cases allotted to Immigration officials operating in foreign posts, specifically in the Ministry's Asia-Pacific offices (in Beijing), as regulated by administrative and departmental guidelines?

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): The Department of Citizenship and Immigration does not allot a "maximum number of cases" or quotas to its foreign posts.

Question No. 36—Ms. Libby Davies:

Can the Minister of Citizenship and Immigration indicate what is the average length of time taken to process an individual citizenship request emanating from departmental offices within the Asia-Pacific rim, from initial contact with the department to final approval or refusal of application?

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Processing times for applications for permanent residence in Canada vary according to the immigration category of the application. For example, in 1997 the average time for applications by immediate family members—spouses, fiancés and children—was 8 months, for skilled workers it was 11 months, and for business cases it was 13 months. The average processing time for all immigrant classes was 11 months.

These times are based on the date that the prospective immigrant provides a completed application form to the overseas mission and do not include the additional time that is required to process a sponsorship request when required (family class and privately sponsored refugees).

Question No. 44—Mr. Rick Borotsik:

Who were the project recipients for Scientific Research Tax Credit during the years 1980-1985 and how much did each project receive through tax credits?

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): The provisions of section 241 of the Income Tax Act on confidentiality of information prevent the department from disclosing personal client information.

Question No. 50—Mr. Guy St-Julien:

With respect to the estimates for the renovations and/or repairs that were planned for the office of the Royal Canadian Mounted Police in Val d'Or, Quebec, for each of the years covering the 1992-93 and 1993-94 fiscal years: a) what is the date of each estimate; b) what date was the office closed; and c) what is the cost of each estimate?

Government Orders

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): a) The only cost estimate concerning any renovation/repairs to the Val d'Or detachment in the 1992-93 and 1993-94 fiscal years was done in September 1992. The goal of this cost estimate, done by the RCMP, was to be used as a budgetary planning for the following years. No work was done based on this estimate.

b) The final decision in respect to the office closure was taken on August 18, 1994, following a restructuring of the RCMP division. All closure activities began on this date and official closure for the Val d'Or office was in summer 1996.

c) The September 1992 cost estimate was approximately \$300,000. Work covered by this estimate consisted mainly of an interior remodeling of the existing space in order to meet all health and safety codes and special security requirements by the RCMP.

* * *

[English]

STARRED QUESTIONS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I would be grateful if you would call Starred Question No. 43.

[Text]

*Question No. 43—**Mr. Jim Hart:**

With regard to Section 6 of the Agricultural Marketing Program Act: (a) when will the Minister act to solve the problem that exists between the banks and the Advance Payments Program; and (b) what will the Minister do to ensure that funds are available to producers when they most need them?

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): The cash advance legislation which is the Agricultural Marketing Programs Act, Bill C-34, 35th Parliament, second session, royal assent April 25, 1997, provides a repayment guarantee that is conditional on the producer organizations respecting the terms of the act and the guarantee agreement, as laid out in section 6 of the Act. However, lenders have told the department that they are unwilling to issue loans at low interest rates for the program without an unconditional guarantee. We are currently working with the Department of Finance to explore options to address the concerns of the banks.

Following some initial delays, producer organizations have been able to negotiate loans with their banks under the program for this year in order to provide their producers with advance payments for their crops.

We expect that this matter will be resolved prior to the start of the next crop year and that in the future farmers will have their cash advances when they need them.

[English]

Mr. Peter Adams: I ask, Mr. Speaker, that the remaining questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

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[English]

INCOME TAX AMENDMENTS ACT, 1997

The House resumed consideration of the motion that Bill 28, an act to amend the Income Tax Act, the Income Tax Application Rules, the Bankruptcy and Insolvency Act, the Canada Pension Plan, the Children's Special Allowances Act, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act, the Customs Act, the Customs Tariff, the Employment Insurance Act, the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Conventions Interpretation Act, the Old Age Security Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act, the Western Grain Transition Payments Act and certain acts related to the Income Tax Act, be read the second time and referred to a committee.

The Speaker: Notwithstanding the statement I made prior to question period, I am now going to recognize the hon. member for Vaudreuil—Soulanges.

[Translation]

Mr. Nick Discepola (Vaudreuil—Soulanges, Lib.): Mr. Speaker, I am pleased to take part in this debate on Bill C-28 and, more specifically, to support the government's decision to increase cash transfers to the provinces under the terms of the Canada health and social transfer.

A measure of true leadership is the setting of government priorities. The priorities of this government are clear and definite.

• (1535)

Health and education are issues affecting every Canadian in every region. They are truly national concerns. It is therefore natural when federal finances improve for the government to give priority to investment in health and education by increasing transfers to the provinces in these vital areas. This is the type of investment that all Canadians recognize, the sort of federal-provincial partnership that all Canadians should support.

Under this legislation, cash transfers to the provinces under the Canada health and social transfer are guaranteed to reach an annual

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\$12.5 billion over the next five years. This represents an increase of \$1.5 billion over the ceiling for cash transfers established previously by legislation.

However, I think it important we remember that the cash portion of the Canada health and social transfer is only part of the total amount of federal support to the provinces in the areas of health, education and social assistance. Including tax points, the total amount turned over to the provinces under the Canada health and social transfer will exceed \$25 billion and rise to over \$28 billion in the coming years.

Tax points, you say? I know that appears abstract, obscure and even bureaucratic. Canadians must, however, take the trouble to understand, within our debates on national policy, what this is all about, especially if they want to understand the legislation of concern to us at this time.

Over the years, federal-provincial social programs have been developed, with the federal contribution taking two forms. First of all, there were direct cash contributions, but from 1977 on we also agreed to give tax points to the provinces.

And what is a tax point? It simply means that the provinces can get part of the taxes that would otherwise go to the federal government. In other words, provincial receipts go up while federal receipts go down, but the Canadian taxpayer pays the same amount of tax.

The provinces have a good reason to accept these tax points, because increased points go hand in hand with economic growth and each point, even with ups and downs in the economy, is worth far more today than when the funded programs were launched.

Think for a moment of the tax points transferred to the provinces in 1977 to support health and social programs. In 1977 these tax points represented some \$3 billion dollars in receipts. Today, the figure is about \$13 billion. In other words, if the federal government had not transferred these tax points to the provinces, we would have \$13 billion more in our coffers.

Part of this amount could have been used to bring the deficit down faster. But I think, and I am sure that my government colleagues will agree with me, that this money belongs to those who now have it and that it is being put to good use. It helps finance a national health care system that is the envy of our American neighbours. It also helps support postsecondary education so that Canadians can acquire the skills needed to ensure their own success and their country's development in a knowledge-based global economy.

It seems to me that the results are obvious. Federal support for health and education, which are two major concerns of our society, is definite and reliable. As our economy grows and our financial situation improves, it will be possible to increase this support.

I am not trying to hide the fact that, in order to reduce the Canadian deficit, transfers had to be reduced. As you know, the cash component of federal transfers to the provinces accounts for approximately one in every five dollars in federal spending. It would have been impossible to reduce the deficit without including transfers to the provinces in our first mandate's budget restrictions.

There are, however, a number of factors I think we should consider in assessing the federal government's performance in terms of reduced transfers. First of all, initial cuts to cash transfers amounted to about 3% of total provincial revenues, or three cents on every dollar of provincial spending. I do not really think many Canadians would call that an excessive and exorbitant contribution to helping resolve the problem of the national debt, which affects us all.

• (1540)

Second, we, like other Canadians, have always been concerned by the future of our social programs, particularly our health care programs. Because of financial progress that was more rapid than expected, we can now reduce the size of anticipated transfer cuts, and Bill C-28 puts up to \$1.5 billion in federal revenue dollars into provincial coffers annually.

Third, and most important, it must be recognized that these transfer cuts represented clear and real benefits for the provinces, not just losses. This may seem contradictory, but it is the plain truth.

Let us not forget that our federal deficit reduction program played an essential role in lowering Canadian interest rates, which have reached their lowest levels in 40 years. And although international tensions have raised these rates somewhat, they are still much lower than the rates we saw during the 1980s.

Businesses and the public were not the only ones in Canada to benefit from these lower rates. The provinces did too. First of all, the drop in interest rates made possible by our financial restraint translated into a reduction in the cost of servicing the provincial debt.

In fact, we have estimated that the lowered rates have resulted in a dividend to the provinces of \$1.8 billion between January 1995 and December 1996. As for my province of Quebec, it saved about \$645 million that year, more than any other province. In the last 14 months, these savings have kept increasing in every province.

The gains made by the provinces go beyond a decline in interest rates. Canada's low interest rates are the reason for the major increase in growth and job creation, in recent months. Our growth rate is one of the best in the world, while our unemployment rate for December was the lowest one in seven years.

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Provinces are also benefiting, since they collect more taxes as more Canadians are working, businesses are in a better position, not to mention lower social assistance costs. In other words, our successful fight against the deficit helped improve the provinces' ability to invest in health care and education.

This is why I get annoyed at those who claim that our government acted unfairly and dumped its deficit onto the provinces. I see things differently.

While we did impose cuts, we did it carefully and we have always been as fair as possible. The provinces, and in fact all Canadians, benefit from the very real rewards that these federal cuts have generated.

I raised these issues because they are useful in the context of the legislation before us. However, before concluding, I want to mention other aspects relating to our government's commitment to health and education.

The increase in the CHST under Bill C-28 is the best example of our commitment, but it is not the only proof of our ongoing and progressive support for these essential social activities.

For instance, with Bill C-28, we are taking an important step towards helping Canadian parents set money aside for their children's education. This bill will increase the maximum amount that can be invested annually in a registered education savings plan for a child to \$4,000 from the current \$2,000. This raises the ceiling on these savings, the income from which is tax-free until used for educational expenses, to a level more in line with the growth in tuition fees and related expenses.

Our health care measures extend well beyond transfers under the CHST.

• (1545)

For example, in last year's budget, our government announced that it would invest \$150 million over three years in order to help the provinces set up pilot projects, such as the new approaches to home care and drug coverage, so that they can find ways of improving our health care system.

In addition, the 1997 budget earmarked \$50 million over the next three years for the introduction of a national health data co-ordination program. This will enable suppliers, planners and recipients of health care throughout the country to obtain accurate information on health at all times, including the most up to date information on the best treatments available.

I know that my remarks have gone beyond the framework of the legislation we are looking at today. However, no government legislation can be examined without a look at the general policy and undertakings of this government.

That is why I am glad to have had the opportunity to speak today in support of Bill C-28. This bill shows our government's commitment to the vital issues of education and health care. It proves that the course we have chosen is one of ongoing partnership with and support of the provinces. It therefore deserves the support of all members of this House. I hope that that support will be unanimous.

[English]

Ms. Louise Hardy (Yukon, NDP): Mr. Speaker, I was very curious and listened closely because I wanted to see if the hon. member would mention Yukon or the territories.

The transfer payments to Yukon will be cut by \$20 million. Our only weather station in the whole north has been taken away. There will be no flood warnings this year.

We have just had a huge event in Yukon. The only operating iron ore mine has closed, throwing over 700 people out of work. Changes to UI have meant that they will not be eligible for UI. The changes to the transfer payments mean that we no longer have the Canada Assistance Plan that would match that level of devastation by 50%.

We have cuts in transfer payments, which means that the Yukon government has less money to absorb on social assistance for those who are no longer eligible for UI because of the changes.

The compounding of the situation is not good for Canadians, and I am distressed that a member of Parliament did not even mention the territories.

Mr. Nick Discepola: Mr. Speaker, when we talk about the social transfer it includes the provinces and the territories. I may not in my speech have mentioned particularly the word territories. For that I apologize, but I believe if the member checks the law she will see that it includes transfers to all provinces and the territories.

Notwithstanding, we had to cut back in the transfers to the provinces when we had to make our difficult decisions almost four years ago. On the first occasion the government has had after having addressed the serious problem of deficit we have taken \$1.5 billion and put it into our first priority as a government, that is helping the provinces cope with education and health.

In this case not only will the provinces benefit through five years of stable funding but the territories will also. I hope the member realizes that. I understand the high unemployment rate in her native region but right now the bill that we are addressing is for social transfers. It give them stable funding for five years, as I mentioned. This is very important for provinces and territories that in the past were reliant upon the mercy of the federal government, not knowing that the funding would come some time within a year or so and having to establish their priorities.

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The stable funding for five years reassures the provinces and the territories that they have recourse to this funding for five years to come.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, the hon. member has spoken about the need for stable funding and federal transfers to the provinces to maintain the now new Canada health and social transfer, formerly known as the EPF funding programs.

• (1550)

Could the hon. member comment on the kind of stable funding the government has provided to the provinces over the past four years, stable funding which has resulted in a 35% cut in absolute cash transfers to the provinces, to the two highest priority programs delivered by government, namely health care and education?

I would like him to respond to that record of instability in those transfers in light of the fact the federal government has only cut its own program spending by 9.3% in the same period of time.

Perhaps the hon. member could illuminate the House and Canadians as to why his government felt that program spending by the federal government like the handout programs of the Minister of Canadian Heritage to special interest groups and free flag giveaways and the Minister of Industry's billions of dollars in handouts to corporations, businesses and regional development programs were a higher priority than health transfers to the provinces which rank consistently among Canadians top priorities?

Why are we to believe the government's commitment today to maintain stable funding for these programs when it made a similar promise, in fact the same promise, for stable funding in the 1993 election and broke that promise?

Mr. Nick Discepolo: Mr. Speaker, hindsight is 20:20. It would have been great four years ago to have had a crystal ball to project what could have happened.

We had to make those decisions in 1994-95 with serious repercussions for all Canadians. When it came to transfers to the provinces there is no way they could have escaped any cutbacks. It represents roughly 20% of our budget. We cut back only 3%, and I say that with respect. It was 3% of total revenues for the provinces.

If somebody said that they were going to cut back my own personal budget by 3%, I could handle that quite easily. If somebody said they were going to cut me back 20% some serious decisions would have to be made.

We made difficult decisions. We went to the provinces upon their request and gave them stable funding. Today in this bill we are almost reinstating the \$1.5 billion in that promise that we made three years ago.

The hon. member may say that we are only giving them back \$1.5 billion in less cuts but still the provinces have \$12 billion. When it comes to stable funding I do not know what law the

member referred to. I presume he might be talking about stable funding for CBC, but in this legislation there is the five year commitment.

He referred to the fact that the federal government cut and cut on the backs of provinces. In my speech I indicated how some of the provinces and indeed all Canadians benefited from the difficult decisions that we had to make. I gave a concrete example in my home province. Because of its heavy debt financing it was able to save \$645 million in its debt service alone.

The member's home province is Alberta. When members from Alberta come to me and say that the feds cut back in education and social transfers and that it is their fault hospitals had to be closed I do not buy that argument. Alberta finds itself today with a balanced budget, a billion dollar surplus, and is well on its way to eliminating its debt.

Was it a federal decision to close the hospitals or schools, or was it a provincial decision by Mr. Klein and company that may have gone a little too quickly?

Those were individual decisions the provinces had to make. Our commitment is to give them the money and to give it on a five year basis so that they can plan their fiscal needs and priorities. When it comes to cutbacks the priorities of individual provinces are established. Those provinces acted prudently, so much so that almost seven provinces have balanced budgets. They have benefited. To come back four years later and say maybe we should not have cut back, hindsight is 20:20.

• (1555)

[Translation]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I have a question for my colleague. There is talk of cuts and transfers to the provinces. Personally, I wonder where these transfers are.

Since the cuts to employment insurance, hundreds of people no longer qualify for benefits. In New Brunswick, Minister Marcelle Mersereau said she had been forced to allow welfare recipients to participate in special programs so they could accumulate enough hours to become eligible for employment insurance. So there were a number of transfers that did not really help.

If we look at what is happening in hospitals, at the health care situation, we have trouble keeping doctors. In the hospitals, we find our parents parked in corridors. That kind of thing would never have happened in the past, but it is now a common occurrence.

I can even give you an example. In the Bathurst area, in my riding, hospitals are forced to charge for parking, which used to be free, so they can afford to buy new equipment. That proves the transfers are not there. In 1979, the federal government paid 50% of hospital or health care expenditures; this figure is now down to about 15%. You have a long way to go before you can make

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transfer payments that could help support people in the health care field.

The question I would like to ask my colleague concerns the banks. Why is the government not making a decision today, particularly since the Minister of Finance clearly expressed his surprise at the announcement that the Royal Bank and the Bank of Montreal would merge? When he unexpectedly found out about it, he said, as I understand it, that he would give his approval only if the banks looked after the interests of Canadians and if no one lost their job. The banks said that they could not give such a guarantee, that some employees would lose their jobs.

How can a government like this one, which has some responsibility, allow such a merger and not take a stand right away instead of waiting until September? Is the country run by the Minister of Finance alone or by all 158 democratically elected Liberal members? Have they nothing to say on the matter, because I am sure there are people in their regions who are concerned about all these big mergers that will hurt Canadians?

It is not up to the Royal Bank and the Bank of Montreal to run this country. It is up to the government to do the job and to assume its responsibilities.

Mr. Nick Discepolo: Mr. Speaker, since I have very little time, I will respond very briefly to the two questions concerning the bill.

On the subject of the banks, I think the Minister of Finance gave a good answer during Question Period, when the member was present.

As regards employment insurance, I think we took appropriate measures when the country's finances allowed us to. Last December, the Minister of Finance announced a \$1.4 million reduction in employment insurance premiums. This benefits all workers.

Likewise, as regards transfers to his own province, I would like to point something out to the hon. member. He comes from New Brunswick, and for his province, if we include equalization payments, this represents \$2,017 per capita. New Brunswick is the fourth biggest beneficiary of these programs.

I have to conclude from his comments that he supports Bill C-28, because we are going to put in an additional \$1.5 billion. His province will also draw extra benefits as a result.

[*English*]

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, it is a pleasure to speak to Bill C-28 and to listen to the different approaches taken by the parties in the House.

I am very pleased to be a member of a party that has talked about cutting taxes and reducing deficit over the last number of years. Certainly because of the pressure of the Reform Party the Minister

of Finance has his deficit where he wants it today. I am sure he is pleased that we are here giving him that support because there are many members in his own party who do not give him that support. They just want to spend, spend, spend. Now there is real pressure on the minister to spend.

• (1600)

This bill is a band-aid approach when radical surgery is needed. The Minister of Finance is going to tell the country what he is going to do about taxation in the budget in the next few weeks. We have to really keep the pressure on him to give what the Canadian people want.

It is interesting to listen to my colleague, the member for Kamloops, in the NDP. He said we have to reform our tax system. It is nice to hear him use the word reform. I guess he is surrounded by so many of them in Kamloops now that he is starting to think the Reform way, although I know his party policy is to nationalize the banks. Of course that has been a policy of theirs for a very long time. I cannot wait until they get on to the next issue which will probably be corporate welfare bums which is another old issue that the NDP stands for. There is no real encouragement to industry or to the banks to progress and improve, the old standard socialism.

I found it quite interesting when the member for Charlotte in the Conservative Party was discussing this issue. He talked about the structural changes made in the economy during the PC government. If it had made the structural changes that Canadians wanted which would be reducing taxes instead of increasing the debt the Conservative Party would not be where it is today, the fifth party in this House of Commons. He said that Canadians need tax cuts now. We all agree with that. Why was he not saying that when his party was in power instead of increasing taxes and increasing the debt of this country?

In 1965 Canadians paid 27.7% of their income in taxes. Would Canadians not love to see that amount of tax coming off their pay cheques? In 1996, 43% of every Canadian's taxes are going toward the government.

We have all had a break in this House since December. We have all been in our constituencies. Some have been in other people's constituencies. I am sure everyone has heard our constituents talking about what is wrong in Canada today. It is that our taxes are too high. It is incumbent on us as members of this House of Commons to make sure the Minister of Finance lowers taxes in Canada.

He does not have to look that far. It is not very many miles from Ottawa to Alberta or Ottawa to British Columbia. We always say when we come here that it is 3,000 miles from British Columbia to Ottawa, but old Premier W.A.C. Bennett used to say it is 35,000 miles on the return trip.

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If the Minister of Finance were to look to the west, he would see Alberta which has the lowest taxes in Canada by far. It is not even close. In fact, residents of British Columbia have been moving to Alberta so they can pay their taxes there and save money on their tax bill in Canada. Is that not a sad situation, that in a country as great as this people will move from one province to another because they can reduce their taxes by that much?

Is it surprising to anyone, and maybe it is to some people, that in Alberta we have the best economy in all of Canada? The province with the lowest taxes in all of Canada has by far the best economy. Should that shock anyone? It seems to shock whoever the minister of finance is in the government, whether it is this government or the Tory government before. We would have thought the Tories would have known better. I think they had every seat in Alberta at one time. The Tories in Alberta did not listen to their people and that is why they are not here.

We can look to British Columbia, my home province, which had in 1992 one of the best economies in all of Canada. It has taken the NDP just six years to ruin that economy. What is the NDP government doing in British Columbia now to give us a better economy? It is lowering taxes. There are big headlines saying that Premier Clark is going to reduce corporate taxes, personal taxes to improve the economy. He is a little late. We are losing jobs by the hundreds every day in our province of British Columbia because the government there has increased taxes and chased people away. Entrepreneurs are moving to Alberta because it is a better place to live. The premier has not reduced taxes quick enough.

The Minister of Finance should look to that far away place in western Canada, Alberta and British Columbia, where the reduction of taxes helps the economy. If this Minister of Finance were to reduce taxes we could be on a roll in Canada like we have never seen before.

The average family pays \$6,000 a year as its share of the interest on our debt. It is great for us to stand in this House and cheer because the deficit is down and we are going to have a surplus. That is wonderful. Every Canadian would agree with that. But every Canadian also knows that we have a major debt in this country and \$6,000 per family to pay for it.

Every person earning \$32,000 in this country knows that they are paying \$3,000 in tax and they are not living in a very affluent way.

• (1605)

Even worse, a person earning \$15,000 in this country is paying \$1,300 in federal tax. We should be ashamed of ourselves that we are collecting tax from anybody in this country earning that small amount of money. They earn a little over \$1,000 a month and we are making them pay tax on it.

There are people coming in here as refugees and signing up at the welfare office who are doing better than Canadians who have lived here all their lives and are paying taxes on \$15,000 a year. We should be concerned about that.

I have a lot of seniors in my riding I visited in the last little while. They are very worried about what is happening because they are still paying this tax on such a small amount of money. That is not fair to these people in our country.

A single parent of two children of whom there are many in this country who earns \$25,000 pays under this Liberal government \$3,015 in tax. A single parent with two children at the level of \$20,000 pays an income tax of \$2,189.

Everybody in this House knows what they make. A lot of members of this House have two children. They know how difficult it is to live on their salaries if they have two children in school and two houses to maintain. How would they like to be a single parent in this country earning \$20,000 and having to pay \$2,189 of that to their government?

A single parent with an income of \$15,000 pays \$3,164. A single parent with an income of \$10,000 pays \$538 in taxes to the government, as they did to the Tory government before it. That is not right.

Anybody who wants to look at fairness in this country asks that we revamp our tax system. My party has a plan to revamp the tax system. We talked a lot about it.

Under our fresh start program, a single parent earning \$25,000 would pay \$1,300 which is over \$2,000 less. The people at \$15,000 and \$10,000 would not pay any taxes at all. That is a fair system which allows people at that lower level to have that income, helps them to participate in society. They will spend that money in their communities and create jobs for other people and that will help our country.

What is our tax rate doing to Canadians? We argue in this House about whether it should be higher or lower. We hear the Minister of Finance in question period. He has been at it for a lot of years. He can give some good answers. They look very good on the 30 second clip during the news hour.

In reality, where are we with our tax system in Canada? Where have we gone? In 1975 in the world ranking of income per person Canada was number three. In 1990 we were still number three. Then the high taxation systems of the Tories, the increasing of debt. By 1991 we were in fifth place in the world. We had dropped two places on income per person.

The Liberals got in and in 1993 we went to seventh place. In 1994 we went to tenth place in the world in income and in 1995 we went to twelfth place in the world. When are our governments in

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this country going to learn that we cannot have a thriving country if there are high taxes, high debt and high deficits?

It is time that we lowered taxes for all Canadians and got back to the number three place in this world where we rightfully belong.

Look at unemployment rates versus the United States. In 1980 Canada had 7.5% while the United States had 7.1%. In 1991 Canada was at 10.4%, the United States at 6.7%. In 1995 Canada was at 9.6%, the United States at 5.6%. In 1996 Canada was at 9.3%, the United States at 4.9%.

What is the difference between Canada and the United States? It has lower taxes. When there are lower taxes there are more jobs and that is the difference.

• (1610)

NDP members are commenting from the other end but they are so far away I cannot hear them. That is where they will be for a lot of years.

The NDP member asked me if I switched parties. I did not switch any party at all. My party left me. I am in a free enterprise party in this House, a party that represents what the people out there are thinking. That is why it is the fastest growing political party in all of Canada. Next time we will take a few of your seats away and a few of theirs and be the Government of Canada.

These old line parties just do not understand. They do not understand the comparison of low taxes, jobs and enthusiasm. One only has to look at a lot of the members here who went across the line, even with that 68 cent to 69 cent dollar. I know this by the tans everybody has when I look around here. They can see the thriving economies in the cities across the border from us. Why is that?

As we just heard the leader in the Congress say the other day, they are putting a bill before the Congress to reduce income taxes to 19%. That is what the government spends and it should not tax the people any more than it spends. That was a very refreshing thing to hear especially for someone in this country where 19% is just pocket change for the government on that side and the excess is taxes from Canadians. It is time we all got very serious in this House and made sure that this government reduces taxes.

When the Liberal member who spoke before I was asked a question by my colleague from Calgary, he said hindsight is 20:20. One does not need hindsight to look around the world and see that we have dropped from third place to twelfth place. We have to look at why this government is in trouble. It is not hindsight when we look at the money it has spent in the last number of years. Regional development programs that do not work, \$1.1 billion. That is what this government has done. It does not take hindsight to know that what it did in those areas was bad. There was the flag giveaway program, \$24 million. There are a lot of seniors in this country who would have liked a share of that \$24 million. There are a lot of

young people going to college and university who would have liked that \$24 million.

Golf courses and ski resorts, \$2.8 million. Is that a high priority for a government that is not lowering taxes? Helicopter cancellation penalties, \$478 million. Today we hear about the new helicopters this government has bought. It cancelled an order to try to make the Tories look bad and then buys the same airplanes and spends more money for them. Only a Liberal government could do that type of spending. That is what concerns the members on this side of the House.

Yes, we have the deficit down, but where are we going from here? Are we going to really attack that debt? Are we going to lower taxes for Canadians or are we going to keep on wasting taxpayer dollars?

The other question that should be asked is how many jobs is that helicopter deal going to bring to Canadians or is it going to bring jobs to people outside of Canada.

The bungled Pearson airport deal, \$216 million. Why did the government not leave that airport alone? The British Columbia airport is operating separately and is making money. I understand last year it sent over \$40 million to this government from the new program it instituted to run the Vancouver international airport. We are sending the government \$40 million and it is giving out \$260 million in Toronto for a bungled airport deal.

On the Mulroney Airbus payout, the government could have solved that problem a lot quicker if it had just apologized for attacking a former prime minister. If it had left the politics out of it it would have saved the Canadian taxpayers a lot of money.

People on the other side might ask what would we do on this side. There are a lot of things the Reform Party would do. We will give members some examples of where savings could be achieved. We would eliminate the regional development savings, \$1.1 billion. We would end funding of wasteful and patronage regional development programs. We would cut the Department of Canadian Heritage by 33% or \$800 million. The Deputy Prime Minister would not like that very much but it is about time she stopped giving away flags and the other things she is giving away to buy votes for the Liberal Party.

We would end subsidies to CBC television while preserving Newsworld and CBC radio. The rest would be saved by ending other wasteful programs and no cuts to national parks or amateur sports.

We would cut Indian affairs by 21% or \$920 million. We would give the funds directly to natives, not to band councils, bureaucrats and lawyers. I come from a province with a lot of ongoing negotiations. The people who are making the money are the bureaucrats and the lawyers. It is not doing a darned bit of good for the native people of British Columbia or any other British

Columbian. It is time we ended this nonsense and solved the problem.

• (1615)

We would cut employment insurance by 21%, which would amount to \$2.8 billion. Currently there is a surplus of \$8 billion per annum. EI should be returned to its original function of insuring against temporary job loss. Every employer and employee in a small business knows that EI has to be cut. It is costing jobs in the country and it is time we made major changes.

We would cut equalization payments by 12%, which would amount to \$1 billion. Something is wrong when three provinces support seven in a country as wealthy as Canada. I come from one of those wealthy provinces, or at least it has been. The way it is going right now there may be two provinces supporting eight.

We could save this money while ensuring more equalization funds for the poorest provinces in Canada that really need the money.

We would cut the Canadian International Development Agency, better known as CIDA, by 31% or \$520 million. Let us get our own fiscal house in order first. We would reduce foreign aid and end government to government grants.

We would cut general government services by \$600 million. Government efficiency still has a long way to go in every department.

We would make cuts to other government programs by up to \$1.2 billion.

We have the highest income taxes in the world. We are number one in the G-7. It is time that we lowered taxes in Canada to get Canada moving again in a positive way and to get jobs for all our young people.

Most members of the House have children. I have seven. I now have six grandchildren. I worry about their future in Canada.

During the election campaign I heard the leader of the Conservative Party say that he wanted a Canada for his children like he had when he was growing up. I want a Canada for my children better than what I have. I want a Canada with lower taxes. I want a Canada in which my children want to stay because it is the best place in the world to live. I want a Canada where they can find a job. I want a Canada where my children do not have to go to the United States or other countries to get a job. They should be working right here in this wonderful country which has a very large land mass.

I understand the frustration of the hon. member for Yukon when she asked my Liberal colleague why Yukon was not mentioned. Why were the Northwest Territories not mentioned? What about British Columbia and Alberta? We in the west feel alienated from Canada. We are creating some of the best pockets of jobs in the

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country. Some of the best taxation is in the province of Alberta. Yet eastern Canada is not paying attention. Central Canada is not paying attention.

Western voters are frustrated. I get the feeling from travelling around Ontario that Ontarians are also becoming frustrated. Their taxes are too high. They read in the papers that their friends across the border are paying much lower taxes. Americans earning \$80,000 a year have an extra couple of thousand dollars more in their pockets than Canadians earning the same amount. It is not fair.

Mr. Joe McGuire: You had better not get sick.

Mr. John Reynolds: An hon. member opposite says "You had better not get sick". I can tell him about that.

I had the privilege of living in the United States for four years. I was doing a project. I had good medical care while I was there. Because of Liberal government programs, \$5 billion went out of this country last year into the United States. Canadians are going to the U.S. for medical care. At least they can get in the door. They do not find themselves in long line-ups when they have major heart problems or cancer. Do not tell me how good it is in Canada. We have one of the best systems in the world, but it is underfunded and a lot of that is because of the cutbacks by this federal government.

We have to look into our medical programs in a major way. Do not talk about not getting sick somewhere where the taxes are lower. The standard of living in Canada has gone from number 3 in the world to number 12. Members opposite must understand that.

• (1620)

Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.): Mr Speaker, I was intrigued by the comments of the member who just spoke. He indicated the difference between the United States and Canada. In the United States there is no universal medicare. We have an excellent old age security system, the Canada pension plan, at which all the Reform Party is laughing precisely because it does not believe in these programs.

A Reform member of Parliament complained about the medicare system and at the same time indicated he would cut the equalization payment by 1.5%. If I may remind the member, transfer of money from the federal government to the provinces includes the equalization payments in addition to cash transfers for health care.

May I inform the member who has just spoken that the Liberal Party equally believes in reducing taxes but not at the expense of medicare, of the security of Canada pension, of education, of research and development.

Mr. Jason Kenney: You cut medicare by 35%.

Mr. Rey D. Pagtakhan: If the member would be polite and listen to some gems of wisdom, maybe he would learn a few things.

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I ask the member who has just spoken whether he is prepared to indicate that he will completely cut the transfer for medicare. Will he cut completely the transfer for equalization payments if in fact it means that the income tax rate for Canadians is zero? Is that what he is trying to tell us?

Here is a party that believes in so-called referendums. Survey after survey in Canada has told us that Canadians would like half of a surplus to be spent for necessary spending on social programs including education and health. Why is the member neglecting or ignoring the cry of Canadians?

Mr. John Reynolds: Mr Speaker, I am not ignoring the crying of Canadians. I am listening to the crying about their taxes.

The Reform Party tax program will yield fairness and simplicity like the parliamentary secretary has never seen before. If he would read it he might understand it.

The parliamentary secretary talks about universal medicare, pension plans and old age security. In Canada, 65% of our medical money goes in the public sector to look after people. In the United States it is 53%. Every senior citizen in the United States has medicare. Maybe the parliamentary secretary did not know that. Every senior citizen in the United States has medicare.

The government should not try to scare seniors about how the Reform Party will hurt them. I am not that far away from being a senior citizen. I will make sure seniors are well protected and will speak on their behalf, but the government should not use that old Liberal tactic of scaring people that the Reform Party will take something away from them.

The Reform Party will lower taxes. The Reform Party has offered to increase the transfer payments on medicare. Members opposite have not read our brochure. We have also agreed to increase payments to education, areas that increases in payments are needed in. We fought about those during the election. We will talk about them now. We will look after senior citizens with a much fairer taxation program.

The Liberal Party still taxes senior citizens. A senior citizen making \$15,000 with no other income will pay \$1,300 in tax to the government. Does the member think that is fair, even if their medicare is free? They could have free medicare across the line also. Seniors are looked after in the United States.

Someone living in the United States could buy a medical program. It costs so much a month to be covered under medicare. Anyone on welfare is covered under medicare. Fifty-three per cent of the dollar goes to medicare in the United States. It does not have a national program and we do. We have the best program but it has to be well funded, looked after and fair.

Hon. members must get calls from people. I get them. Maybe they get them more in provincial government offices. People with health problems, with heart problems, tell us they have to wait four months to get tests done. They may die of a heart attack before they get in there. If they have cancer, a brain tumour, they may have to wait three weeks to get an MRI. This is what is happening in some places in this country. It is not right. That is why \$5 billion went out of the country and across the border. Those people were not prepared to wait to get something done here. That is one of the problems.

• (1625)

I do not know why the member would try to scare senior citizens about old age security. He should read the Reform platform. It is fair. We look after seniors in our program. I ask him to read it and to have some compassion.

Where is that Liberal compassion we all hear about? There is no compassion in charging \$1,300 in tax on \$15,000 in income. It may be more than that with the seniors benefit. There is no Liberal compassion there.

When I was a young man all my family were Liberals. I was always taught that Liberals had compassion. That is why one was a Liberal. It seems to have changed.

Those who are wealthy do not mind paying taxes or giving to the Liberal Party, but we want to be fair. We want to make sure that single parents do not have to pay the abusive taxes they are paying right now. We want to make sure that seniors who are on their own—and there are many of them—do not have to pay the unfair taxes that are there now. That is what we are talking about. We are talking about lowering taxes, about lowering taxes for young people who are just starting to work.

They get jobs that pay them \$24,000 to \$30,000 a year and suddenly the government starts grabbing a third of that. That is not fair. They should be given a chance to get going. Taxes should be lowered for people who earn under \$30,000.

The Reform Party would eliminate taxes for people under that level. That would get the country going and that would create enthusiasm. It would create private enterprise. It would get away from the socialist attitude we are getting from the Liberals and the New Democrats.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, the member said that his family was Liberal. After that he was a Conservative. Now he is a Reformer. Maybe he will see the light one day and become an NDP.

I went around the country and I went around the States too. I saw line-ups in the States where people were waiting six months. Those who were waiting for six months were not the rich. They were not those who had money and who could pay \$10,000 for an operation.

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Those with all that money were not waiting six months. The poor people were waiting in the line-ups for six months because they could not afford American health care.

My colleague in the Reform Party is suggesting that we should cut taxes, that Canadians cannot pay the taxes. Reformers want us to give the poor a health care program that will be paid for from their pockets and they cannot afford to pay it. What does my colleague answer to that?

Mr. John Reynolds: Mr. Speaker, I advise my hon. friend that unless I have a lobotomy I will never join the NDP. He is absolutely correct that poor people in the United States are waiting six months. I am not defending that program. He also has to know that in Canada poor people and rich people are waiting six months. That is what is wrong with our medicare program. We have to make some changes to it.

I do not disagree with his party. Medicare needs more funding in Canada. My party said all during the election that medicare needed \$2 billion more. We still say that, just as we say it for education. To try to compare Canada and the U.S. in that area, we are waiting as long as they are. There is no question that the wealthier people in the United States, those who pay for medicare, do not have to wait very long and poor people do, but that is not a comparison. In this country we all wait six months no matter what our status.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, I listened to the hon. member's speech. I welcomed the defence of former Prime Minister Brian Mulroney. It has certainly been a long time coming. At some point it is at least good to see that people give credit where credit is due.

When he spoke of a heart condition I cannot understand his firsthand experience because I do not think there are a lot of them in that caucus, hearts I mean. He talked about needing a lobotomy to join the New Democratic Party. Perhaps if he had a heart transplant he could become a Conservative again.

A lot of economic revisionism goes on in the House.

• (1630)

The Deputy Speaker: Order, please. I warned the hon. member that he had a short time to put his question. While I am sure the House finds his comments helpful, it might be more helpful if he got straight to his question.

Mr. Scott Brison: Mr. Speaker, the economic revisionism that pervades this House sometimes is really astounding. The fact is that between 1989 and 1993 it was the Conservatives that started a

trend of reduction in income taxes as a per cent of GDP from 14% of GDP to 13% of GDP by the time our party was asked politely to leave in 1993. However between 1993 and now, the Liberal Party has increased taxes as a per cent of GDP from 13% back up to 14% and the trend is aiming higher. It is very important that we recognize the trend toward tax reduction and income tax reduction was started under a Conservative government and in four years it will be continued under a Conservative government.

Mr. John Reynolds: Mr. Speaker, I know the time must be up but I do not have to say very much. The people who are listening out there will understand from the comments just made by the Conservative Party as to why it went from the biggest majority in Canada down to two seats.

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, I am pleased to rise in support of this bill, a bill that the government feels must be put through early in this session so that we can address many of the concerns which we are hearing about today with regard to the transfer payments to the provinces and the condition of our health care and education systems.

First I would like to make a couple of brief remarks about some of the comments made this morning. It is nice to see the member for Kings—Hants here. I am having my office courier the dozen or so copies of *Hansard* containing the previous speeches I have made. That was not my maiden voyage in this place earlier today.

His remarks when he talked about revisionism and the viewpoint on the economic things which have happened in this country since 1993 are quite remarkable.

The people sent a clear message, as has been pointed out, to the Conservative Party in 1993. That message did not change a lot in the last election, even though it did add a few members from eastern Canada. Some may be delighted to see them here and others perhaps not so much.

One of the things which is interesting is that we have heard about people's viewpoints from different parts of the country. I conducted a session in my riding. I invited people to come in as part of a budget consultation process to decide whether or not we really should stick to the election promise which was that 50% of whatever surplus would go toward two issues; 50% would go toward debt reduction and certain tax reductions and the other 50% would go toward program spending, most notably toward issues like health care and education.

Rather than just assume because we were elected with that as a major plank in our platform that everyone agreed that is how we should carry on, I thought it was important to poll people from the communities of Mississauga and Brampton. Some of the municipal leaders, educational folks, business people, the boards of trade, local business people, interested citizens of both the cities of Brampton and Mississauga came and we discussed that particular issue.

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We hear calls from all sides. The NDP says we should spend more. The Reform Party says we should cut more. The Conservatives are simply saying we should reduce taxes. Without the balance which is needed in this place, I thought it was important to go to the people and find out if they still supported the general thrust and direction that the government was following. We came up with a number of very interesting facts and statements.

• (1635)

If members saw the list of participants in the round table discussion that we had, they would know that many of them were people who perhaps would be classified as more right wing than left. Perhaps some of the people from the educational side would be concerned more about social issues. If members knew the community I represented, they would understand that the majority of people in the room would be more business oriented and in my view they would be more concerned about reduced taxes, less government, all of those issues.

We simply reported the facts. My colleague from Mississauga South and I were there to listen to what the people had to say about the 50:50 plan. Let me share some of the results.

In the area of general impressions there was a clear consensus that the government had made excellent progress in putting its fiscal house in order and had achieved it in a fair and balanced fashion.

Once we did this and compiled the data, we shared this with the participants. We were delighted to find that they agreed that we had indeed recorded that consensus accurately.

It was felt that the approach we were taking would provide sufficient latitude to meet the need to reduce the debt and to make targeted tax cuts to restore some social spending and to make stimulative investments in programs.

Let us talk about restoring some of the funding, the restoration of the floor as it is referred to in the case of the CHST, the Canada health and social transfer which replaces the CAP, the Canada assistance plan to a level of \$12.5 billion. I believe it was the member for Kamloops who said that it was somewhat deceitful, that it was trickery. It is not at all.

We clearly announced in the election campaign that those transfer payments had been reduced to \$11 billion due primarily to the fact that we had inherited a \$42 billion deficit, an overdraft of \$42 billion. Canadians would understand that. Often there is confusion and discussion about what is a deficit and what is a debt. A deficit is an overdraft and a debt is a mortgage. We had a \$42 billion overdraft that the Conservative Party under Mr. Mulroney left as its legacy to the Canadian people.

We simply had to make changes. I will admit that the transfer payments were indeed reduced to \$11 billion. However, as

progress was made due to the leadership, due to the financial strength that this government was showing, due to a commitment to stick to the guns, to follow the policies led by the Prime Minister and the Minister of Finance, due to the improvement in our financial situation and nothing else, we were able to restore the funding levels and put back the floor in the transfer payments to \$12.5 billion.

Perhaps more significantly, we have made a commitment. It is a five year commitment which says that the level of transfer payments will not fall below \$12.5 billion. I would hope that all future governments would be able to live up to that kind of a commitment. One of the things I have found in my 20 years or so in elected office is that the most difficult thing to do for any government be it municipal, provincial or federal, is to plan properly and far enough in advance so that the hiccups and bumps that occur when certain crises occur can be avoided.

As a federal government we must be the leaders. We must say to our provincial partners who in turn work with their partners in health care and education and at the municipal level. We want to be able to say to them "Here is something to count on. You can be assured that the CHST transfers will never fall below the floor of \$12.5 billion". The ability that then gives the provinces in knowing what their per capita share might be or what their total revenue pot might be in my view gives them a better opportunity to plan. I think that is an obligation we have as a federal government and is something I am pleased to see we are doing.

• (1640)

Somebody else also made reference to the fact that there would be some damage that would occur in certain parts of the country because of changes in the amount of money that was transferred to certain provinces or territories based on a per capita formula. Someone said that it was unfair. We talk about representation in this place. We talk about equality in this place. We talk about providing services for all Canadians. With a mind to certain adjustments that may need to take place due to certain geographical problems, transportation problems and other issues of concern such as climate or problems in the economy, what could be more fair in determining a floor, a base, a guaranteed amount than doing it on a per capita basis?

The province of Ontario of course represents the largest area in terms of population. The grant formula will provide \$9.1 billion to the province of Ontario. The second largest population area being the province of Quebec it comes in at \$6.8 billion and British Columbia at \$3.1 billion and so on.

The point is that the provinces, under the somewhat difficult arrangement we have in the federation of Canada, deliver the services. They are on the front lines in making sure that health care is delivered to the Canadian people. Therefore it is our responsibil-

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ity to set standards and to provide the funding based on the fact that we collect tax revenue from all Canadians.

By and large the system works reasonably well. Where we run into problems I would submit is when we get into the one-upmanship of partisan politics where somebody decides that because they want a headline, they want to look better or they want to win an election, they are going to dangle something like a tax cut out front.

The people clearly want to see tax relief. I believe they will see tax relief in the Minister of Finance's budget. We have said we are committed to reducing taxes in this country. I happen to represent a community that is a prime example and provides the proof of how it should never be done. It should never be done across the board and it should never be done on a flat percentage.

People understand that the Conservative proposal of a 10% tax cut across the board will clearly benefit people who earn in the six figure range dramatically more than it will the people who earn \$15,000, \$20,000 or \$30,000, the examples that the so-called compassionate right, the Reform, is throwing out on the table. It is trying to pretend to the Canadian people that it is concerned about people earning \$15,000 a year and whether or not they should pay taxes. This is a born again political vision that we are seeing in this place and is really quite remarkable.

The Reform Party would support an across the board cut. All we hear about are the cuts instead of being responsible and standing up and saying that we have to ensure that the strength of our health care system is maintained. I would suggest that comparing our way of life, in listening to the member opposite almost acting like a cheerleader for the United States way of life, frankly worries me.

It worries me when I hear elected representatives telling the Canadian people that life is so much better in the U.S.A. I am not an American basher. I happen to think it is a wonderful nation but it is fraught with economic problems and its debt. I do not know anybody who could even figure out how many zeros there are in trillions, and that is its debt we are talking about here. We are talking about trillions. They have more serious problems and yet we hear members of the Reform Party saying that all the solutions are there.

• (1645)

A young man 28 years ago, who was the best man at my wedding, moved to the United States with his wife. His wife was diagnosed with cancer. His wife is fine today. The cancer has been beaten back, but it cost that family a quarter of a million dollars to deal with that health care crisis.

I heckled and yelled don't get sick in the States and it is true. Yes, people can buy health care plans, but the operative word is buy.

What we have here is the envy of the world. Are there problems? Yes, there are problems. There are problems in the province of Ontario because the current government has decided it is more important to deliver a 30% tax cut than it is to provide fair and equitable health care treatment.

We have the five pillars of medicare in this country, accessibility, portability, universality, public administration and public funding. I have a bit of a concern about whether we need to expand those pillars. We continue to provide a base floor and a level of grant structure for the provincial governments to deliver health care. However, if they in turn take the money and simply cut other areas while delivering the health care dollars to the point where they can deliver a tax cut, and they take money out of the mental health treatment programs in Ontario, I want to say to Mr. Harris and Ms. Witmer, for whom I have a lot of respect, that they are on a very dangerous slippery slope. They are closing 2,000 beds in psychiatric care facilities, most of them in the greater Toronto area.

What is the result? We can see it. We wonder why there are 7,000 people living on the street in the city of Toronto. We should ask ourselves are those people healthy. Who would live on the street in February in Canada?

We have to recognize that those people are sick. They need help. They need community resources. Elected representatives at all levels must be prepared to take a stand to provide the kind of care they need, but we cannot do that.

Minister Witmer has said they will study the situation as a result of a seven part series done by the Toronto *Star*. They are going to study it, but they are going to go ahead with the bed closures anyway. It is scary, frankly, when we think about society's most vulnerable people.

I have colleagues in this place who also served in the Ontario legislature, as did I, who would tell us that it is absolutely mind boggling what the Tories are doing in Ontario in the area of health care and they are blaming it on cuts to transfer payments. However, we know it is a result of their desire to pass on a tax cut.

In the session we had we talked about tax cuts. Someone earlier referred to the brain drain. Let me share the message which I got from those people. This is exactly what I heard from that group. Concern was expressed about the issue of brain drain and the inadequacy of incentives for our best researchers to remain in Canada. A strong case was made to restore funding for our social humanities and medical research granting agencies.

How do we do that? Do we do that by cutting taxes? Do we do that by reducing the revenue that is available to the federal treasury while on the other hand increasing our commitments to research? You cannot have it both ways. This government, like any government, if it is responsible, should find ways to trim the fat. I

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think we have done that. The results are there. The job is not nearly over.

• (1650)

It is my hope that when the finance minister comes out with his budget we will see a plan that clearly outlines—I am confident—a commitment to repaying that \$600 billion debt which, when the provincial debt is added, is \$800 billion. That is unacceptable. It is too high. We have to attack it and we will.

I hope we will see a plan to provide some tax relief to hardworking Canadians but not abandon this Liberal Party's traditional commitment to better education and better quality health care for all Canadians. That is very much what Bill C-28 is about, restoring the level of funding and in putting forward other programs to help our charities and our young people to build a stronger economy.

The Acting Speaker (Mr. McClelland): It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for West Vancouver—Sunshine Coast, Immigration Appeal Board.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, as a former Liberal, I am used to Liberal rhetorical tricks and the Liberal approach to the truth. It is a very creative approach.

I must say that I was really quite astounded by this last speech by the hon. member who blamed the Ontario government for all the negative impact on the health care system there as a result of health care cuts.

Let us get a couple of facts absolutely straight here. This federal government, the government of that member, has cut health care transfers to the provinces by 35%, by several billion dollars, after promising and committing not to cut them but to increase them in the 1993 election. That government lied and now it is trying to pass the buck. It does not even have the integrity to admit that it made a mistake.

The hon. member claims that the Ontario government has cut health care spending. He knows, as a former member of the provincial legislature, that just ain't so. The total health care spending in Ontario has remained constant and is now projected to increase. It has not cut \$1 from the universal health care budget of the province of Ontario.

He says that people are getting less quality care. Perhaps they are, because the Ontario government has had to absorb the transfer cuts from this government but not because of less revenue as a result of the tax cuts in Ontario. The Mike Harris tax cuts that have led to tens of thousands of new jobs have also led to an increase in revenues. Liberals do not understand that lower taxes mean more

revenues. That is what has happened in the treasury of the Ontario government.

This member, being from Ontario, ought to apologize to his constituents for misleading them. The Ontario government has more revenues than it did—

Mr. Steve Mahoney: Mr. Speaker, talk about verbal gymnastics, I think he just called me a liar and I pretty much take exception to that.

If the hon. member knew the first thing about my great province of Ontario, I might have a bit of respect for his comments. He does not.

Let me say what has happened in the province of Ontario. If they do not think there is a problem, ask the people at Women's College hospital. Ask the people at the Queen Street mental health unit. Ask the people who live on the streets of the city of Toronto. Ask the new mayor of Toronto why he found it necessary to unilaterally ask Anne Golden to head up a commission to study the problems around housing in the city of Toronto. There has been without a doubt an unequivocal abandonment of the people who are the most vulnerable in our province by a government that is bound, determined and bent on doing one thing, and that is delivering a 30% tax decrease.

• (1655)

The Acting Speaker (Mr. McClelland): I want to assure the hon. member for Mississauga West that the hon. member for Calgary Southeast did not call him specifically a liar. That would not have happened with me in the chair. I would ask everyone to be really careful how closely they dance around that one.

We will go to another question by the hon. member for Winnipeg North Centre.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, it is true that the speeches today by Liberal members raise more questions than answers about the stability of our health care system, but I must say the same holds true for the comments made by Reform members in the House today. There is an incredible amount of inconsistency and lack of clarity around this whole issue. But time does not permit me at this point to pursue that.

There is another issue around Bill C-28 which deals with the finances of this country for which there is a deafening silence on the part of both Liberals and Reformers and that has to do with this proposed merger between the Royal Bank and the Bank of Montreal.

My question for the hon. member in the Liberal Party is to get some clarity on this issue. Why is this member so silent on this issue and the seriousness of this monster merger? What is the policy of this Liberal government for today? Why are we waiting for a report from a committee when in fact this government knew

all along about the problems growing with respect to the power of the banks and the international agreements?

Mr. Steve Mahoney: Mr. Speaker, I will be brief. First, there would not be much point in setting up a commission and going to all the trouble that this government has to study that very specific issue and then simply ignoring it in a knee-jerk reaction.

We have heard the Prime Minister and the Minister of Finance say there will be no merger approval and we want to see that report before any discussion about whether or not such an activity will take place.

I heard the NDP member for Kamloops say he supported the increase in the RESP contribution from \$2,000 for \$4,000. He thought that was good. He supported a number of other issues in Bill C-28. Yet at the same time I could not quite believe that he went on to denigrate the economy. He said that our economy is not strong. He referred to the hon. parliamentary secretary as referring to some other country in his imagination when he talked about a country with a strong economy.

Our economy is strong and it can get stronger and it will get stronger by all of us working together.

Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.): Mr. Speaker, I would like to thank the member for Mississauga West for the eloquent speech he just gave.

My question is specific. For greater clarity and assurance to Canadians, with a floor of \$12.5 billion now for cash transfers for health, and in light of the fact that the transfers also include the tax points with an increase in the economy and the increased transfers as a consequence of that, can the member elucidate that the cash transfer floor will continue to remain constant and therefore the total transfers will increase.

Mr. Steve Mahoney: That is right, Mr. Speaker. If you look at the statistics, the total transfers will be in the neighbourhood of \$25 billion. The province of Ontario will benefit over the period that this bill encompasses by some \$2.5 billion in increased transfer funds.

I think it is an excellent point that should be brought out. It just shows that we are prepared to set a floor, as I said in my remarks earlier. We are prepared to say to Ontario and to everywhere else in this country that it will never fall below that level under the terms of the agreement that we are entering into through this bill. There will be increased funding as well in the bill.

The Acting Speaker (Mr. McClelland): The hon. member for Lakeland, 60 seconds for the question and 60 seconds for the response.

• (1700)

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, I have one point of clarification for the member opposite and for the member

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from the New Democratic Party who said that the Reform's position on health care is unclear.

It is very clear. We made it clear in the 1993 election campaign that we would make no cuts to health spending. In the last campaign we made it clear that we would add \$4 billion in transfers to the provinces for health care and education. That is clear and that is our position.

I realize the member may not have been a member of Parliament in the last parliament, but did he support his government's cuts of 35% in transfers for health care? Yes or no.

The Acting Speaker (Mr. McClelland): I ask all hon. members to address each other through the Chair.

Mr. Steve Mahoney: Mr. Speaker, I do not have to dance around it at all. When the government was elected in 1993 it inherited a \$42 billion deficit. I said in my remarks, and the hon. member can look it up if he wants to, that changes absolutely had to be made in the transfer payments and they were made. There is no argument about that.

This is about restoring it to the level we are committed to, a level that it will never fall below. You understand that you cannot simply continue to spend money you do not have. It is a philosophy of the government. It is the leadership shown by the finance minister and the prime minister. It is turning things around but the job is not done. There is a long way to go.

I am convinced that with this next budget and with bills like Bill C-28 we will save our health care system, restore the confidence of the Canadian people in our education including post-secondary education, and build a great nation.

The Acting Speaker (Mr. McClelland): Before we go on to next intervener, I remind all hon. members that we refer to each other either by our ridings or by our portfolios.

[*Translation*]

Mr. Odina Desrochers (Lotbinière, BQ): Mr. Speaker, first of all, before voicing my opinion on the numerous provisions contained in Bill C-28, I would like to congratulate and thank all my fellow citizens of the riding of Lotbinière, who rallied to the support of the regions of Quebec that were hard hit by the ice storm, and Montérégie and the central region in particular.

I was deeply touched by the generosity of the people of Lotbinière, be it in collecting firewood and foodstuffs or responding to the many calls made by the Red Cross and Quebec's emergency preparedness organization. These actions reflected the great values of mutual help, sharing and solidarity by which the Quebec society lives, values that show how much solidarity Quebecers are capable of when the need arises to meet major challenges for the Quebec community.

Now, coming back to Bill C-28, the federal government marks its return by putting up for discussion a bill to amend several

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umbrella acts, which could have significant implications in major sectors of the Quebec economy.

Going over the list of acts affected by Bill C-28, I note the Income Tax Act, the Children's Special Allowances Act, the Employment Insurance Act, the Federal-Provincial Fiscal Arrangements Act, the Old Age Security Act.

Once again, we can see the central government's strategy to amend a number of laws closely related to our economy. However, the real political issues are not those targeted by such omnibus legislation, but the way the government administers public finances and the partisan approach and propaganda used by an increasingly centralizing government.

Since the opening of the 36th Parliament, the Minister of Finance has been boasting that his government would have budget surpluses. It is said that these surpluses could reach \$8 billion. According to the Speech from the Throne, these surpluses will be used to make an unprecedented intrusion in areas of provincial jurisdiction, without giving back what the federal government has cut since 1993.

In recent years, the Liberal government has cut \$42 billion in cash social transfers to the provinces. The purpose of these transfers is to fund hospitals, higher education and social assistance.

• (1705)

With the money saved, the federal government is playing saviour, while the provinces have the dirty job of implementing the cuts. I would remind you that when the Liberals formed the government in 1993, social transfers amounted to \$18.8 billion annually. This year they will amount to only \$12.5 billion and will drop to \$11.1 billion in 1999-2000. However, seeing the dissatisfaction at the time of the elections, the Prime Minister decided to cancel the latest round of cuts.

We are even more familiar with the federal strategy on the subject of transfers to the provinces, especially Quebec, which is to discredit Quebec and the administration of Lucien Bouchard's government. The federalists are trying every means possible verging on political dishonesty to destabilize the government of Quebec. However, the Bloc will again be even more on guard against underhanded attacks by the federal government, especially in 1998. It will continue to defend the interests of Quebec, criticizing even more vigorously the unfairness of this ever more centralizing government.

Back to the surplus the Minister of Finance will be announcing shortly. Where is it coming from? It is very simple; it is mathematical. He will be dipping into the surplus of the employment insurance fund, which will amount to \$12 billion and which is the contribution of employers and employees alone. The federal government puts no money into the employment insurance fund.

Let us talk about employment insurance. For us, employment insurance means ensured poverty, ensured suffering. Speaking of the Minister of Human Resources Development, let me say that this minister, who is always talking about humanity, is dehumanizing his department with his actions. One need only look at the way the minister has reacted to the people directly affected by the ice storm, the total confusion between his message, clearly seen and heard on national television, and his directives to the managers of his department.

On top of having to live through a veritable nightmare, concerned about their family's future, concerned about their property, the disaster victims have not even had the comfort of the people in charge of that department. With one hand they are promising something, while with the other they are taking it away. When it comes down to it, that approach is the trademark of this government.

The ice storm is one of the worst socio-economic disasters since the war, and the Minister of Human Resources Development is still hesitant about taking concrete humanitarian action. What is more, the minister is forgetting the thousands of businesses outside what they are calling the triangle of darkness which had to close down for a week, two weeks, or even three. These people are being punished for their gesture of solidarity. Most companies and businesses had to gear down activities in order to support Hydro-Quebec's efforts to keep the hydroelectric network up and running. In Lotbinière riding, for instance, particularly in the county municipality of l'Érable, of 300 businesses, 50% had to shut down for two weeks.

If the employment insurance fund were in a deficit position, or had only a slight surplus, I would understand if the government were hesitant, but we know its surplus is going to exceed \$12 billion.

If the EI fund were administered by an independent body composed of representatives of businesses and workers, as the auditor general strongly recommended in his report, these people, who are much closer to economic reality, would already have taken significant action to help all those affected by the ice storm.

But it is the Minister of Finance who decides, and he is going to continue to dip into this surplus to lower his deficit, with complete disregard for the real needs of storm victims.

The Minister of Human Resources Development is increasingly dehumanizing his services. Now, EI claimants must dial a 1-800 number for information.

Several of my constituents have been in touch with my riding office to complain about the poor quality of this service provided by public servants who are all centralized in the Prime Minister's riding of Saint-Maurice.

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• (1710)

Faced with this unfortunate situation, those dissatisfied with the service therefore go to the regional EI office, which, you will recall, is being reorganized and is completely overwhelmed. These offices have suffered deep staff cuts and want to serve their clients any way they can, because Human Resources Development employees are on the front line and know what is really going on.

One of the Human Resources Development offices located in Drummondville is getting ready to introduce a pilot project. Unemployed workers waiting to see an agent will be invited to view videocassettes. That is treating them like people.

I need hardly tell you that there are few things worse than losing one's job. With the many changes to EI, which are increasingly limiting eligibility, it is even more distressing for these people who are living in complete insecurity.

I do not blame this office for what it is doing, given the numerous staff cutbacks imposed by the federal government. It is trying to readjust its services and maintain good contact with its clients. We will keep an eye on how it is doing.

Let us now look at the federal tax. Now, that is something concrete. This morning, the hon. member for Saint-Hyacinthe—Bagot strongly criticized a provision of Bill C-28 and exposed a manoeuvre by the finance minister who, in addition to making political decisions that benefit the rich, is trying to protect his own personal interests with this legislation. But what action does the Minister of Finance take when it comes to individual or corporate taxes?

The finance minister's inaction regarding taxation perpetuates the unfairness of our tax system, which imposes a heavier tax burden on Quebec's low and middle income taxpayers.

The last major review of individual taxation was conducted by the Royal Commission on Taxation in the 1960s. This means that we now have tax provisions that are obsolete and ill-suited to the current economic context.

The Liberals should be aware of the unfairness of the current federal tax system. The Bloc Québécois has spoken many times on tax issues. Ever since it first came to Ottawa, the Bloc has been asking for an in-depth review of individual taxes. Given the finance minister's inaction in this area, the Bloc Québécois released a reform proposal aimed at finally putting an end to the undue privileges granted to the very rich, by advocating a tax system that is fairer to all taxpayers.

The federal corporate tax system is also ill-suited to the current economic context. Again, the Bloc Québécois is asking for a

review of the corporate tax system, so that employment will become the main objective of the new tax policies.

Again, the last major review of corporate taxation was conducted by the Royal Commission on Taxation in the 1960s. We get the impression that nothing has been done since. As a result, we still have tax measures that are outdated and ill-suited to our current economic situation. Yet, the Minister of Finance seems content with this system.

By contrast with the federal government's inaction, in the summer of 1996, the Government of Quebec established a public commission on taxation. The commission emphasized at the time the urgent need for action, while indicating that, in the present context, Quebec could not act alone without a review of the federal tax system. But this does not make these reforms any less necessary.

Let me give you a few examples of outdated or inefficient tax measures. The partial inclusion of capital gains, which means taxing benefits from capital gains at a lower rate. The eligibility rules for the research and development credit, which unduly penalize Quebec businesses as compared to Ontario businesses. At present, the federal government decreases the amount of assistance provided to businesses benefitting from a Quebec research and development credit but not to those benefitting from the major deduction granted by the Ontario government.

The Bloc Québécois often raises tax issues. The Bloc Québécois has been calling for an in-depth review of corporate taxation ever since it came to Ottawa.

• (1715)

Since the Minister of Finance has taken no action, the Bloc Québécois made public a proposal for reform that would make the tax system equitable for businesses, while freeing up to \$3 billion, which should be redirected towards the main goal: creation of full time, long term jobs.

In conclusion, I would like to say that it is time the federal government took action. It is time the federal government gave back to the provinces what it has cut in recent years. It is time it amended the Employment Insurance Act. It is time this budget surplus was used for concrete job creation measures.

Mr. Denis Coderre (Bourassa, Lib.): Mr. Speaker, listening to my colleague, the member for Lotbinière, I had the impression he was on Sudafed, like the Team Canada hockey players. He was pumped. He should calm down.

I find it shocking that he would use a debate on C-28 to indulge in petty politics on the backs of storm victims. He tried to bash the Canadian government, which was present during this disaster and spared no effort to help victims. While the people of Lotbinière,

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Montérégie, and all over who suffered the effects of the storm appreciated the Canadian government's contribution, there is an attempt to play politics on the backs of the storm's victims.

I am extremely disappointed. I was familiar with the great decency and respect of the member for Lotbinière. Today, he has greatly disappointed me by saying that the Canadian government did not do its share. If the Canadian government had not done its share, if it had not contributed \$9 out of every \$10, if it had not sent the army, I do not know how serious this disaster could have become.

I ask the member for Lotbinière if he did not get carried away, and if he does not recognize that the Canadian government, through its Ministers of Agriculture, Human Resources Development and National Defence—and even his own leader, the Premier of Quebec, said so—demonstrated remarkable collaboration.

Why is the member for Lotbinière playing petty politics on the backs of storm victims, who are not interested in playing this game? Why has he gone so far as to use C-28 to criticize the Canadian government's response to the ice storm? He should be ashamed. He should apologize to all storm victims.

Mr. Odina Desrochers: Mr. Speaker, I do not need any medicine in order to be calm. The hon. member is getting carried away.

All I have to say is that I congratulate all those who took the initiative, no matter where, municipalities, the province, the Canadian government, the Americans. This catastrophe has touched all of North America.

When the member over there accuses me of petty politics, I would like to remind him of this: at the present time his colleagues are distributing forms in order to find out what amount of money the federal government has really invested during this ice storm. That is really petty politicking.

There was solidarity among us. We worked hard, and that is how we will finally win out, and Quebec will become sovereign. We have had an example of how people can join forces. We have had an example of the pride of the people of Quebec. You can be sure that we have come out even stronger as a result of this experience and that, in the next referendum, the pride of Quebecers will be up front and we will get our country, our Quebec.

[*English*]

Mr. Howard Hilstrom (Selkirk—Interlake, Ref.): Mr. Speaker, I would simply ask the hon. member if Quebec in fact is a net gainer under equalization and the CHST. If it is, how would the hon. member demonstrate how Quebec would continue to pay for these things if he achieves his goal of separating Quebec from Canada?

• (1720)

[*Translation*]

Mr. Odina Desrochers: Mr. Speaker, the situation of health, education, social assistance in Quebec, all of these difficult situations have been caused precisely by the drastic cuts made by the federal government.

The government of Lucien Bouchard has succeeded in doing truly amazing things despite the drastic federal cuts. All that we are asking is to get back what has been cut since 1993. It is simple: the federal government cuts, yet it maintains standards. If it cut money, but allowed us freedom, we could manage but, on top of the cuts, it established standards we have to meet.

I say that if it pays back the amounts it has cut since 1993, health, education and social assistance will be in far better shape in Quebec.

[*English*]

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I go back to the comments made earlier today. We took office with a \$42 billion deficit. Had we not done the things we did when we did them, we might be in front of this House today asking for further cuts instead of asking this House to approve a reinvestment into a Canadian priority.

The hon. member mentioned that Quebec cutbacks were a result of the federal government cutting back in all these other various tax measures. I say quite clearly that post Bill C-28 the province of Quebec will continue to receive additional moneys each and every year when we add together the tax points, the cash transfers and the equalization payments. The federal government is contributing to the province of Quebec and ensuring that the province is able to deliver the health care that Quebecers and Canadians expect.

When a province decides to cut back in the area of health care it is because the province has taken that decision. This government has been fair and will continue to be fair and equitable in its approach. I challenge the member from the Bloc Québécois to rationalize and give us a reason. In fact those payments are going up and not down.

[*Translation*]

Mr. Odina Desrochers: Mr. Speaker, it is very easy to get into a war of figures. We were using the figure of \$42 billion. That is something specific.

All we ask of the government opposite, given that it will be announcing a surplus in a few weeks, is that it be logical and honest and give back to the provinces, especially Quebec, what it has cut since 1993.

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We will see, as health is a matter of exclusive provincial jurisdiction, when we get this money, the money coming back to us, we will provide better health care in Quebec.

Mr. Guy St-Julien (Abitibi, Lib.): Mr. Speaker, I listened to what the member for Lotbinière had to say about federal transfers.

According to an October 4, 1997 article written by Claude Picher federal transfers are not determined by the size of provincial budgets, but by the size of the individual provincial economies, which indicates that federal transfers have grown rather than shrunk.

And yet the same figures and the same amounts are involved. How can that be explained? I would like the member opposite to explain. And yet when we talk about federal transfers, the figures are the same right now, the amount is essentially the same. Provincial government expenditures increased much faster than federal transfers until 1990. I will give you an example in closing: in Quebec, the figure was 3% in 1965; today it is 5%. Why?

Mr. Odina Desrochers: Mr. Speaker, 3% or 5%, what counts is the amounts of money cut. We know that it was \$42 billion.

It is easy to talk statistics and try to prove that the government is good. I think we have the figures. We have them in hand. We can see for a fact in Quebec what happened. Give us back what you owe us. We will be very happy and so will the people of Quebec.

[*English*]

Mr. Maurizio Bevilacqua (Vaughan—King—Aurora, Lib.): Mr. Speaker, I am pleased to take part in this debate concerning Bill C-28 and to support the government's decision to increase cash funding to the provinces under the Canada health and social transfer.

The measure of real leadership is where government places its priorities. The priorities of this government in this case are clear and concrete.

• (1725)

Health and education are issues that affect every Canadian in every region. They are truly national concerns. It is proper that as our federal financial situation improves, the government has given first place to investing in health and education through boosting provincial funding for these vital purposes. This is the type of investment all Canadians can appreciate. This is the sort of support for federal-provincial partnerships that all Canadians should endorse.

Under this legislation federal cash funding to the provinces under the CHST will be guaranteed at \$12.5 billion annually for the next five years. That is a \$1.5 billion increase over the previously legislated cash floor.

It is important to remember that the cash portion of the CHST is only part of the total value of our federal support for provinces in the areas of health, education and social assistance. When tax points are included, the total funding to provinces provided under the CHST will exceed \$25 billion. That will grow to over \$28 billion in the years ahead.

There are some critics unfortunately who try to dismiss or minimize the issue of tax points. They try to ignore the fact that these federal tax points once transferred to the provinces are not only a gift that keeps on giving, but a gift that keeps on growing year after year. Tax points. I know that sounds abstract, arcane and perhaps bureaucratic, but Canadians owe it to themselves and to our national policy debates to understand the issues involved, especially if they are to appreciate the legislation before us.

Over the years as federal-provincial social programs have been developed the federal contribution has taken two forms. One is a commitment of direct cash contributions. But as of 1977, we also agreed to provide the provinces with tax points.

What is a tax point transfer? It simply means that the provinces can collect a portion of the taxes that would otherwise go to the federal government. In other words it means that provincial tax revenues increase, federal revenues decrease and the national taxpayer still pays the same rate. There was good reason for the provinces to accept these tax points. As the economy grows so does the value of those points. While there have been economic ups and downs, each of those tax points is worth much more today than when the programs they fund were introduced.

Consider for a second the tax points transferred to the provinces in 1977 to support health and social programs. In 1977 those tax points amounted to some \$3 billion worth of revenues. Today they are worth about \$12 billion. In other words if the federal government had not transferred those tax points to the provinces, today we would have some \$12 billion more a year in our coffers.

Some of that money could have gone to accelerate the deficit reduction but I firmly believe and I am sure hon. members in government believe it belongs where it is doing the work it does. That means providing a national health care system that is the envy of our American neighbours. It means support for post-secondary education that makes attending a Canadian university much more affordable and accessible than is generally the case in the United States of America.

• (1730)

To me the bottom line is clear. Federal support for health care and education, two of the most important concerns within our society, is real and reliable. As our economy grows and our financial situation improves it is support that is again growing.

I am not trying to hide the fact that to get Canada's deficit down transfers did have to be cut. The cash portion of federal funding for provinces represents about \$1 in every \$5 of federal program

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spending. We simply could not get the deficit down without including transfers in the fiscal restraint effort of our first mandate.

A number of points should be considered in judging our federal performance on trimming transfers. First, our original cuts to cash transfers represented about 3% of total provincial revenues. In other words 3 cents of every provincial spending dollar. I hardly think there are too many Canadians who would describe that as an excessive or exorbitant contribution to resolving a national debt problem that was hurting us all.

Second, we have always shared the concern Canadians were feeling about the future of social programs, especially health care. Because of our better than expected fiscal progress we are now able to reduce the size of our planned transfer cuts with Bill C-28 restoring up to \$1.5 billion of federal revenues a year to provincial coffers. This means our transfer cuts will end up equalling only about 2.5% of provincial revenues.

Third and most important, let us recognize these transfers cuts brought real bottom line benefits to the provinces not just losses. That may sound contradictory but it is again the truth. We should not forget that our federal deficit reduction program has played a crucial role in allowing Canadian interest rates to fall to their lowest sustained level in some 40 years. While international pressures have seen rates move up somewhat, they are still well below the levels we can all remember from the 1980s.

It is not just individual Canadians and corporations that have benefited from these lower rates. The provinces have also been winners.

First, the lower interest rates made possible by our fiscal restraint have meant lower provincial debt servicing costs. In fact we have estimated that the drop in rates provided the provinces with a \$1.8 billion dividend between January 1995 and December 1996. That saving has continued to grow.

Second, the provincial gains go beyond lower interest charges. Canada's low interest rates are the reasons why growth and job creation have accelerated significantly in recent months. Our growth rate is one of the best in the world and our unemployment rate in December was the lowest in seven years.

That makes the provinces winners as well, providing them with higher tax revenues through more working Canadians and healthier companies, not to mention reduced welfare costs. In other words, the success of our deficit battle has improved the ability of provinces to invest in health care and education.

Personally I have no patience for those who try to argue that the government has supposedly acted unfairly and offloaded our deficit on to the provinces. I see it differently. Yes, we imposed cuts but as carefully and as fairly as we could. Provinces, in fact all

Canadians, are sharing in the very real rewards those federal cuts have bought and paid for.

• (1735)

I have raised these points because they serve as a useful context for the legislation we are now considering. Before concluding I must make a couple of further points about the government's commitment to health care and education. The enrichment of the CHST under Bill C-28 may be the most dramatic evidence of our commitment but is not the only proof of our continuing expanding support for these vital social and economic activities.

For example, also in Bill C-28 we are taking an important step to help Canadian parents save for their children's education. The legislation will expand the limit on the amount that may be invested in a registered education savings plan for a youngster from the current \$2,000 to \$4,000 a year. This brings the limit for such savings—where the income is tax sheltered until used to pay school costs—more in line with the growth in tuition and other school expenses.

Our action on health care also extends well beyond the funding under the CHST. For example, in last year's budget our government announced that we would provide \$150 million over three years to help provinces put in place such pilot projects as new approaches to home care and drug coverage that will enable them to test new ways to improve our health care system.

In the 1997 budget we also committed \$50 million over the next three years to allow both levels of government, federal and provincial, to put in place a co-ordinated national system of health data. This will ensure that health care providers, planners and individuals across our country have the right health information at the right time, including the most up to date knowledge possible concerning the treatments available.

I know my remarks have gone beyond the specific legislation before us, but no act of government stands in isolation from the overall directions it has established and commitments it has made. That is why I welcomed the opportunity to speak today in support of Bill C-28. It demonstrates the government's commitment to the critical issues of health care and education. It proves that the direction it has set is one of continuing partnerships and support for the provinces.

[*Translation*]

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, I listened carefully to the comments made by the hon. member opposite. He used several terms which, I must admit, shocked me and probably shocked our constituents and listeners.

Among other things, the hon. member said that tax points are a gift from the federal government to the provinces. Unless I am mistaken, tax points are given to a province when it withdraws

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from a program that is otherwise administered by the federal government. The province then has a duty to administer the program itself.

Therefore, as the federal government does not have to spend the money, it only makes sense that it would hand over the tax points relating to the program. But why does a province—Quebec among others—find itself in this situation; why does Quebec prefer to administer a number of programs itself and be compensated with tax points? Simply because it can do so better and more cheaply than the federal government.

People at home will certainly agree that, all too often, the money taken from their pockets is wasted here by the federal system, in which we happen to be members of Parliament. We deplore this situation in every possible way, and I join those who said so before me, because it is important to say so.

• (1740)

Let us not forget that when transfer payments are made to a province, it is because that province needs additional revenues to meet its commitments. So, the question is: why does a province lack revenues? Why are there provinces that are richer and others that are poorer?

As I recall, when he was asked why certain contracts did not go to certain provinces, the Prime Minister answered something like this: "Well, see, we have called for bids and the lowest bidder won." You will agree with me that, when bids are called for furniture here, in Ottawa, it is not likely that a company from the maritimes will be able to bid the same way a company located nearby could.

In a nutshell, what is happening in this federation is that some regions are made to grow poorer because our tax money is concentrated in other regions. Then, out of kindness, certain amounts are transferred to the provinces adversely affected. This money does not create jobs. It is hidden social assistance for these governments. No province deserves to be treated this way, starting with Quebec. Why not let Quebec keep the tax money it collects and assume full responsibility for the provision of services? Why not have 100% of tax points at the level at which services can be provided at a much better price?

I will conclude by asking the hon. member opposite this question: Why not simply admit that the federal system is a huge waste of resources, that it has done its time and that it should just disappear?

[*English*]

Mr. Maurizio Bevilacqua: Mr. Speaker, I am often struck by the pessimism that exists on the other side when we as a country are enjoying an excellent standard of living. There are areas which need improvement. I mentioned, for example, the issue of youth

unemployment. That is a concern for many Canadians from coast to coast. I am surprised the hon. member does not recognize the government has governed well.

We can look to the headway we made on the deficit. It was \$42 billion when we took power. That was not long ago. It was back in 1993. When I was sitting where the hon. member is sitting now I remember how badly we felt as a nation. We were carrying a high deficit. Interest rates went through the roof. More important, we saw a truly demoralized nation, a nation which was running just to stand still. People's incomes were dropping. People had lost their hope to purchase a home. Bankruptcies were going through the roof. People's hopes were dim.

The government cannot take all the credit. Indeed Canadians rolled up their sleeves and said that we needed to tackle the deficit. Now they want to tackle the debt. We need to make strategic investments in areas that count like education and health.

During the election campaign the increase in cash flow of approximately \$1.5 billion was welcomed by people from coast to coast. They felt we were investing in the right things: health and education.

The hon. member mentioned something which struck me as being odd. He said that this is just money that goes to social spending and it has nothing to do with jobs. I submit to him that he is absolutely wrong. The investment we make in education is perhaps the number one way of ensuring that young people have the skills and the education required to get the new jobs that exist in the new economy.

• (1745)

It is the way in which we can respond to the changing dynamics of marketplace where, as members know, the old rules simply do not apply.

I think that is the big difference that exists from the member's attitude and my own. I truly believe that we can equip the people of Canada with the proper skills. I believe that this country has great potential for growth.

I believe there are signals given by the marketplace and given by people's attitude that tomorrow can be better than today provided we pool our common resources, provided we find the inner strength to look to the 21st century with the type of optimism that we have the right to.

If anybody is asked, any economist throughout the world, what would be the perfect conditions for economic growth in an industrialized society, what they will say is that human resources need to be invested in as we have done. The burden of deficits needs to be eliminated. Interest rates need to be low. Inflation needs to be low. These are the fundamentals that generate economic growth.

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I simply do not understand why the hon. member cannot take pride in the fact that Canadians from coast to coast have sacrificed to reach these objectives, that Canadians from coast to coast have said to the Government of Canada defeat the deficit. We will sacrifice ourselves for whom? For our children, whether they come from Quebec, British Columbia, Ontario or anywhere else in this country.

The hon. member gets up in his seat and somehow tells the people who are watching this debate that things in Canada are terrible, that it does not matter that because of low interest rates we have seen immense growth in the small business sector, that it does not matter that over a million jobs have been created, that it does not matter that because of the almost elimination of our deficit that we are able now to invest in the social and economic needs of Canadians, particularly health care and education, that does not really matter, those are not achievements, the fact that the unemployment rate is below double digit. When former Conservative governments were saying that it would take until the year 2000, that is not worth celebrating.

To diminish the efforts of Canada, that is what the hon. member is saying. All the work that the Canadian people have participated diligently in, you are saying that is worth nothing. I say to you that you are wrong and we—

The Deputy Speaker: Order. The hon. member knows that he must address his remarks to the Chair. I have tried to caution him on this point.

The time for questions and comments has now expired. Resuming debate.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I too would like to join members in this House in wishing you a happy new year and to convey my experiences over this past month in my workings in the constituency and hearing the concerns of Canadians.

As my colleagues in the New Democratic Party said earlier today, the experiences we heard about in our constituencies are certainly not in keeping with many of the statements and priorities raised today in this House of Commons.

We are in the middle of a serious discussion of a major piece of legislation, Bill C-28, which deals with many aspects of the realities of people's daily lives. Yet many of the comments and statements today have hardly touched on those realities.

I pointed out before the failure for members on the Liberal side and among the Reformers to seriously deal with the bank issue, to seriously address this monster merger and talk about it in terms of the impact of such a development on the lives of families in our

communities. Why the silence or, even more significant, why the support for such a devastating development in our society today?

• (1750)

More specifically, we have just heard a number of responses to a very important part of this bill pertaining to the Canada health and social transfer. I am pleased to have a few moments to address what many would consider to be the most regressive social policy in the history of this country, to talk about a Liberal policy that many in our communities would suggest is more destructive of Canadian unity than any other development we have seen in recent times.

Members of the Liberal Party would suggest that anyone who raises concerns about the Canada health and social transfer are just nay sayers and talking without facts. I would suggest that if members of the Liberal party have trouble hearing the concerns that we raise on this side of the House then perhaps they should listen to the words of reputable members and activists in their midst, people associated with the Liberal party. I suggest they take a very serious look at the speech made recently by Tom Kent entitled medicare, how to keep and improve it, especially for children.

Tom Kent says: "For this medicare we owe no thanks to the present generation of federal politicians. It survives despite them. Though they pose because of its popularity as the defenders of medicare, in fact they have destroyed the financial basis on which their predecessors created it. That political betrayal is the root cause of the tension that, despite the public will, now pervades medicare".

The bill today or that part of bill today which deals with the Canada health and social transfer allows the Liberal party to live up to its astonishing claim, its astonishing commitment to put back into the health care system what it has not yet taken out. It allows this government to create an illusion of being concerned about health care, standing up for medicare, all the while taking the heart and soul out of this most important national institution.

This is really a bill of tricks to try to convince Canadians that the government is deeply concerned about medicare while cutting deeply into the system and causing the very things it says it is opposed to, privatization, two tier health care, user fees, people's loss of confidence in our health care system. It is this government's policies starting with the CHST that have done more to erode medicare than anything else we have seen in the history of this country.

In the last election we heard from all parties on this issue. The Liberals claim to have seen the light, to recognize the errors of their ways and are investing new money into health care. We saw that promise reconfigured in an announcement last month by the Minister of Health and the Minister of Finance suggesting that this

new investment was happening and \$1.5 billion, as we heard today from members opposite, was suddenly going to appear on the table and be reinvested in health care.

Let us be clear that is absolute rubbish and nonsense and an absolute misrepresentation of the facts. In no uncertain terms, this government is not putting any new money into health care; it is simply announcing that it will not proceed with the cuts that were going to happen next year.

What kind of hypocrisy is this? How can people have faith in a political system when those kinds of untruths are spread across this country? The fact is this government in 1993 was handed a \$19 billion investment in health, post-secondary education and social assistance and proceeded to take \$6.8 billion out of the system.

• (1755)

We know what that has done from coast to coast to coast in this country. You cannot just take that kind of money out of the system and pretend that everything is rosy. You cannot now say that you are putting money in that you are not putting in. You cannot do that to the Canadian people.

Let me say while I am on this topic that the Reform Party has no business suggesting it is the defender of medicare by claiming to put \$4 billion back into health care. We heard it in the election. What did we hear? The Reform Party was putting an extra \$4 billion into health care. What Reformers did not say was that they were planning to cut \$3.5 billion from welfare spending. What does that mean? They were planning a \$500 million investment in terms of federal social transfers.

Let us put it into today's context. Today they say they are putting \$4 billion into health care. In the same speech and in the same breath they are going to eliminate equalization. By today's figures that is \$8 billion.

How can Canadians believe that Reformers or Liberals in this House are standing up for medicare when in fact their real agenda is to destroy medicare, to move us to the Americanized model of health care where the rich get access and the poor are denied any hope of quality health care?

The Conservatives started the erosion in the whole transfer system through their series of legislative amendments changing the rate by which money would flow to the provinces so that in fact cash would eventually run out, destroying any hope of enforcing the principles under medicare. What did the Conservatives turn around and promise in 1997? To increase health care spending by 30%. What they failed to mention is they were basically offering to transfer federal taxing power to the provinces—no cash.

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That brings us to the current issue today. Never mind that this is not real money we are talking about, the government is suggesting it has put all this money into cash points, missing the whole point that the future of medicare depends on stable, significant, realistic cash funding for health care, without which there is no hope, no possibility of ensuring that all provinces and territories live up to the standards under the Canada Health Act.

In my last minute may I suggest four recommendations to the government that will help us preserve medicare, put medicare on a solid footing so it is there for the youth and the children of this country. Let me suggest first that this government stop its agenda of deregulation and privatization, beginning with its own health protection branch.

Second, try for goodness sake to rethink its position on patent protection. It makes no sense to talk about preserving medicare when it is allowing patent protection for big brand name drug companies to go on for 22 years adding enormous cost to our health care system.

Third, begin to restore the federal cash transfer payments and ensure that money is used to mould and improve our system so that it is truly a community based preventive health care model which will endure for years to come.

Finally, I suggest this government actually look seriously at consulting all these organizations which are deeply concerned about the future of health care and have an open ear and an open mind to some very positive constructive suggestions and start to truly invest in health care. Work with those communities, with the provinces and the territories to ensure that we have a medicare system that is on a sure footing but prepared to take on the challenges of the millennium.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr Speaker, I would like to thank the hon. member and concur with her comments about the hypocrisy of this Liberal government in claiming to be the great defenders of transfers to the provinces for health care just after having slashed several billions of dollars in such transfers. I think she made the point eloquently, a point with which we agree. I would however like to correct the record on a couple of points.

• (1800)

The hon. member suggested in her remarks that the Reform Party proposes to eliminate the equalization program and payments. That is inaccurate. We have proposed to reduce those payments by some 12% which is hardly the 100% she suggests. It is 12% because we believe that in one of the wealthiest countries in the world there really are not seven legitimate have not provinces. We believe those benefits would be better focused on the very poorest provinces as opposed to taking from two or three provinces and spreading them among seven or eight.

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The hon. member also suggested that the Reform Party proposes the adoption of a free market American style health care system. That as well is inaccurate. First of all, roughly half of the American health care spending is funded by the public sector through medicaid, medicare and other programs.

That aside, the Reform Party supports a universal publicly accessible health care system. But we support a system which provides quality care, accessible to all, unlike the kind of care provided today in the socialist utopias of Saskatchewan and British Columbia where waiting lists continue to grow, where rationing is increasingly a problem, where expensive diagnostic infrastructure is less and less available to the people who need it and where specialists continue to leave for more hospitable health care systems.

The hon. member being from the NDP hardly has a clean record in her own party's management of the health care system. Therefore I think she ought to be somewhat tempered in her remarks.

Ms. Judy Wasylcia-Leis: Mr. Speaker, this begs a lot of questions about Reform policy when it comes to cash transfer payments from the federal government to the provincial and territorial governments for health, education and social services. Looking at the Reform Party's promise in the last election, it was very clear about yes, spending an extra \$4 billion a year on health care but in fact cutting \$3.5 billion from welfare spending and therefore only promising to add \$500 million to the federal social transfers. In other words it was going to restore about 9% of what the Liberals had cut.

Today we are hearing about its promises to cut either totally or in part equalization payments. We have to look at equalization and transfer payments for health, education and social assistance as a package. We are talking about means by which we try to equalize conditions in this country so that everyone regardless of region, regardless of sex and regardless of income has access to quality health care services, to public education and to assistance in times of need.

We have not heard a peep out of the Reform Party about the fact that the CHST really took 40% out of the transfer payment system which put a lot of people into precarious situations and drove more people into poverty. It is not prepared to stand up and talk about transfer payments as a goal to meet the values of this country which stand for equality, dignity and respect for everyone.

My comment is simply to call on the Reform Party to be up front, honest and open about where it stands on this whole issue of transfer payments and to tell us exactly what it means about a universal health care system. What we have to go on is the Reform Party standing up and opposing any attempt to put in place a universal pension system, any kind of a national income retirement system in this country.

On every front when it comes to those programs which reflect the values of Canadians and which have helped shape this country, the Reform Party has backed off and has in fact played a leading role in eroding those programs. We have no confidence and have seen no evidence from the Reform Party about how it will ensure universal health care in this country.

It needs to start by addressing the question of patent protection for multinational drug companies, something on which we have heard nothing but silence. In fact that goes to the very heart of the matter when it comes to ensuring that medicare is on a strong, stable footing.

• (1805)

What is the Reform position on 22 year patent protection for multinational drug companies? What is the Reform position on the deregulation of the health protection branch? Where is Reform's emphasis in terms of a universal health care system and a government that plays a role in terms of ensuring that people are protected from the vagaries of the marketplace and where government plays a role in terms of equalizing conditions from one end of the country to the other?

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, once again we are listening to the NDP rhetoric. If I could go back to the comments made this morning, the member for Kamloops painted a picture that the economy was going down the drain, that there has been no progress made in this country at all since 1993. Clearly that is wrong, but of course the NDP needs to focus on that rhetoric in order to deliver its message.

The member started her comments by asking why there is silence on the bank issue. What does Bill C-28 have to do with the bank issue? We are talking about an increase in the stabilization of a cash floor in the CHST plus some other tax measures.

The finance minister and the prime minister have stated quite clearly that when it comes to the bank merger, which she made reference to, there is a process in place. This government will continue with that process. There will not be a knee-jerk reaction to this announcement of a merger by the banks. The minister has clearly said that once that information is brought forward, it will be looked at in consultation with Canadians and if that merger is not in the best interests of Canadians, it will not happen. I do not know why the comment was made other than that it is NDP rhetoric.

With respect to her comments on this bill, she made a comment that we are supporting a two tier system, that we support user fees in this country. When the province of Alberta attempted to set up private clinics and put forward user fees, it was this government that withheld and was willing to withhold transfers to that province in order to ensure we maintained the level of health care that

Canadians expect. We are ensuring that we will support the principles of the Canada Health Act.

The member went on to say that this bill does nothing to put money back into the social transfers. Let us not be ridiculous. This bill reflects a changing fiscal reality. We now have dollars to reinvest in the priorities of Canadians. In 1998-99 the pre Bill C-28 cash transfer would be \$11.6 billion while the post Bill C-28 cash transfer would be \$12.5 billion. In 1999-2000 the pre Bill C-28 cash transfer would be \$11 billion while the post Bill C-28 cash transfer would be \$12.5 billion. That is real cash that is going to the provinces in the form of a transfer. What we have post Bill C-28 is a 2.5% increase in the transfers to the provinces.

Ms. Judy Wasylycia-Leis: Mr. Speaker, again what we have from the Liberals is a promise to put back into the health care system what they have not yet taken out. They will not deal with the fact that they took the biggest bite out of financing for health care in this country in the history of medicare. They took out \$6.8 million which is what has put medicare on such a precarious footing and has opened the door to developments such as what we saw in Alberta with the for profit hospital springing up, with other clinics that are involved in offering services to those patients with the money. That is the kind of situation we have as a result of Liberal policy and this bill does not address the facts.

The member asked a question about what the banks have to do with anything. They have everything to do with finances, with fiscal policy, with income tax. As my colleagues mentioned earlier today, it is precisely that we have a government that expresses outrage at something while it signs an agreement and then uses an excuse—

• (1810)

Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.): Mr. Speaker, I am delighted to speak in support of Bill C-28. This bill very much defines the heart of our country. It concerns the social pillars of our nation, our shared identity, our shared human values and our shared aspirations as Canadians.

I would like to hear from members opposite who debated earlier where they in fact stand in terms of support for the bill. Are they supporting the bill? Is the NDP supporting the bill? I hope so. Is the Reform Party supporting the bill? I hope so. Are the Bloc and the Tories supporting the bill? I hope they all do at the end of the day. They can of course share their concerns with us, but at the end of the debate I hope they can support the shared identity, human values and aspirations of Canadians.

Why is this bill about the soul of our nation? I see two or three major components to this bill. The first one is the Canada health and social transfer which covers the areas of health care, education

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and social assistance for Canadians. The second one concerns the registered education savings plan which relates to post-secondary education. Third, but not limited to these three, is charitable donations.

Speaking about charitable donations, Canadians should note, and opposition parties should also convey this message, that we are increasing the charitable tax credit from 50% to 75% of net income. My constituents in Winnipeg North—St. Paul, my constituents in Winnipeg North before it was changed, told me that we should increase the tax credit and we are now doing that with this bill. I hope this will be taken very positively by the members on the opposite side.

For the first time we will see that donations to charitable organizations will be the same for all charities and not limited to donations to crown corporations or crown foundations. By increasing the tax credit for charitable donations, we are encouraging even more the Canadian spirit of gift giving among our fellow Canadians and for those in need. This is truly a reflection of our social conscience.

The bill also deals with increasing the contribution to the registered education savings plan from \$2,000 to \$4,000 a year. This is certainly a big amount that can be earmarked for the education of our youth in our families. For parents who fear that their children for any reason may not want to go to college or university, this bill will ensure that contributions made to registered education savings plans will be transferable to the parents' registered retirement savings plan. Therefore nothing will be lost and savings will be gained.

Although our youth may only represent about 20% to 25% of Canadians, they truly represent 100% of our future. We need to ensure that the cost of education becomes more and more affordable for our youth.

I will move on to the heart of this bill, the Canada health and social transfer. This is a compilation of what used to exist, the transfer payments for health and social assistance. Provinces in the past have told the federal government that they should be allowed more flexibility in the delivery of programs. That is in our Constitution. The delivery of health care and social assistance programs is within the constitutional jurisdiction of the provinces. Out of respect for the provinces and to give them greater flexibility in defining how best to deliver this system, we have allowed for great flexibility with this kind of Canada health and social transfer.

However even as we have allowed this flexibility in terms of the administration of these programs on the part of the provinces, the federal government has seen to it that the five principles of medicare which include portability, universality, comprehensiveness, and non-profit public administration of the system will be

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maintained. While we have ensured these standards of medicare, we have allowed for flexible federalism.

● (1815)

In addition to the five principles to which I have just alluded, including the principle of accessibility, I remind members opposite that there is another principle in the bill which we may forget, that is no user fees on the part of institutions which may apply them. My colleague, the Parliamentary Secretary to the Minister of Finance, has alluded to the fact that when Alberta tried to impose user fees we withheld the transfer payments until the province of Alberta complied with the provisions of the Canada Health Act. Another principle relates to no extra billing on the part of physicians. We have one of the most beautiful health care systems in the world.

We have guaranteed a cash floor of \$12.5 billion a year until the year 2003. The government has seen to it that it will be instituted one year earlier, commencing in 1997. In total it will represent six years. Instead of getting only \$6 billion over a five year period, actually \$7 billion in transfer payments will be made to the provinces for the CHST. This represents the largest single pledge which the government has made to date in terms of our social programs. Certainly it reflects the commitment of the government to the social institutions of the country.

Because our transfer payments include not only the cash floor but equally the tax points, it is important to note that as the economy grows tax transfers will increase. However, because the total transfer ought to have subtracted from the tax transfer, we have ensured in the bill that the cash floor of \$12.5 billion will remain constant and will never fall below that level. That is what we call stability. It is stability in terms of the amount and it is stability in terms of the period of funding for the next five to six years.

When we combine the cash floor and the tax transfer, by any simple arithmetic calculation the actual amount—and the opposition parties ought to admit this—will increase to as much as \$28.6 billion by the year 2003.

In addition to this program we have also established the health transition fund to pilot health care delivery systems in the country. I hope to see, as per the commitment we made in the 1997 election, the future of home care and pharmacare in Canada.

What we are hearing from the Reform Party is that we need to cut taxes. We also believe in tax relief for Canadians, but our approach is more balanced. When we have a surplus we will see to it that half of it will go toward tax relief, beginning with those Canadians who need tax relief the most, and as well toward debt reduction. In contrast to Reformers and Tories, we would like to spend the other half on social programs and economic investments so we can continue to sustain the economy and develop it even more, and as well to ensure that our vital social programs such as medicare and support for post-secondary education remain.

The NDP, on the other hand, will say that is not enough. I think that we need to inject a dose of realism. It is not enough, but we do not have enough money in the country. There are competing demands on the amount we have as a nation.

Thanks to the government we were able to reduce the deficit from \$42 billion in 1993 to what perhaps in the upcoming budget will be almost, if not quite yet, a balanced budget. That is a significant success in restoring order to the fiscal house of the country. That in all humility must merit the commendation of Canadians.

● (1820)

Speaking of fellow Canadians, I would like to add at once that the success of the federal government has not been because we did it alone. In fact, we succeeded because Canadians across the country joined us in the fight to reduce and eliminate the fiscal deficit.

Now that we are nearing that success, now that we are close to balancing the budget, we have to respond to the sentiments of Canadians. We must give back now to social programs and economic investment although not to the point that we go back, as the NDP is suggesting, to an era of deficit spending.

We would like to spend more on post-secondary education. We would like to increase the infrastructure of the country, including not only roads and bridges which we would like to repair and build, not only repair of the sewer system in the country which we would like to do, but actually addressing the challenge of this current century and the new millennium. We must invest in the infrastructure of high tech technology. We must invest in research and development such as increasing the grants to our granting councils, to the Medical Research Council and to the Engineering Research Council, including support for research in the humanities.

In this way we will be able to include the social, the medical and the technical needs of the country that the current century and coming millennium challenge us to do.

I heard remarks during earlier debate that there had been cuts to transfer payments. That we said we did. In fact it was necessary and it was the sacrifice I was speaking to earlier when we had to cut transfer payments.

Not to have done that may have meant at this point we could not be speaking about fiscal surplus. In a sense we took that bold step and for that bold step Canadians gave us a renewal of the mandate. That we cannot dispute.

In contrast to what others say, that the transfer payments have decreased by about 35%, if we include equalization payments which are also part of transfer payments, the amount of decrease was not as much as 35%.

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Let us support the bill. Last November or December I consulted with the constituents of Winnipeg North—St. Paul. To them I posed the question very explicitly. I asked whether they would like us to continue as we had pledged, that any surplus would henceforth be spent half for debt reduction and tax relief and the other half for social programs and economic investments. Or, would they like us to change the pledge? Everybody present in that community forum said that we must keep our pledge. That is what we are doing.

Bill C-28, as I said earlier, is about the social conscience of our country. It is about the generosity that we have for each other as Canadians. The government reflects that social conscience in Bill C-28.

We would like to have a peace of mind when we get ill by sustaining our medicare system. We would also like to secure the future of Canada by ensuring that the cost of education remains at all times affordable to our youth.

Earlier in the debate an NDP member quoted Mr. Tom Kent saying that there had been some sort of betrayal. The NDP member went on to say that what we were seeing here was an illusion. Then she said that this was about a bill of tricks. Use of those words can be very beautiful, but when we analyse them very carefully we can ask whether the NDP is happy or is the NDP a hypocrite. Is \$1.5 billion not real money? Is \$1.5 billion only an illusion?

• (1825)

The amount of \$1.5 billion is being added to the \$11 billion that was supposed to be. The increase that will now amount to \$12.5 billion did not just come from the air. This was an amount recommended by the National Forum on Health chaired by the prime minister himself. This was an amount that was deemed essential and the government made a positive response to that recommendation.

The recommendations of the National Forum on Health and others were supported by the NDP, by the Reform and by the Tories. Yet how could it be that when we are discussing a specific recommendation implemented in the bill we are hearing these questions of betrayal, of tricks and of illusions? We must come down to reality. When a bill indicates funding that will not go below the floor of \$12.5 billion for the next five years, that is stable funding by any definition.

This amount was recommended by the National Forum on Health after wide consultations in the country. That is a realistic amount. When we give \$12.5 billion for the Canada health and social transfer, by any definition that is a significant amount. I hope I have addressed the concerns of the NDP that wanted to hear that we have stable, realistic and significant funding.

I end with a key message. Because of the fiscal progress the country has made since 1993, we are now able to reinvest in the priority areas closest to the government's heart: medicare and education, research and development, and continuing support for the economy. We have responded very well to the National Forum on Health. I hope at the end of the day, at the end of debate, we will have unanimous support for the bill which is in the best interest of Canadians irrespective of their walk of life.

The Speaker: We have approximately two minutes left so I will allow a minute for comment and question and a minute for response. I will go directly to the member for Acadie—Bathurst.

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): I will try to be brief in putting my question, Mr. Speaker.

My hon. colleague was saying that the people of Canada support the Liberals in their fight against the deficit and have joined them in that fight. I do not agree with him because they did not give Canadians any choice.

Let me give you an example. In our region, the Liberal provincial health minister personally stated that, as a result of federal transfer cuts, in New Brunswick, seniors receiving long term care in hospital who are transferred to a nursing home may end up losing their homes if they cannot come up with \$38,000 a year. That is the cost involved. I call that a two-tier system too.

[*English*]

The Speaker: The hon. member for Winnipeg North—St. Paul has approximately 45 seconds.

Mr. Rey D. Pagtakhan: Mr. Speaker, certainly there are still problems. We do not deny that. We are realistic as well. However we have to put the problems in their context. We would all agree that delivery of the health care system is completely provincial jurisdiction.

• (1830)

When we speak of problems in the delivery of the health care system we have to challenge as well the provincial governments as to the level of funding they are giving to their systems in addition to the transfer payments. We are looking as well to the home care program that we may want to establish. This will require federal and provincial negotiations.

We are looking at establishing a national drug plan to the best that we can, following federal-provincial negotiations. I am really amazed that the member would say that the Canadian people did not support the need for the reduction of the fiscal deficit. I think they did and we are now reaping the benefits.

*Adjournment Debate***ADJOURNMENT PROCEEDINGS***[English]*

A motion to adjourn the House under Standing Order 38 deemed to have been moved

IMMIGRATION APPEAL BOARD

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, in December I asked the minister a question about the Immigration and Refugee Board. I would like to start off by congratulating an advisory group making recommendations to the minister for the work it did on that report, Mr. Roger Trempe, Miss Susan David and Dr. Roslyn Kunin,

One of the recommendations they made was to eliminate the Immigration and Refugee Board. The Immigration and Refugee Board is a national embarrassment to Canada right now. I could not agree with them more. What is interesting about it is that they make that recommendation, the minister puts out a press release congratulating them and a couple of days later she appoints a former Liberal member, Anna Terrana, to the Immigration and Refugee Board at a salary of \$84,000 a year. We have to wonder how serious the government is in really looking at these recommendations.

The Immigration and Refugee Board has a 28,000 case backlog. Out of 21,000 people who have been ordered deported, there are 15,600 people left in Canada; 4,000 deported, 15,600 still in this country.

The people on this board make \$86,400 each. That is the maximum. There are 198 members, \$74 million a year. A good recommendation is to get rid of this board because it is not doing the taxpayers in this country any good at all.

There are 29,000 cases outstanding by the Immigration and Refugee Board. Eight-five hundred previously rejected are now under review. The average processing time for a claim is 13 months. Review of cases takes seven months. In reality the first processing of a claim takes two and half years.

Sixty per cent of the refugees who arrive in this country arrive without a passport or without identification. It costs about \$300 million a year to keep these refugees on welfare and assistance.

It is time that this minister got serious about this board. The recommendations from her committee say that it should be cancelled. There was a great article this weekend by Anne Dawson of the Ottawa *Sun*. The chairman of the board, Mawani, refused an interview. So did the minister.

The public wants this board cancelled. It wants a different process. The Canadian people are fed up with what is happening with the refugee situation, people coming to our borders demanding status in Canada. They should have to apply from outside Canada like all the other people who come here. We hope the minister will take what the public wants, take what her committee is recommending and abolish this board.

Ms. Maria Minna (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I welcome the hon. member's comments. It is important that the legislative review committee task force has done a great deal of work.

The minister has made it quite clear that she wants to consult with Canadians with respect to the recommendations and to hear back from Canadians as to the kind of direction the legislation will take. The hon. member is also welcome with his colleagues, as is every member in this House, to submit proposals, to react to the report as well. I am sure members of the committee will also be looking at this report.

It is premature at this point given that this report has only just been tabled and the minister will be starting on her consultations very shortly to immediately start talking about adopting one part or the other of the report. The report deals with a holistic approach in all parts of the act. It deals with the Immigration Act, the Refugee Act as well as the Citizenship Act.

One of the things the auditor general said very clearly was that we not take a piecemeal approach to changing the act or changing the immigration system but to look at a holistic way in dealing with it in all its parts.

• (1835)

When we deal with the Immigration and Refugee Board and its work and how its work in future will evolve, we are also looking at issues such as appeals, removals and so on. These are all very important issues that will be discussed. I am sure the hon. member will be participating and hopefully will be giving, with his party, his views on the rest of the report in addition to this one part.

[Translation]

The Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.35 p.m.)

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