



CANADA

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OFFICIAL REPORT  
(HANSARD)

**Monday, March 23, 1998**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Monday, March 23, 1998

The House met at 11 a.m.

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*Prayers*

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## PRIVATE MEMBERS' BUSINESS

• (1100)

[*English*]

### RESERVE FORCE ACT

**Mr. Jim Hart (Okanagan—Coquihalla, Ref.)** moved that Bill C-232, an act to facilitate participation in the reserve force, be read the second time and referred to a committee.

He said: Madam Speaker, I rise today on behalf of the people of Okanagan—Coquihalla to speak to my private member's Bill C-232, the citizen soldier act. This bill will entitle employees of the federal government to a period of leave not exceeding two months annually for the purpose of training in the Canadian Armed Forces reserve. This legislation does not affect the private sector and private sector employers.

The question of legislating employers to allow training time for reservists with full time employment has been a contentious issue for some time now and, in particular, since the increased contributions in military activity since the early 1980s.

In response to the problem a national organization called the Canadian Armed Forces Liaison Council was designed. It was first established in 1978 with a goal that was not aggressive enough to accomplish its mandate of bringing more employers into agreement with allowing reservists to participate in the Canadian Armed Forces reserve.

• (1105)

In 1992 it was reorganized, given its present name and a new, more challenging mandate. The Canadian forces liaison council's mandate not only includes promoting reserves to the business community, but also advances reservists' concerns to business and works directly with employers in the area of recruitment.

The Canadian forces liaison council has been very successful. More than 3,000 employers have indicated their support of the reserve force in writing, including more than 1,700 who have adopted a military leave policy.

Some employers also pay the difference between military and civilian pay and other employers are even giving two additional weeks' leave for courses in the reserve.

I acknowledge that the Canadian forces liaison council has done a wonderful job. However, its role has been limited to the private sector and there is room for improvement, in particular when it comes to the need for the federal government to take a leadership role in allowing its employees to participate in reserve training.

This first came to my attention in 1994 when the then chief of defence staff, General John de Chastelain, appeared before the special joint committee reviewing Canada's defence policy.

When I posed a question to the chief of the defence staff on this issue he told the committee that the federal government was the worst offender in allowing training time for reservists.

Again in 1995, after the report on restructuring the reserves was presented to the Minister of National Defence and then to the House committee on defence and veterans affairs, I asked the members of the commission, the three commissioners, again to confirm whether or not the federal government was playing a proactive role in allowing reservists the training time they required to participate in the Canadian Armed Forces. Again they agreed with me that the Government of Canada, the federal government, the largest employer in our nation, was not in fact promoting reserve friendly policies in office protocol.

There it is. A contradiction exists. On the one hand the government encourages private sector employers to have their employees participate in reserve training through the Canadian forces liaison council. On the other hand, public service employees are not receiving that same encouragement. Bill C-232 addresses that discrepancy.

When surveying different defence associations across the country about my bill, I received a letter from Lieutenant Colonel D.W. Wright, representing the Royal Canadian Armoured Corps Association. He said that the Government of Canada has provided for

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limited military leave within the Public Service Staff Relations Act. Employees are permitted to receive a leave of absence for military duty and may elect to receive either their government salary or their military per diem.

He goes on to say that, unfortunately, the regulation is permissive rather than directive and most often thwarted by supervisors who exercise the ultimate discretion.

I will repeat that because it is very important and very disturbing for people who wish to serve their country through the reserve force. He said that the policy is most often thwarted by supervisors in the federal government who exercise the ultimate discretion. Therefore that means the reservists must devote their annual holidays which they have earned through their work with the federal government to meet their training obligations.

It is with this poor record of the federal government in mind that I introduced Bill C-232. This bill does not attempt to supersede the fine work done by the Canadian forces liaison council in the Canadian business community.

The Minister of National Defence, through the Canadian forces liaison council, would still be able to negotiate with private sector employers training time for private sector reservists. This bill does not affect them in any way, shape or form. What it does is directly attempt to address the poor record of the federal government when it comes to reserve training. With Bill C-232 I hope to accomplish three fundamental things: one, to enhance participation in the Canadian Armed Forces reserve; two, to ensure reservists receive the training required for effective augmentation of the regular forces; and third, to lay the groundwork for a national mobilization plan for Canada.

• (1110)

Participation in the reserves can benefit employers tenfold. Through their part time military experience reservists acquire many skills that are transferable to their jobs, including leadership, discipline and loyalty. Often reservists acquire special technical skills which they can use in their specific trade or profession in their civilian life.

Many employers have discovered the tremendous value of reserve training and education as their employees become more productive, more capable and highly motivated. All they ask in return from their employer is to train and upgrade through their military qualifications.

In the past few years Canadians have had the opportunity to examine firsthand the role reservists play domestically and internationally. I thought I would take just a few moments to talk about those instances.

Most recently, of course, the ice storm in eastern Canada required the deployment of some 4,000 reservists to the provinces

of Ontario, Quebec and New Brunswick to assist in humanitarian relief.

Similarly, last year's floods in the Red River Valley required the deployment of some 500 reservists.

On the international scene, 800 UN peacekeepers, or 20% of Canada's entire UN commitment during the UNPROFOR mission in Yugoslavia were reservists, part time soldiers, citizen soldiers.

In 1993 it is interesting to note that Canadian soldiers fought their biggest battle since the Korean war. The battle in the Medak pocket pitted Canadian personnel and French troops against the war-hardened Croatian army. More than half of that proud troop was made up of citizen soldiers, reservists from the militia in Canada.

The Canadians won the battle. It was a true success for our Canadian Armed Forces, for reservists and for the total force operation.

Reservists continue to play an important role in the Canadian Armed Forces as part of the total force. They serve with distinction domestically and internationally and remain a vital link between the Canadian military and society at large.

The federal government, as Canada's largest employer, should create an environment where individuals can explore service in the reserves and serve their country. For example, militia units generally are made up with over 60% of their soldiers being either students, seasonal workers or unemployed persons. These soldiers have very few problems when it comes to finding the necessary time to train. However, once the militia reservist has finished their schooling and finds a full time job, the reality is that their priorities change. They tend to quit the reserves, quit the militia unit, and go into civilian life. They see this option as being easier than juggling their lives to ensure time for work, friends and the militia. These soldiers, in a way, are being punished for trying to keep a regular job and a regular life while trying to serve the government and Canada as well.

This bill is designed to enhance participation in the reserve from all walks of life, not just from the ranks of students and the unemployed. The federal government must take a leading role in facilitating participation in the Canadian Armed Forces reserve. As an employer, government departments and agencies can help individuals balance their careers with a desire to serve their country.

This attitude will filter down to smaller private sector employers. This is a very important point. One of the reasons for this bill is leadership by example. We want the federal government to do what the federal government is asking the private sector to do through the Canadian Armed Forces liaison council.

• (1115)

This will have two dramatic impacts. First, many working Canadians will have the opportunity to consider serving their

country part time in the reserves. Second, the reserves and the armed forces in general will benefit from the new pool of skilled tradesmen and people with new abilities entering the Canadian Armed Forces.

Bill C-232 will entitle employees of the federal government a period not exceeding two months annually for training or service in the reserves. I will talk for a moment about the two month period which I have suggested. It is a length of time not to exceed two months.

I picked the two month period because the first training course a reservist must take is the general military training course. It is commonly referred to as recruit training. Some of us would call it boot camp. It is an eight week course and new recruits must successfully complete the course in order to continue service in the militia.

Reservists may receive their recruit training on weekends. Usually it is over an extended period of time, about six months in length. They have to attend recruit training every weekend, or it is offered on an eight week summer course.

Many people interested in serving with the reserves have been unable to commit to the eight week period during the summer, especially when they are employed full time. Some are unable to give up their weekends for a six month period. Others cannot get permission from their employers to take the summer course. Therefore service in the reserves is not an option for these people at this time.

Bill C-232 will enable employees of the federal government and crown corporations to take the initial eight week recruit training course. This will open up the reserve option to many working Canadians who previously could not take that course.

This does not mean that the reservists will want a two month training period every year. In fact reservists would not even have the opportunity to take two months a year. They would still have to apply for a course. They would have to meet a certain criteria. Most of the courses available to the reserves are not eight weeks in duration. In fact the normal period is about two weeks and that is why in my bill I specifically say up to an eight week period.

There are essentially three types of reserve service. Class *a* is a part time status which involves working one or two nights at the local community armoury and working on some weekends. Training cannot consist of more than 12 full consecutive days. Class *b* and class *c* services involve longer periods of continuous reserve employment.

The important point to note is that except for the initial training course most other training and specialty courses are two weeks in duration.

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Another important point in my bill is forced generation. If Canada is realistically to look at the mobilization plan outlined in the 1994 white paper, a policy such as this one would have to be put in place.

I would ask for unanimous consent of the House for Bill C-232 to be votable.

**The Acting Speaker (Ms. Thibeault):** Does the hon. member have unanimous consent of the House to make the bill votable?

**Some hon. members:** Agreed.

**An hon. member:** No.

**Mr. Ovid L. Jackson (Parliamentary Secretary to President of the Treasury Board, Lib.):** Madam Speaker, it is my pleasure to speak on Bill C-232 presented by my colleague from Okanagan—Coquihalla, an act to facilitate participation in the reserve forces of Canada.

I fully support participation in the reserves. In fact, in my riding of Bruce—Grey we have the Grey and Simcoe Foresters and Lieutenant-Colonel Rutherford who went to Somalia. We know of the good work of citizen soldiers. They serve their country very well. It is actually quite a good program.

The Public Service of Canada already has regulations in place that facilitate the granting of leave to its employees for this reason. Military leave for employees in the federal government is subject to reserve forces training leave regulations under the National Defence Act and leave with pay and without pay policies of the Treasury Board.

Crown corporations operate under their own terms and conditions of employment. Many have included military leave provisions for their employees who are reservists.

• (1120)

I am also pleased to report that approximately 3,000 other employers in Canada have participated in the provisions for military leave on their terms and conditions of employment. In its current form the proposed Bill C-232 does not bring any new benefit to reservists and it does not meet Canadian forces operational requirements. I therefore have no choice but to oppose the bill.

I draw the attention of members to clause 2(1) of the proposed legislation as it actually reduces the current flexibility of the length of military leave and its compensation. First, this provision would be more restrictive than the current treasury board policy which does not limit military leave to a two month period and allows a choice of leave with or without pay to the discretion of the deputy minister.

In addition, the restriction of two months of leave would not meet some requirements on United Nations peacekeeping missions

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which are at least 10 months and could be in excess of 12 months for United Nations military observers.

Second, the provision does not address the issue of compensation. It only provides for an annual leave of absence for a period not exceeding two months. As I have pointed out, currently public service employees have the choice to request leave with pay or leave without pay for most reservist activities.

Third, this provision does not provide any flexibility to deputy ministers who currently may grant or deny military leave. At the time of a downsized public service it is essential that deputy ministers keep some flexibility in the operational requirements of their departments.

Notwithstanding, deputy ministers have been granting military leave in accordance with Treasury Board policies. Between April 1991 and March 1997 an average of 314 public service employees per year were granted military leave with pay and an average of 20 public service employees per year were granted leave without pay.

It must also be noted that since 1970 there has been no adjudicated complaint for not granting military leave in the public service. As well, during the gulf war deputy ministers supported granting a leave of absence without pay to employees wanting to serve in the Canadian Armed Forces whether voluntary or involuntary. These employees were guaranteed the protection of their employment status regardless of the length of the leave of absence.

I would like to address another point. Employees of the government and crown corporations are subject to different legislation and regulations. Therefore these latter employees cannot be treated in the same manner as is being proposed in clause 2(1). It is my view that clause 2(1) of the proposed legislation would place more restrictions on the participation of reservists. Furthermore it is my view that clause 2(2) would have an effect on the participation of the reservists and that private sector employers would view the legislation as unjustified interference by the federal government in their labour relations practices.

The Minister of National Defence already has the authority to enter into agreements with any employer. Therefore clause 2(2) would not provide any new authority that does not exist already. Moreover it would be impractical for the Minister of National Defence to enter into an agreement with an estimated 10,000 current employers of reservists.

The possibility of using legislation to mandate employer support for military leave and to provide job protection for reservists serving the Canadian forces has already been studied. It was found that such legislation could lead employers to discriminate against reservists in their hiring practices. As well, it would result in a

significant financial burden for certain employers and would cause a general backlash on the part of some employer associations.

In closing, I reiterate my position. I fully support the participation in the reserve forces. I must oppose the bill because it would not promote participation and it would not make it easier for citizens of Canada who wish to participate in reservists activities.

On another note, I have been a member of the Grey and Simcoe Foresters in my riding of Bruce—Grey since 1968. I speak to the men and women who participated whether it was the ice storm we recently had in Ontario and Quebec or the floods out west. There is no doubt in mind that reservists are necessary and important. They have certain skills.

● (1125)

For instance, we could have a medical doctor who is maybe a professor emeritus of some university with specialist skills in case of a sudden chemical war. In situations where their services may be required there is no doubt in my mind that these men and women will volunteer their services. Canadians are well known for this. Dr. Bethune who went to school in the riding of Bruce—Grey participated in China with blood transfusions and his work helping people overseas is well noted.

I reiterate that I love the reservists. I think they play a great role. It is great that we can draft an engineer working for a firm to go overseas to rebuild a bridge that was damaged in a war torn place.

The Canadian example is great for the world. We export our democracy and our civil way of living. We would like the world to be like us because we are a great country.

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I am pleased to rise today in support of Bill C-232 and the principle involved in it. As I understand, it is basically that the government should practise what it preaches to the private sector and institute a regime within its own house that would permit Canadians who work for the federal government to have leave for training as the member intends in the bill.

There might be some problems that could have been straightened out in committee if the bill had been made votable and referred to committee. I do not think the member on the government side made a convincing case for the necessity of the bill being defeated at this point.

If the bill contains the germ of a good idea, which I think it does and which I think the government member thought it did, I do not know why unanimous consent was denied by a government member. This could have gone to committee. The committee could have sorted out some of the details and perhaps come back to the House with an improved and amended bill but nevertheless a bill that

would have gone some way toward accomplishing what the hon. member intends in the original draft of the bill.

I add my own compliments and those of my colleagues for the work done by reservists over the years both domestically in terms of the ice storm and the flooding in Winnipeg and in terms of work they have done as part of Canada's peacekeeping forces around the world.

If the bill were to go ahead, it would provide an opportunity for more Canadians serving in the armed forces reserve to participate, having had the benefit of more training than they sometimes have now as a result of the difficulty some of them experience, particularly those who are working for the federal government but also those in the private sector although the bill is intended to deal with those working for the federal government. I am referring to the difficulty they experience in getting the permission and the time to take the kind of training they would like to have the benefit of.

It appears we are to have a smaller regular armed forces as there have been numerous cuts both in the strength and in the resources available to the Canadian Armed Forces. Then we would rely more and more on reservists to do the kinds of things we want our armed forces to do, whether it be in peacekeeping, addressing a civil disaster or whatever the case may be.

One thing has always mystified me over almost 19 years of being in the House. Why have reserves always had to be on the begging end of things when it comes the defence budget? It is the one area where there has been no disagreement among the parties.

• (1130)

We have disagreed here in the past on cruise missiles, nuclear submarines, all kinds of things. But no one has ever disagreed about the importance of the reserves and the fact that they need more resources than they get.

That unanimity or consensus has never seemed able to provide the impetus for any government that I have experienced so far to provide the reserves with the kind of policy framework and the resources they so clearly need. These are needed if they are to fulfil both their traditional role and the expanded role which is being increasingly required of them as a result of the cuts in the regular forces and the increasing demand on Canada to participate in various peacekeeping efforts.

It is regrettable the government decided to stand in the way of this bill at least going to committee. These things could have been considered in committee so that we might have before us some legislation which required the federal government to make this kind of leave available to its employees who are active in the reserves and who wish to have this kind of training.

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This would have benefited many people who serve in the many fine regiments in Winnipeg, the reserve regiments, the Fort Garry Horse, the Queen's Own Cameron Highlanders, the Royal Winnipeg Rifles and of course those who serve in both the navy and the air force reserves. There are a lot of Canadians in Winnipeg who are active in the reserves. I am sure I speak on behalf of them when I say that this bill should have been given more consideration than it apparently has been given by the government.

I regret that the bill has not been made a votable item on the floor of the House of Commons and sent to committee. Then we could have had a recommendation come back to the House that would have made it that much easier for the men and women in the Canadian Armed Forces reserves to get the kind of training they are entitled to.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Madam Speaker, I would like to congratulate my colleague the hon. member for Okanagan—Coquihalla not only for bringing this private member's bill forward but also on his recent marriage. Congratulations to him.

My friend and colleague has done a tremendous amount of work for the military for quite some time. As our previous defence critic he did an enormous amount of work bringing the plight of the members in the armed forces to the forefront.

Bill C-232 which my friend from Okanagan—Coquihalla has brought to the House is an effort to try to augment the ability of our armed forces to continue to do the great job it does in increasingly difficult times. As we in this House know, the armed forces has had a very difficult time with cuts. As such the number of people in our armed forces to carry out its duties has diminished dramatically.

How do we deal with this? How do we ensure that we are going to have enough people to carry out our duties and our international obligations as a member of NATO and so many other groups?

Bill C-232 enables us to buttress up the number of people in our armed forces through reserve members. The bill calls for a number of people to be taken from the public sector up to two months every year to carry out their training, their duties and their activities as part of a Canadian reserve force that would be integrated into our existing standing forces.

The bill challenges the government to show leadership. The defence committee's 1994 white paper said very clearly to the government that reservists are needed to buttress up the armed forces. A way to do that is to provide opportunities for members of the public to become reservists.

• (1135)

So far the government has again failed to act on its promise. We have roughly 25,000 members in the reserve force today. The

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government has stated that it needs 30,000. Bill C-232 paves the way for the government to do this. The bill allows people in the public sector to take up to two months from their jobs to become part of a regular standing unit as reservists.

This bill clearly allows the government to fulfil its duties and obligations as part of the 1994 white paper. The bill tries to stimulate the government into helping our beleaguered armed forces personnel and units to have enough manpower to carry out their duties.

Our armed forces personnel have had very difficult times over the last few years. In my riding of Esquimalt—Juan de Fuca they have had extraordinarily difficult times with cuts that have been made willingly and in the context of fiscal responsibility. However, what the government is doing now is cutting even further into the muscle and bone of our armed forces.

In the depot area of my riding which has been a model for downsizing and streamlining, the government is going to put these people's jobs up for tender. That is okay as long as the people who have those jobs right now are able to compete for those jobs in a fair and equitable fashion. The government is not giving them that option.

The situation is awful. Many of these people have been working in the armed forces for decades and for a wage that is below welfare rates and they are actually being forced to leave their jobs. These people who have been working below welfare rates are working because they support the military, they support the armed forces, they love their jobs and they love our country.

After all the downsizing which has taken place within their groups and which has been done willingly and effectively, the ministry of defence has now said it is going to take away their opportunity to bid for their jobs. It is going to give the jobs out to the private sector. This serious problem not only is happening in my riding of Esquimalt—Juan de Fuca but is happening all across this country.

We are asking that the members in the armed forces today be allowed to bid for their jobs in a fair and equitable fashion. The minister should not throw the baby out with the bath water. These people should not lose their jobs. We are going to lose jobs and effectiveness in the military if these jobs are tendered out to the private sector.

Our armed forces personnel are having a terrible time in terms of their finances. Some are living below the poverty level. There are some things the government can do immediately to buttress up the situation in our armed forces.

First a solution could be to make the accommodation assistance allowance non-taxable and payable to all people within our armed

forces. We should also enable the local commanders to have greater flexibility in how to handle the resources on their base. They are restricted right now by the Treasury Board. They could become much more nimble and fiscally responsible and have more money to help their people and would not be a burden on the taxpayer if they were able to have more flexibility.

The government has also raised rents dramatically on members' quarters while they have had a pay freeze for the last seven years. One cannot on the one hand go to our military personnel who are already being paid substandard wages and freeze their wages, and on the other hand jack up their rents by as much as 10% to 12% a year.

What kind of message does that give to our armed forces? It tells them that we do not care about them. That should never happen to these hardworking men and women who put their lives on the line to keep our country safe and to fulfil our international obligations.

This bill and other suggestions need to be dealt with as soon as possible.

● (1140)

Our military personnel have not had the hearing they require from this government. This government has failed our military personnel repeatedly in the past. It has not given them the tools to do their job. It has not given them the money to live on. And this is in the face of men and women, Canadians, who are giving their lives and working because they believe in the institution of our Canadian military. Many come from generations of military personnel and it is part of their heritage as it is part of our heritage to have a fine fighting force.

The government needs to tell these people what their obligations and duties are and where they fit in to the foreign policy picture. Do not leave them hanging out in left field. Support them. Give them the confidence and respect they have given this country for decades and we will have an armed forces that will be as good as it can be.

My colleague from Okanagan—Coquihalla, a former member of the armed forces, a man who knows what he is talking about, has put forth Bill C-232. It is a good and sensible bill, a pragmatic bill that is congruent with the government's obligation. In 1994 the government promised to build a strong reserve force that would complement a shrinking armed forces personnel base. That reserve force would enable us to fulfil our international obligations in a way which is consistent with our objectives as a country.

I ask that every member in this House, in particular government members as they are the linchpins in this, to look at the armed forces and to think about supporting its members, many of whom live in their ridings. Support Bill C-232 not only for our armed forces personnel but also for Canada.

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**Mr. David Price (Compton—Stanstead, PC):** Madam Speaker, I am pleased to speak on this bill, the reserve force act. As I see it this act was designed to facilitate service in the reserves of Canada's armed forces.

I am in agreement with the idea behind this bill. This is a very real issue of operating and training and recognizes that our reservists are a crucial element of the Canadian forces. Canada gets 24% of its soldiers from the reserve for only 3% of its budget. More training means more expertise for our reservists and more expertise means stronger Canadian forces.

I was in the reserves as a young man. I am likely in this Chamber today as a direct result of lessons learned.

However as with much of what the Reform Party does in this House, this bill has not been properly thought through. There are some real dangers in this bill that have to be considered. When I say dangers, I mean dangers to the Canadian forces.

I am quite sure the Reform Party has not thought of this but if this bill were to pass, it would be a further excuse for this Liberal government, a government with no respect for the Canadian forces, to further cut regular forces. It would give the government an opportunity to say "We have these well-trained reservists. We are a peace loving nation. We have priorities, we can now get rid of our regular force".

I do not know about the Reform Party but my party refuses to allow the Liberal Party any more excuses to cut the defence department's budget. It has already been cut by 25% since the Liberals took office. As we have seen in the defence committee, this has had negative effects on the military's ability to perform. It has also had a grave effect on the state of morale in our forces. My party will not give the Liberal government any more reason to further cut the defence budget.

I will talk briefly about the practical effects of this bill, the effects it will have if implemented and the way it stands now. I am thinking of a postmaster in one of my 39 small municipalities. Could he or she leave for two months? Because of this government's downsizing, there is not enough staff to rotate. Will he leave and the mail will not be delivered for two months, or does the Reform Party expect this Liberal government to pay for a replacement for two months?

In my own riding I know of several government employees who are officers in the reserve. One man is the commanding officer of the Sherbrooke Hussars. He is in charge of maintenance of all school buildings in the municipality. In his job it would be nothing short of impossible for him to leave for two months. Granted, he has worked out a very good arrangement with the school board.

• (1145)

I welcome the opportunity to meet the member for Okanagan—Coquihalla to further discuss the bill and I look forward to it coming up in committee.

**Mr. Mac Harb (Ottawa Centre, Lib.):** Madam Speaker, the intentions of the bill seem to be quite reasonable. However, when we look at the two aspects proposed, it might prove to be counterproductive.

In Canada we have many reservists who have served their country extremely well. For example, when the flood took place in Manitoba, over 800 reservists participated. Over 4,000 reservists participated in local communities in Quebec, Ontario and New Brunswick and elsewhere across the country. The recent ice storm that struck a good part of eastern Ontario as well as western Quebec and the Montreal area saw many reservists helping out local communities. Reservists have played an incredible leadership role on the national scene. Many of our reservists have participated in international peacekeeping missions around the globe and have proved to be model citizens we are all proud of.

The intent of the bill is to do two things. First, it will ask the Government of Canada or any crown corporation to allow each employee who is a reservist to have two months leave at most. The second intention of the bill will also ask the private sector to do the same. As a result of that, each reservist will have two months leave to participate in reservist activities, whether he or she works for the federal government or for the private sector.

When we look at this in isolation it sounds reasonable. However, many of the activities our reservists participate in will require more than two months. In some cases reservists will have to be on the job for 10 months or more. If there is an activity that requires more than two months, reservists will not be able to participate. At the federal level we have a system which will allow reservists to have 10 or more months leave when it is required. We have no need to concern ourselves with government policy concerning reservists. When it comes to the private sector, however, if we pass this legislation in the House of Commons, provinces will have to modify their labour codes to be consistent with what we have passed here. If we tell an employer that by law he has to allow a reservist leave for two months every year, we will create an absolute reverse discrimination against reservists. The employer may choose not to hire a reservist because he is obliged by law to give the reservist two months leave per year in order to participate in activities.

The intention of the legislation may be good, but the implementation of it may prove to be counterproductive.

• (1150)

We now have in place a better system. It leaves an arrangement existing now with the liaison office to deal with reservists entering

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into agreement with the private sector so that the private sector can do it as a part of that agreement.

I am happy to report and to share with my colleagues that presently there are approximately over 3,000 employers across Canada who participate in the hiring of reservists and who work with the military and the armed forces in order to make it easier for those reservists to have a position that is flexible and a position that will allow them to serve their country in times of need here in Canada or outside the country.

We may as well not have any legislation that is not consistent and that does not provide the reservists with a better opportunity.

I want to congratulate my colleague for thinking about the importance of making the job of reservists easier and for helping them to participate. But these reservists would be better off with what we have now than to move to the new proposal.

Now over 25% of our military deployment in Canada are considered reservists. They are doing an outstanding job for the country. Frankly, if we were to move with some sort of proposal, it would have to prove to be better than what we have. To that extent, I would be inclined not to support those two amendments in the legislation as proposed by my colleague.

I want to go on record once again on behalf of my constituents in Ottawa Centre and many of the people who live in eastern Ontario in passing along our great appreciation and thanks to not only the reservists who worked so diligently during the recent crisis in eastern Ontario and across Quebec and in the Atlantic provinces but to the military as a whole.

Frankly, quite often we forget to look in the mirror to see who we are and to realize that in fact we have some of the finest military forces in the world, that we are extremely proud of what they have done not only here in Canada but across the world.

They are model citizens. They have served their countries greatly, reservists included. They have participated in missions and they were model citizens. They have done great service to their country.

I have many reservists in my constituency in Ottawa Centre. I want to congratulate them too. I have many young Canadians who want to be part of that wonderful service and also I want to tell them that this is a great service to their country, go for it.

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Madam Speaker, I am delighted to have the opportunity to speak in this debate.

I looked at the member's proposals very carefully. I have a very genuine concern that I hope he will address in his summing up remarks.

What Bill C-232 does, as I read it, is make it a right for a reservist to have a two month leave of absence annually from the civil service. This is where my concern is.

When we give people a certain right to something, then it changes the entire character of that institution.

My concern is that if the reserve organization fills its complement of soldiers and these soldiers all have a right to a two month leave of absence from their employer, I presume with pay, then there might be a situation where a poorer quality of reservists may stay in the reserve forces. He or she would be guaranteed. He or she does not have to make a sacrifice to stay in the forces because of the mandatory two week leave of absence they get for drilling or service in the militia.

• (1155)

I think it is very dangerous. As I read it, one of the reasons why our reservists have consistently proven to be such fine soldiers wherever they have served is there has been a screening of them as volunteers. They have had to make sacrifices usually in order to belong to the reserve forces. That generally elevates the quality of soldier who serves overseas. I would be afraid that with making mandatory leave would erode the quality of soldier we would have staying in the reserve.

**Mr. Jim Hart (Okanagan—Coquihalla, Ref.):** Madam Speaker, I would like to thank all members who participated in this debate on Bill C-232, an act to enhance the participation of the Canadian Armed Forces reserve.

In particular I would like to thank the government members for coming here with the notes of deputy ministers of various departments telling us why the federal government should not enhance or encourage members of the federal government to participate in the reserve force. This is one of the problems.

I think one of the government members who spoke here today basically has talked to bureaucrats and has talked to deputy ministers but did not get into the grassroots, did not talk with the reservists themselves.

I am very proud to stand in this House and say that I served five years in the regular force and five years in the reserve force of the Canadian Armed Forces. These problems that this bill will address are real. These problems are becoming more and more evident with the policies of this government. In 1993 when this government took over in its white paper it reduced the regular force to some 60,000. This government was on track to reserve the reserve force. All the while our international commitments and commitments domestically are increasing.

The arguments the government put up today are not reasonable. The argument stating this would not allow people in the reserve to go out on UN peacekeeping missions is pure balderdash. This is basically saying that the reservists are unable to get the training to

even apply for that international commitment at this point because the federal government is thwarting their ability to apply for those courses. The government is saying no and if it does say, they have to use their own personal leave.

It does not prevent them from applying for a peacekeeping mission for 10 to 12 months. Granted, other arrangements would have to be made with an employer, because this is not job protection legislation. This is only to ensure they get their training to enable them to apply for other missions, to serve our country.

This bill will address the enhancement of the Canadian Armed Forces to more than just unemployed people and students. It will open the forces up to a wide variety of people with different skills that will bring a new meaning to the term citizen soldier. This will bring new skills and abilities and it will also address another very important issue in the white paper of 1994 by this Liberal government, a mobilization plan.

The minister of the day outlined a mobilization plan with four strategic ways to expand our force if needed. None of those commitments have been met. This bill addresses it because whatever mobilization plan we have in this country, we will require trained and capable armed forces personnel and they will have to be made up partly with reservists.

No, this bill does not discriminate against reservists. There are discrimination laws in this country. A pregnant woman cannot be discriminated against, and neither can a reservist. That is a basic principle in this country.

Those arguments that have been put forward have blinders on to the facts. We have a Canadian Armed Forces that is declining in numbers, a reserve force that needs training and training time.

• (1200)

We have international and domestic commitments that are increasing on a yearly basis, almost on a daily basis, yet this Liberal government has failed to do anything for those people and for the state of the Canadian Armed Forces.

In closing, with those arguments and because we have heard today in this debate that we have support in principle from the Conservative Party, we have support from the Reform Party, we have support in principle from the New Democratic Party and, by the sound of the Liberal speakers and the notes they got from their bureaucrats to argue against this bill, there was even a hint of support in principle from those people, I would say, for goodness sake, let us not stand in the way of progress. Let us move this bill to the next level, send it to committee and get all of these details ironed out there.

I would therefore move again that Bill C-232 be deemed votable by the House.

**The Acting Speaker (Ms. Thibeault):** Does the hon. member have the unanimous consent of the House to make this a votable motion?

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**Some hon. members:** Yes.

**Some hon. members:** No.

**The Acting Speaker (Ms. Thibeault):** The time provided for the consideration of Private Members' Business has now expired and the order is dropped from the Order Paper.

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## GOVERNMENT ORDERS

[*English*]

### INCOME TAX AMENDMENTS ACT, 1997

The House proceeded to the consideration of 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, as reported (with amendment) from the committee.

[*Translation*]

#### SPEAKER'S RULING

**The Acting Speaker (Ms. Thibeault):** There are three motions in amendment on the Notice Paper for the report stage of Bill C-28.

[*English*]

Motion No. 1 will be debated and voted on separately.

[*Translation*]

Motion No. 2 will be debated and voted on separately.

[*English*]

Motion No. 3 will be debated and voted on separately.

#### MOTIONS IN AMENDMENT

**Mr. Monte Solberg (Medicine Hat, Ref.)** moved:

Motion No. 1

That Bill C-28 be amended, in Clause 178, by replacing lines 35 to 40 on page 315 with the following:

“Canada;”

He said: Madam Speaker, I am pleased to stand today to debate Bill C-28, and in particular Motion No. 1

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I should start by saying that I object to this bill on three grounds primarily.

• (1205)

First, it is a bill that discusses income tax without providing any tax relief for Canadians. Second, it is a bill that talks about income tax but does not provide people with a simplification of the tax codes, something that has become very confusing for many people. Finally, it is a bill that really typifies this government's aimless approach to dealing with the problems of the nation. It is a bill that really does major on the minors.

Specifically, Madam Speaker, let me speak to the motion that you have just read. This motion attempts to roll back what I believe is a real attack on the sovereignty of other levels of government by the federal government. Essentially what the government is proposing to do is to circumscribe the ability of municipalities to raise revenues for their constituents, for the people of their cities, villages and towns, through subsidiary corporations. There are many such organizations like that in Canada today.

I want to explain to the House and to people who are watching this via television why it is really important that municipalities continue to have the ability to raise these revenues without having them taxed by the federal government.

First, I want to point out that it was the federal government, going back to the 1993 election, which made a solemn commitment that it would not cut transfer payments to the provinces. During the leaders' debate we know that our current Prime Minister, when asked about cutting federal transfer payments for health care, said "I said yesterday, replying to Mr. Bouchard, that I promise they will not go down and I hope that we will be able to increase them". The rest is history.

We know that the Prime Minister did not meet his commitment. He did not come anywhere close. In fact he cut transfer payments in total by about \$6 billion. The result was that the provinces had \$6 billion less money for health care and higher education.

What did they do? They had to find some way to save money as well, so they started to make cuts. One of the areas that was hit were the municipalities. Municipalities were hit and were unable, in many cases, to provide some of the services that they typically had been providing. At the same time the government was expecting them to pick up even more services. Traditional services which they used to fund, they were unable to fund. At the same time provincial governments were asking them to pick up new services. In fact the federal government was doing the same thing.

We now see in this particular piece of legislation, Bill C-28, the federal government proposing to tax another level of government, something which I think is wrong. I think it is incorrect, particularly when this level of government, which is the level of government

closest to the people, the one that is best able to judge, the level of government that does the best job of delivering services, is being asked to pick up more of the load. It is wrong for the federal government to propose to take away revenues that they earn through their subsidiaries in their own municipalities. It is absolutely wrong, but that is precisely what the government is proposing to do.

That is not the end of it. The final point, and maybe the most important point, is that these taxes inevitably always are passed on to the consumer. We know that. Every member in this House knows it. We know that when corporations are taxed, those corporations pass taxes on to the consumer. That is precisely what will happen this time as well.

We know that this government has a penchant for raising taxes. We know that we have the highest personal income taxes in the G-7 already. They are 56% higher than the G-7 average. We know that if we were to be competitive with the United States in terms of tax levels we would have to have a tax cut in this country of over \$35 billion.

I know my colleagues across the way will say that we must take into account what happened in the last budget, which reduced taxes by partially eliminating the 3% surtax. Indeed it did. But what they did not tell us in the budget is that they just finished increasing payroll taxes through the Canada pension plan premiums which people have to pay.

• (1210)

In fact, that tax increase will be the largest tax increase in Canadian history.

What the government does not talk about is the phenomenon of bracket creep, an inflation tax that happens every year. This year alone bracket creep will more than wipe out any tax relief that the government is proposing to give us through its reduction in the surtax. Eight hundred and eighty million dollars is what the government surtax would give Canadians in tax relief. On the other hand, bracket creep would take \$1 billion out of their pockets. Canadians, just on that level alone, are coming out as net losers.

We say to our friends in the government that increasing taxes is not a way to help anybody. When are they going to learn? When are they going to figure that out? We have had 107 tax increases since the Tories and the Liberals came to power. We have staggering levels of taxation.

At the Liberal convention this weekend we heard Liberals saying that we must have tax relief. When is the government over there going to wake up and figure out that it is time for Canadians to have some tax relief? I am sick to death of seeing the government come up with new and creative ways to tax Canadians. That is essentially

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what it has done with this provision in Bill C-28. This is yet another sneaky, back door way of increasing taxes.

I hope my colleagues around the House, who are concerned about the government's trampling on other jurisdictions, understand that what the government is essentially doing is proposing to tax another level of government, proposing to invade its jurisdiction and to invade its sovereignty. That is wrong and it is unproductive. It does not help when we are trying to build and unite a nation. However, that is precisely what the government is doing.

I sat on the finance committee when this bill made its way through Parliament in the last Parliament. We heard a representative from the Federation of Canadian Municipalities who spoke against this particular provision because they could see what was going to happen. The government is again coming up with a new way to rip money out of taxpayers' pockets. It is wrong. We need to stand up against this sort of creeping taxation that the government has relied on to suck ever more money out of taxpayers' pockets.

I was looking through some documents a few minutes ago and noted that between 1993 and, according to the government's own projections, 1999 we will have seen federal income tax revenues rise by over 40%.

My friends will say that was growth in the economy. Give me a break. Growth in the economy would not even be half of that. It would not even come close to accounting for that massive increase in income taxes. This is an increase of over \$20 million. It is a 40% increase. Where did that come from? It came from these sorts of sneaky, back door taxes that this government has used 36 times in order to get more money out of the pockets of Canadians.

It is no wonder we had people standing up at the Liberal convention chiding the government and telling it we need to have lower taxes in this country.

I will simply conclude by saying to my friends across the way and to my colleagues around the House that this is an important issue for municipalities. They are already struggling to provide services that used to be provided by other levels of government. They are struggling to provide basic infrastructure for their constituents. Let us not approve this and further circumscribe the ability of municipalities to provide those services.

Let us go the other way. Let us ensure that the government starts to fulfil some of its promises that it made in previous elections to provide greater transfers to other levels of government which do a far better job of delivering services than a big, fat, bloated central government in Ottawa. Let us hold this government to those promises.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, as I sat here and listened to the

intervention from the member for Medicine Hat, I could not help but come up with a one-word description and that is hypocrisy.

• (1215)

I cannot believe he actually stood up and talked about the fact that he wanted to now support infrastructure at the local level when it was the Reform Party that stood up in this House day after day saying the federal government should not put forward an infrastructure program for the municipalities that was partnered by the federal level, the provincial level and the local level. Those projects that took place at the local level took place because the local municipalities provided input and direction as to where the money should flow, bottom up.

As he stood there I was amazed that he actually had the nerve to talk about the bill doing nothing more than providing tax increases. What about the \$1.5 billion increase in transfer payment going to health, going to a different level of government? What they do not understand is that if you remove something it is a decrease. If you put something back it is in fact an increase in the eyes of those who are receiving it.

Then he goes on to talk about tax increases and that is what this is all about. Then he made reference to the Canada pension plan. I think he only once had a point to make with respect to the motion. Other than that he talked about the broader issue. He brought up CPP so I thought it would be important to comment on that. And he made reference to the fact that CPP was a tax increase.

Once again I just want to be perfectly clear, and I will speak slowly so the member can understand, that a tax increase occurs when in effect revenues flow to the consolidated account, to government revenue. CPP premiums flow to a separate CPP fund and that fund will be managed to provide rates of return in the best interests of Canadians.

I know they have great difficulty understanding that. Let us talk about another, what they often refer to as a payroll tax, the employment insurance premiums. Let us talk about the \$7 billion reduction which has taken place since we came into office.

There are a number of points I find quite surprising that the hon. member would make and then go on to defend in this motion and this intervention. Let us talk about the motion for one moment.

We now have Reformers saying they want the municipalities to compete with the private sector. That is essentially what they are saying. They are saying let us take taxes that are collected by the municipality, collected in the form of property taxes, and set up a corporation which will compete with other private sector organizations. Now they want municipalities to compete in private business. They stand up here and argue that they are the big defenders

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of businesses. Now they want municipalities to actually go out and compete with those corporations.

What in fact the government is doing with Bill C-28 is ensuring there is a level of service provided to local taxpayers by municipalities while at the same time allowing those taxpayers in the municipality to engage in activities outside their specific municipalities while at the same time ensuring that private business is allowed to compete on a level playing field.

The 10% factor came into play. If 10% of a municipality's income is derived from activities outside its jurisdiction, it remains tax exempt. If its income is derived by more than 10% outside its jurisdiction, the municipality loses the tax exempt status.

I can give an example of where one municipality is providing hydro to another municipality through an intergovernmental agreement. The municipality providing the hydro will still remain tax exempt. We are saying in an activity where a municipality is deriving income greater than 10% perhaps as a result of these intergovernmental activities it should not lose that tax exempt status because it is still providing a service to municipalities.

We can talk about areas where the government did receive interventions along those lines and I point to the examples of Edmonton and Calgary where those municipalities came forward and provided that scenario. The government responded by allowing them to maintain that tax exempt status.

• (1220)

The Department of Finance has received a number of interventions. One of the amendments passed in committee of which the hon. member is a member was to provide for a deferral of one year from 1998 to 1999 of the application of the proposed amendments to tax treatments of municipal corporations. This will allow for a detailed review of all the comments and recommendations forwarded to the government's attention on this issue.

The government's intent is not, as the opposition party attempted to paint, to tax another level of government. What is intended is to provide a fair and equitable way for municipalities to maintain their tax exempt status while providing services to their local municipality and their local residents while at the same time ensuring that private businesses and Canadians who are involved in businesses are able to compete on a fair and equitable basis.

The Reform Party puts forward this motion that would allow a municipality to enter any jurisdiction and compete by setting up a corporation with taxpayer dollars collected through property taxes and compete with other private sector organizations. It is absolutely incredible that it would make that type of recommendation.

We are not competing with the private sector. The role of the private sector is very clear. Businesses should be allowed to compete among themselves and should not use taxpayer dollars in the form of local municipal corporations, as the Reform Party is suggesting, to compete with. It is absolutely incredible the Reform Party would actually say that.

On a more technical note, the motion is deficient in that while it intends to remove the 10% income test in paragraph 149.1(d)(5), it leaves in that paragraph the reference to subsection 1.2 which becomes meaningless in the absence of the 10% income test. The actual motion presented to this House does not reflect what I believe the Reform Party was intending to do to begin with.

The motion as it is presently put forward is flawed. The basis on which the hon. member makes the argument that this government is intending to tax another level of government by putting forward this motion is completely false. Reformers go on to argue that the purpose of this federal government is to put in place tax increases to Canadians, which is completely incorrect.

The budget provided targeted tax relief and reinvestment not only in transfers to the provinces but directly to Canadian students in allowing them to access education and compete in the global economy.

The bill is providing a framework for municipalities to provide services to their local communities in an effective, tax exempt manner. When those municipalities decide they want to derive more than 10% of their income from their activities outside their local jurisdiction they will be treated just like any private business and they will be taxed.

Put in that context to any councillor at the local level it would be a surprise if they stood in opposition to this. The government has already taken measures to respond to continued interventions and we will do so over the next coming year.

• (1225)

[*Translation*]

**Mr. André Bachand (Richmond—Arthabaska, PC):** Mr. Speaker, I would like to speak to the Reform motion. The arguments of the hon. member from the Reform Party have nothing to do with the motion.

I would however like to comment on the issue of municipalities. I believe the government does not understand the concept of municipalities either. Having been a mayor for over ten years, I will point out certain facts. Municipalities change; some decide to amalgamate while others decide to work together.

So, what we are saying—and this will be my question for the government—is that, when partners sign an agreement, an intergovernmental agreement between two municipalities, the 10% will not apply. I think it is important because, as we are increasingly

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seeing it in Quebec, the mixed enterprises are forming partnerships that can go as far as being a 50-50 split between a municipality and the private sector.

I do not think the government is necessarily familiar with the issue of municipalities locally. So I do have a question. Could the government perhaps enlighten us as to what would happen if the 10% in income from services outside the geographic limits and the jurisdiction of municipalities were exceeded but through an agreement with other municipalities. The government cited the example of providing hydro. Does the 10% not apply in such a case? Will the tax exemption be maintained? It is not clear. It is not clear in the request made by the Reformers, nor is it on the government side.

Close attention will have to be paid to the matter of the 90%. As I said earlier, in more and more associations, groups and mixed companies, there is much stronger participation from the private sector. This is a fact.

Another comment I will make—and I must say that we will not be able to support the Reform motion—is that the government ought to be careful because dealing with federal and municipal taxes is one thing, but interfering in a municipal jurisdiction is something else.

Under the Canadian Constitution, municipalities are delegate governments controlled by the provinces. They are not governments recognized under the Constitution Act, 1867 as the federal and provincial governments are. They are delegate governments. We could go as far as saying there could be a single municipality per province.

I would like to caution both my colleagues in opposition and on the government side to be careful when they talk about any legislation dealing with municipalities. Municipalities are facing deficits as well because, let us not forget that, when the federal government cuts assistance to the provinces, the provinces make a stink. When in turn the provinces make cuts, supposedly in response to federal cuts, the municipalities and school boards are left holding the bag. Municipalities are currently confronted to a major challenge.

I think we should pay attention to this. Unfortunately, in Bill C-28, the government lost track of daily realities. It forgot to mention that any official agreement between municipal governments, even one exceeding 10%, may be exempt from tax.

[*English*]

**Mr. Steve Mahoney (Mississauga West, Lib.):** Mr. Speaker, I will address the Reform suggestion that municipalities should somehow be given special status or be granted the ability to go outside of their own jurisdictions or responsibilities. We must first understand that municipal governments are put in place primarily to serve constituents within their own boundaries. There is no question they are under a lot of stress.

• (1230)

I have served some 10 years on municipal council. In fact my wife currently sits as a member of Mississauga and Peel regional council. I am fairly close to what is going on at the municipal level.

I believe that what municipalities want more than anything from senior levels of government, whether it is the provincial or the federal government, are some long term visions, some long term planning. What they have experienced particularly in recent years has been almost knee jerk. All senior levels of government in attempting to balance their books are shifting the burden and the responsibility.

Municipalities are not allowed to run a deficit. It is an interesting concept, one which perhaps we should be looking at at this level of government. In fact we should be legislating it. We would agree with members opposite on a few of those issues. I think it has merit and makes sense at least within the mandate of a government to take a look at ensuring that we balance our books.

Municipalities are allowed to carry a certain amount of debt. They can carry up to what is referred to as 25% of their own in kind revenue. In kind revenue could include everything from taxes, to fees, to levies, to special agreements, whatever could be cash in lieu.

In the case of my municipality we are fortunate in many ways to have Pearson International Airport within the boundaries of the city of Mississauga. Every time members of this place land at Pearson, they land in Hazel McCallion country. We were going to call it McCallion international airport but that never got off the ground.

The point is that the federal government pays a substantial amount in the form of cash in lieu of taxation because the federal government does not pay property tax, nor does the province. We pay a cash in lieu of taxation to the city of Mississauga as a result of the facility that we all use, known as Pearson International Airport. We pay a cash in lieu amount which is quite substantial. When you combine all the revenue from the taxes that are derived from all the businesses at Pearson International Airport, the city would benefit from federal cash transfers to the tune of \$40 million to \$45 million a year, including the airport cash in lieu, the post office cash in lieu and the taxes that are paid by the businesses that exist within the structure of Pearson International Airport.

The municipality has a very important relationship with the federal government. There would also be a number of instances where the province would pay cash in lieu to the municipality.

There is a clear relationship between the federal government, the provincial government and the municipalities. In fact, the Association of Municipalities of Ontario, on which I served as a board member for three years, has called upon a new definition with the province and the federal government to recognize the role of the

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municipal government in Confederation. I think that makes sense as well.

We tend to guard our territories a little bit in a parochial sense, or as my friend Jim Bradley would say, a "pariochal" sense. We get a little bit excited about this stuff. At the end of the day and as I hear members opposite say on a regular basis, there is only one taxpayer and clearly that is true. We should be trying to establish better relationships with our municipal colleagues and to put in place clear definitions and clear lines of authority.

I have talked about the parochial issues that surround municipal government. We can see it any day in my community. There are fights going on between Mel Lastman and Hazel McCallion, or Peter Robertson and somebody else. There are disagreements that go on. At the end of the day the mayors and the municipal councillors are elected to fight for the people within their own jurisdictions, within their own boundaries.

A councillor may be elected on a ward system. A mayor is elected at large. In some communities both are elected at large. I think Guelph elects its council at large. Members have seen some of the ads. The city of Vaughan ran some ads which caused consternation. It called itself the city above Toronto and everything which that implies, that life is better and so on. Vaughan is a beautiful community, no question.

• (1235)

If we were to establish tax rules and grant exemptions as the Reform members are looking at, in essence we would pit municipal politician against municipal politician. We would pit community against community.

Something that has always been avoided at the municipal level is this concept of bonusing. It is something we see in the United States. I know many of the ideas Reform puts forward do indeed come from south of the border. But this is one that would cause great disruption in the existing relationship between municipalities.

One of the things that I think has been very beneficial in the GTA has been the establishment of the mayors and chairs committee, founded by my mayor but participated in by all mayors across the GTA. The committee meets on a regular basis.

From time to time we see some acrimony. The new mayor from mega Toronto will walk in with an entourage of press and cameras and so on behind him and everyone kind of gets their back up. He will stay for a little while and then he will get up and leave after they have had a bit of a fight. I have also experienced the other side. The other side is that these politicians and their staff tend to roll up their sleeves on a regular basis and they try to work co-operatively to the benefit of the GTA.

The principle is that we want to attract business, tourists, conferences, conventions from all over the world into the GTA. Once they land at the McCallion international airport they can then decide where exactly it is they would like to locate their new plant.

In many cases the decisions are based on something as simple and yet as profound as the quality of the schools in a community. When those businesses locate they want to know that when they move their families in from Asia, Europe, the United States or wherever it is, that they are going to be able to enrol their children in good quality safe environments for them to go to school both at the elementary and secondary levels. They look at those kinds of minute details when locating here.

If we were to set up a system where we would encourage municipalities to start offering perks or bonuses to try to generate revenue or to try to beat out the guy next door to them to try to attract that business instead of working co-operatively, it is my submission that we would be establishing a system that would not work to the benefit of the people who live in those communities. At the end of the day in municipal government we all have to try to get along.

I would submit in closing that what the Reform Party and all of us here should be thinking about are ways that we can say to those municipalities "Here is some long term planning, here are some goals, here is guaranteed funding", something they would love from provincial governments.

Channelling our energy in that direction will be much more constructive than trying to create some form of special status that will lead to increased competition in an area where a municipal government should not be trying to take business away from one of its colleagues.

I do not support Reform's motion in this regard.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I was delighted to hear the comments of the hon. member for Mississauga West.

The member referred to the Hazel McCallion international airport. Perhaps it should be called the Liberal boondoggle international airport after this government has wasted \$200 million in the botched Pearson contract buyout. It is something for the member to stand in his place and remind Canadians, like rubbing salt in the wounds, about what a terrible, atrocious job he and this government did in reversing the contract rights of people who had a vested interest in that airport which cost taxpayers over \$200 million.

The member spoke as well about the need for the federal government and all levels of government to co-operate with the municipalities. He said why can we all not just get along. We need clear rules and guidelines so the municipalities know exactly what the relationship is with the federal government.

• (1240)

It is very interesting because the member's idea of a co-operative relationship with the municipalities is to pass Bill C-28 without their support, to impose a tax on the businesses owned by municipalities, on their utility companies. That is his idea of a co-operative relationship. That is the government's idea of a co-operative relationship with taxpayers. The federal government says "We will co-operate in taking money out of your wallet". That is its idea of co-operation. I call it a tax grab.

What the hon. member seeks to do by supporting this bill and opposing our motion is to impose a tax on profitable corporations owned by municipal governments. These are important revenues to many municipalities. Many municipalities rely on the revenues they generate from these corporations. They turn those revenues back into the corporations to reinvest in the utility infrastructures of their cities, towns and villages. Others rely on it to help supplement their general revenues.

Make no mistake about it. If we do not support Motion No. 1 on Bill C-28 we will in effect be deciding to raise property taxes indirectly because there will be less revenues coming into municipal coffers. We will also be putting municipal politicians who have been dealing with downloading from the senior levels of government for the past decade in the very difficult position of trying to decide which areas of their utility infrastructure they can cut back on. That is not good.

We just went through the terrible experience of the ice storm in southern Quebec and eastern Ontario. Tens of thousands of Canadians are still recovering from the terrible consequences of that devastating natural disaster. If we learned one thing it is the need for all levels of government to be absolutely focused and dedicated on maintaining a top rate utility infrastructure that can defeat the attacks made on it by natural disasters like the ice storm. We need municipal utility companies.

It is interesting that on the island of Montreal, I understand that while most of Montreal was blacked out at the height of the ice storm, the municipality of Westmount was still lit up. Why? Because it has its own locally managed and owned utility company with an infrastructure that is so sophisticated it withstood the collapse of the power network.

By imposing a tax on that kind of utility company this government would undermine the ability of municipalities like Westmount to maintain a power infrastructure which can withstand some of the challenges it needs to face. That is one of the reasons we have proposed this motion which would prohibit the imposition of this tax on subsidiary corporations owned by Canadian municipalities.

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It is really another back door tax grab. This Liberal government is very artful when it comes to presenting tax increases as mere housekeeping amendments. That is why it claims it has not raised taxes in the past five years since it was elected in 1993. In fact any close study of the books will conclude that the government has raised taxes at least 37 times, not including the most recent federal government budget. It is little amendments like this one which, albeit indirectly and almost invisibly, end up sucking more out of the pockets of local taxpayers.

It is true that there is only one taxpayer. The hon. Minister of Finance has said that on many occasions. If it is true, as politicians repeat it all the time, then why do we not respect that basic truth of political reality? Why does the federal government jemmy around with the rules of taxation of businesses owned by municipalities and in effect impose a higher tax on local taxpayers?

It is not Hazel McCallion or Mel Lastman or Jean Doré or Pierre Bourque; it is not the mayors who own these corporations. It is local taxpayers who own these corporations. They belong to them. By taxing money away from the profitable utility corporations they own we are imposing a tax on them.

• (1245)

This reminds me of a tax change the government made in the last session, a change to the Public Utilities Income Tax Transfer Act, PUITTA, a long, technical name. Precisely for that reason the government thought it could make a significant change to Public Utilities Income Tax Transfer Act that nobody would notice.

Of course Reformers noticed. We opposed this enormous tax grab as vigorously as we could. The government still passed it. It said that privately owned utilities, private sector utilities, would no longer be able to compete on a level playing field with their counterparts in the public sector.

In Alberta, the province I represent, we have a vigorous private sector economy. We believe in something the government does not understand very well called free enterprise. We believe that privately owned, privately managed businesses in the private sector are ten times out of ten more productive and more efficient in servicing consumers than crown corporations. That is why Albertans have maintained an infrastructure of private utilities.

It just so happens that publicly owned utilities like Ontario Hydro and Hydro Quebec do not have to pay income tax or corporate tax on their profits. I do not quarrel with that. Perhaps it is a sensible policy. Until 1996 the federal government provided a rebate to consumers of private utilities because private utilities had to pay those taxes.

In effect this rebate levelled the playing field so that an elderly lady paying for her heating bill in southwest Edmonton would not have to pay the portion that was going into the tax coffers of the

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federal government. That is what PUITTA did. It helped that woman and millions of other consumers of private utility services. It levelled the playing field so that they were not paying more than their counterparts in Ontario or Quebec who were taking advantage of utility services provided by public crown corporations.

The government said to Alberta and private utility consumers that it was sorry they did not count as much as the people being serviced by crown corporation utility providers. It made a technical change in the tax act like the one in Bill C-28. It made a technical change, a housekeeping amendment, that most people did not notice. The government called it a spending cut and generated a few hundred million dollars in new revenue out of the pockets of hard pressed taxpayers whose utility bills principally in the province of Alberta went up.

That is what the change to PUITTA did. It is the same kind of back door, sneaky tax increase we find in Bill C-28, which we in the official opposition are trying to rectify through this motion.

In closing, my party and I believe in a principle known as subsidiarity, a principle of political theory which suggests—and I believe it is a self-evident truth—that the lowest level of government, the level of government closest to people is the best level of government to serve them. We need to respect that level of government, not to treat it in the backhanded manner the bill seeks to do. We say to municipal politicians and property taxpayers that we want to avoid this back door tax increase. That is why we seek support for Motion No. 1.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Madam Speaker, it is a pleasure to speak. After the fine speech by my colleague I feel like saying amen and sitting down, but I will not.

I would like to take a little different angle on some of the problems with Bill C-28. As has already been noted, it is another tinkering bill. People on that side of the House seem impressed that they have a 460 page book in both official languages which they can add to the long chain of books that drags and tugs behind business people, entrepreneurs and families as they try to make their way in the world. It hangs behind them like the dead weight it is. The bill will not improve the situation. It is tinkering that does not get to the real nub of the problem that tax rates are too high. The bill does nothing to address that. The amendment put forward by the Reform Party is at least an attempt by the official opposition to rectify a systemic problem on for members on that side of the House. They have never met a tax they did not like.

● (1250)

I would like to look at the taxation problems, especially in the context of British Columbia, and to put forward some Reform Party

ideas to stimulate growth, especially in British Columbia where we are at the precipice, it seems, of being in a very serious financial situation.

I will quickly give some background. British Columbia was the only province in Canada last year to post a net loss in jobs. The situation is very serious. The unemployment rate right now in rural areas is pushing 13%. The idea that British Columbia can be taxed and milked and the rewards of that sent off to Ottawa to be distributed by the good graces of those across the way is not going over very well in British Columbia right now. We feel we need to hang on to as many dollars as we can in our own province.

In February the jobless rate in B.C. hit a four year high. Experts predict B.C. will lose even more jobs this year. The TD Bank predicts economic growth of .5%, virtually stagnant growth. In essence British Columbia is virtually in a recession.

Consumer and business confidence is down. The forestry industry is on the ropes. The industry that I made my living in for over 20 years is now virtually shut down in a good part of the province. I will not blame all the woes of the forestry industry on the federal Liberals. However it is enough to say that B.C. is in bad shape economically for a variety of reasons.

How have the Liberal tax policies contributed? In British Columbia's case there are some specifics that are only applicable to British Columbia. The Asian economic flu, as they call it, affected that province worse than others. High taxes are stunting growth. There is only one set of taxpayers. Certainly the NDP provincial government of British Columbia is partially responsible for the highest marginal tax rates in North America at 54%. It is very much a disincentive to entrepreneurship and investing.

The federal Liberals are not without fault. Since 1993 the Liberals have raised taxes 37 times in one way or another by administrative tinkering as in this bill or as in the PUITTA case mentioned earlier, by bracket creep, and by hidden tariffs and hidden user fees. It all adds up to more disincentive for people in British Columbia to invest and to take risks with their capital.

According to the Fraser Institute, in 1997 the average British Columbia family spent \$28,400 in taxes. The KPMG management consulting study suggested what the federal government could do to help. It appears that British Columbia has been shortchanged by \$1.3 billion through federal government procurement policies. Contrary to what the Minister of Finance said in our province last week, the Liberals have to take at least some of the blame for the economic downturn in British Columbia.

People say that it was kind of a cold winter here. I do not know if that is true, but they did say it was interesting the finance minister

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finally had his hands in his own pockets for a change. In British Columbia he still has his hands in our pockets.

What does the bill do? Does it lower taxes to build consumer confidence and attract investment across Canada and in British Columbia? No, it does not. The government continues to collect billions and billions of dollars more each year and to offer us small amounts of what it calls tax relief by reducing a surtax on the income tax and a few other tinkering. It takes tens of billions of dollars more in increased income. It is no wonder British Columbia finds itself on the economic mat with its back to the floor.

The CPP increases passed by the Liberal government were rammed through by using time allocation and by refusing to allow lengthy debate in the House. An Informetrica report indicates that in British Columbia alone 9,100 jobs will be lost with the CPP tax increases alone.

• (1255)

The government continues to tax and continues to spend. Instead of leaving money in the hands of business people, homemakers and families and allowing them to spend it as they see fit, the government takes their money, brings it to Ottawa, deducts 50% for handling and gives it back in services never asked for or programs that do not actually help the economy.

I do not know how much longer the government thinks British Columbians can handle this kind of abuse. It cannot be for much longer because we are already stagnant. We are already facing a recession. There is no hope in sight with the Liberal government tax policies.

What would Reform do? Instead of spending the fiscal dividend before allocating it in the budget, Reform would invest 50% of budgetary surpluses on lowering taxes. Our initial target is to reduce taxes to save the average family over \$2,000 by the year 2001. That would mean \$2,000 every year to do with as a family would see fit. Let us imagine what that would do to the local economy of towns like Abbotsford and Chilliwack that I represent with 150,000 people or maybe 60,000 or 70,000 families. Let us imagine the impact that much money would have on the local economy.

The Reform Party would achieve these targeted reductions in taxes by reducing the GST and by increasing the basic personal deduction to \$7,900. We would reduce capital gains tax, another job killer the Liberal government seems to think is a money milk cow. The Reform Party would reduce job killing payroll taxes paid by employers and extend the child care expense credit to all parents whether they raise their children at home or send them to day care.

In our opinion they need help with their finances and more of the money left in their hands. The government should not say they can only have the money if they send their children to day care. The government should be saying that it wants to help them raise their

families and leave more money with them. The government should not choose the type of child care they use. It should allow them to make the decision. The Reform Party thinks that parents or families can make that decision better than the government can.

Overall our measures would focus \$2.5 billion in tax relief for British Columbians. I cannot tell how desperately tax relief is needed. We need some way of infusing more money into the local economy in British Columbia and not sending it to Ottawa where it is spent on programs, often programs that we never asked for and do not do any good as we try to build our economy back up.

The Reform Party believes tax reductions would give consumers and business people confidence again that when they invest money or take a risk they can get ahead. We believe tax reductions would attract investment and immigrants to stay in our province with their money, with their investments, to build the province and to stay where tax rates are reasonable instead of where the tax rates are confiscating too much of the wealth. The Reform Party believes that tax reductions would create jobs.

The idea that a nation can tax itself into prosperity is one of the cruelest delusions that has ever befuddled the human mind. I agree. Prosperity is not created in a country by taxing it into prosperity. It is not possible. It has been tried over the last couple of decades. It is time for another tack, especially in British Columbia where tax relief could be offered to the people who need it most: the entrepreneurs, the families and the people who live in a province that is on the edge of a serious recession.

**Mr. Bob Mills (Red Deer, Ref.):** Madam Speaker, as the last speaker pointed out, tax relief certainly is something we hear no matter where we go in the country.

The budget tells us the government's agenda. As we travel around our constituencies the people tell us their concern is for debt and tax relief. They tell us to stop spending. It appears the government has chosen to go in exactly the opposite direction.

The biggest problem facing the country today is debt and interest payments. The bill does nothing to address them or any type of tax relief for the very tired taxpayer.

• (1300)

Bill C-28 attempts to make some cosmetic changes but as usual it does not go nearly far enough. We made some amendments but we know what will happen to those. The government is not prepared to accept amendments. It is not prepared to accept what people are telling us as we travel around. Overall, Bill C-28 gets a very high failing grade.

This bill unfortunately flies in the face of what people are telling us and what a majority of Canadians feel. When it comes to tax reform, Canadians want us to flatten the tax base. They want us to simplify the tax system and they want it to be less onerous, if

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nothing else, on small businesses, which provide the great majority of jobs in this country. Our tax form is so complex with over 2,000 pages. Amendments come out on a daily basis. Accountants must go to course after course on a monthly basis in order to simply upgrade. They are trying to stay ahead of what the tax man is trying to tell us.

There is enormous frustration across this country by individual taxpayers and small business taxpayers. The Liberal government fails to hear this message. It perpetuates rising taxes and the overspending that is so common in this place. During the past few years there have been over 30 tax increases. Most of them are hidden and the government constantly says that there have been no tax increases. But when we look at the revenue figures it is very easy to see where the tax increases have been.

This bill has a few good points. Encouraging charitable donations is an area that should be sponsored. On the issue of volunteerism, we are now asking volunteers to do more and more. But if we are going to encourage volunteers and if government is going to abrogate its responsibilities, then we must give them tax relief so they can do that. We must prevent the abuses that go on. That is the key message.

Increasing the contributions for registered education savings funds is a positive which has been taken right from our platform. We are pleased the government at least can read and has read our platform.

We can look at other things but overall we find that this bill simply tinkers. It simply touches a few areas but as usual it does not go nearly far enough to provide any sort of tax relief for the taxpayer. Taxpayers must see light at the end of the tunnel. They must know that at some point they are going to get a break so that at some point they can rearrange what their lives are all about and they can do what we all want, provide more jobs.

By constantly raising taxes we are destroying initiative in this country. While we would all agree there are some areas that need help like education and health care, it will come through a rearrangement of spending and not by increasing taxation. The very worst thing we could do is put more money in government hands because government wastes that money. We have many examples of that.

The weaknesses in this bill are obvious. It is our job as official opposition to alert taxpayers that the tax and spend of the Liberal government are back. This kind of piecemeal bill is an indication of how seriously this government takes any kind of tax relief.

Young Canadians are particularly hard hit by this sort of legislation. They are asking what the government does with all the tax money it gets. If these young Canadians are lucky enough to get

jobs, when they get their first cheques they will start to look at their deductions. Year by year they are asking more and more what the government does with that money. The government needs to have an answer. The government needs to be more accountable and needs to particularly account for all the waste going on.

• (1305 )

In terms of competition we are now a global society. We must compete with other countries, with other businesses. We have the highest personal income tax in the G-7, 56% higher than the average G-7 partner. We are destroying our ability to compete.

I have been fortunate for 35 years to travel to pretty well every country in the world. As I have done that I have started to realize how our country is falling behind.

Yes, it is a great place to live. Yes, I think we can recover, but we are falling behind. One of the key reasons for that is we have too high a tax level.

The government refuses to listen to Canadians. A Liberal member distributed a questionnaire showing that 42% in his riding wanted debt reduction as number one and 37% wanted tax relief. Close to 80% of his riding said they want to have lower taxes and debt reduction. What does the government do? It increases spending.

That is not what the people are asking. The people do not want more spending. They want rearrangement within the spending but they do not want the government to start spending again. Above all, they do not want to pay more taxes.

As the Liberal government goes on and ignores this factor the problem becomes more critical. We could throw in some what ifs here. What if interest rates change? What if the Asian flu affects Canada? What if oil prices stay low? There are a lot of what ifs the government is not taking into consideration.

It says we are now into a golden age. It is a golden age as long as everything goes as predicted but we also know what happens when you assume that.

We have close to 200,000 young people out of work and looking for jobs. We have a whole generation being lost and we know that taxes cost jobs.

Payroll taxes in 1966 were \$803. In 1993 they were \$3,272. We have the most recent figures. There has been a 73% increase in CPP. In January one of the things I found by travelling to some other countries is that there are other ways to do things such as payroll taxes and pension plans. I will always remember the faces of some of those people who told me how proud they are of the type of pension plan they have. Ask young Canadians about their pension plans and I know what the results will be.

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It appears that the government is happy with 9% unemployment. It appears it is happy with a \$583 billion debt and \$45 billion in interest payments. It appears it is happy and will accept that.

With that kind of thinking, I think on this day, Academy awards night, the government will be much like the *Titanic*, and of course we know what happened to that ship. I believe the Liberal tax and spend policy will lead to that same sort of final result.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Madam Speaker, it is a pleasure to speak on Bill C-28.

This issue goes to the heart of the situation in the country today, the heart of our economical and societal problems that we have been having for a long time but that the government has now failed to address.

The government again had an enormous opportunity to deal with the tax structure in a way that would provide the greatest stability and greatest infusion, stimulation to our economy that we have had in decades. It has done what usually happens, it has nibbled around the edges rather than getting to the heart of the issue, taking the bull by the horns and dealing with it.

• (1310)

The solutions are out there. I wish the government had given as much zest and gusto to this bill as it has over the last five years in providing the tax increases for the Canadian public. We are reaping what we have sown and that is manifest quite clearly in the 9.8% unemployment rate that Canadians suffer from, the actual rate being much higher, and the nearly 20% unemployment rate our students labour under. This is completely unacceptable, particularly when we look south of the border and see that the U.S. has an unemployment rate of about 4.5% whereas just north it is 9.8%. Why is that so?

The bottom line is we have to look at what we really want to do. We want to provide for an economy that is going to enable Canadians to have the best social and economic situation that they can possibly have. We also want to have social programs that provide for those who cannot take care of themselves and provide the social programs that we rely on that set us apart from other countries that do not have them such as our health care program.

However, we need to do that in the context of being able to do this within our means. In other words, we spend not more than what we make. Can we do this? Indeed we can. We do not have to adopt what went on south of the border where there are huge discrepancies between those who have and those who have not, but there are leafs to take from that book. In fact, there are leafs to take from our own history.

The Conservative government around 1992 under Mulroney lowered taxes. What happened? Government revenues went up. As

a result, the government went on a wild taxing spree and government revenues went down. The lesson in this, as it is south of the border, is when taxes are lowered government revenues can go up which would enable us to provide more money for our social programs such as health care which is suffering dramatically and also ensure that people will have enough money to provide food for their children, a place to stay, a roof over their heads, education and opportunities. The government has failed to do this. Instead it has nibbled around the edges with Bill C-28.

There are other examples from around the world that we can look at. Look at what is happening in England. It has taken charge of the situation. It has not nibbled around the edges and it has implemented some sensible programs.

What can we do? For years the Reform Party has told the government to ensure that the debt goes down. If we bring the debt down then interest payments will decrease and there would be more money for the social programs that we want to pay for. Looking at the American or the British situation, people will have more money in their pockets to be able to provide for themselves.

The government likes to tout its much lauded economic statistics and say it has done so well. It has done well on paper but it has not done well at the dinner table of Canadians. People have less disposable income today.

Let us go through a few more solutions that the government can adopt apart from what my colleagues in the Reform Party have eloquently stated today. We have to eliminate the waste of tax dollars and business subsidies to businesses that do not need them and develop a right to work legislation. When the right to work legislation was put forward in the United States over 75% of new manufacturing jobs went into those states.

Right to work legislation enables those companies to be much more aggressive on the international market. For the individual person that right to work legislation provided \$2,800 more in their pockets. That is what we are trying to, put more money in the coffers so we can ensure we will stabilize our eroding social programs which are eroding because the government has increased taxes, has failed to deal with the economic situation in this country and in doing so has failed to provide the stable funding required for health care, education and other programs.

Payroll taxes need to be decreased. Right now we are sitting on a \$13 billion employment insurance surplus. Why are we doing that? So the government can go in and scoop out a bit of money, put it in its pocket and use it when it needs to. The best thing that the government can do is lower EI premiums, particularly in view of the fact that it has just doubled the CPP premium for companies. Canadians had a rude awakening on January 1, in particular those who are providing the bulk of the jobs, those who are self-employed. Why do we continually try to compromise the private

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sector in this country, the private sector that the Minister of Finance and the Prime Minister have repeatedly said is the primary engine of growth in Canada? Why are we preventing Canadians from getting the jobs they deserve?

• (1315)

England has put forth a new deal for students. It has created, for example, a university of industry. In this university students will learn the skills which will be required in the future that will enable them to have high paying jobs. Also, it has provided a new deal for students by giving the private sector tax incentives to hire new students.

One of the biggest complaints any of us will hear from private employers in our ridings is that the taxes are too high and therefore they cannot hire new people. They cannot invest in their companies. They cannot invest in research. They cannot invest in apprenticeships. They cannot invest in creating new jobs. When we have a situation like that we erode the ability of our economy to be able to provide for people.

This is not one or the other. It is not jobs or social programs. It is not affluence for the rich and be damned for the poor. We can take care of both. In fact it is beneficial in ensuring that we have a strong economy to have strong social programs.

Repeated government overspending by Liberal and Conservative governments has, contrary to popular belief, been the primary destroyer of our social programs. If we spend more and increase our debt, we pay more interest which means we have less money to provide for programs such as health care. As a result, we have people dying in our hospitals. People are waiting for two days in the emergency department to get into an intensive care unit bed. A senior person in severe pain has to wait 14 months for a new hip. That is not a health care system which is providing good care for Canadians.

We can do it. We can provide the strong social programs and we can provide a strong economy. We can do both. We do not have to reinvent the wheel in doing that.

There are other solutions. We can eliminate the personal income tax surcharges. Why do we continue to pile more taxes on people? The government thinks it knows best how to spend Canadians' money. Let the people decide what they want to do. Let the government take what it needs to provide for social programs and give the rest to the public to ensure that they have enough money to provide for themselves.

We underestimate the ability of people to provide for themselves. Let us give them that opportunity, while not forgetting that we have an enormous responsibility and a duty to provide for those

people who cannot take care of themselves. That is the hallmark of having a kind, considerate, caring society from which we all derive an enormous amount of benefit.

In closing, the government should decrease taxes, ensure that the money it spends is spent wisely on social programs that we need, and also ensure that it pays down the debt. For heaven's sake, it should take a leaf out of the books of other countries which have used innovative measures, tax incentives and research and development to strengthen the education system and to link the education system to the future needs of industry. If we do all of that, instead of nibbling around the edges with Bill C-28, we will have a strong economy, we will have strong social programs and we will have a stronger nation.

**Mr. John McKay (Scarborough East, Lib.):** Madam Speaker, far be it for me to refocus the Reform Party on its actual motion, but the motion that is before us is with respect to the impact of the proposed 10% tax on municipalities.

The beauty of this motion is that it attempts to focus the activities of a municipality.

• (1320)

A municipality, by definition, occupies a particular geographical area. By definition it is to provide services to its constituents where the constituents are in need of garbage services, education services or services of that nature. Those are public services. Those are services which are supplied at cost and for which people are not expecting the entity that supplies the service to be making a profit.

I understand that all municipalities are in this hunt for revenue. All governments in all countries are in a hunt for revenue. But this is a proposal which attempts to refocus and rebalance that concept. Municipalities should not be hunting for revenue by supplying services where other entities in our society supply those services.

If any motion prevailed with respect to the law of unintended consequences, this is it. May I suggest that there are a number of very significant unintended consequences that will result from the hon. member's motion.

The first unintended consequence is that municipality will be set up against municipality to supply services in order to be able to generate the most revenue. In other words, it will not have to go to its tax base, it will go to other forms of revenue. We will have, for instance, the municipality of Hamilton competing with the municipality of Kingston to supply service *x* at the cheapest and lowest cost. Therefore, whichever municipality gets to supply that service will not have to go to its tax base to generate revenue. Some of that is happening.

The beauty of the proposal by the government is that it will cut the matter off at 10%. After 10% of its gross revenues the municipality will not have the incentive to seek to augment its income in that manner.

Similarly, it will set up the unintended consequence of a private corporation competing with the municipality to supply a service. That is quite bizarre because the Reform Party's motivation, *raison d'être*, is to enhance and encourage the private sector. We will have this bizarre experience of a municipality competing with the private sector over the same service. With the huge advantages of a municipality, the private sector will not be able to supply the service.

Second, a municipality, again by definition, has an enormous infrastructure. It has secretaries, it has telephones systems, it has buildings, et cetera. It could in a number of instances undercut the private sector by a means which the hon. member might not have thought his way through.

The third and beautiful unintended consequence is that it provides a huge benefit to my municipality of Toronto. Most Canadians, from my experience in travelling across the country, do not think that Toronto should receive very many benefits at all. It is a national pastime to hate Toronto. There are some members here who would agree with that.

I might point out to the hon. member that Toronto is the seventh largest entity in Canada. It ranks ahead of a number of provinces. If this motion goes through it will provide to Toronto an enormous advantage because there will be an enormous incentive on the part of Mr. Lastman and his staff to create services to augment revenue, to knock the private sector out of the game. I do not know whether the hon. member wants to create a situation such as that, but that is a very real possibility and again follows through with the law of unintended consequences.

If the hon. member wishes to set up conflicts between municipalities, if he wants to set up conflicts between the private sector and municipalities, if he wants to benefit Toronto in particular but large municipalities in general, then we should probably stand aside and let this motion pass. However, I believe that the government's direction is far wiser. It is saying to municipalities generally that they can generate revenue and, yes, they will be allowed a certain amount of activity outside their municipal sphere.

• (1325)

However, once they go beyond 10% of their revenues being generated outside their geographical area or municipal sphere, then they will be taxed like any other entity. As with all governments, that achieves a balance which is a good balance and is healthy for this country.

I hope it also addresses the issue of the balancing of revenues among all three levels of government.

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[*Translation*]

**The Acting Speaker (Ms. Thibeault):** Resuming debate. The hon. member for Saint-Hyacinthe—Bagot.

**Mr. Yvan Loubier:** Madam Speaker, are you calling on me to speak to the motion I moved, Motion No. 2?

**The Acting Speaker (Ms. Thibeault):** We are debating Motion No. 1.

**Mr. Yvan Loubier:** I did not ask to speak to that motion.

[*English*]

**The Acting Speaker (Ms. Thibeault):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Ms. Thibeault):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Thibeault):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Thibeault):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Thibeault):** In my opinion the nays have it.

*And more than five members having risen:*

[*Translation*]

**The Acting Speaker (Ms. Thibeault):** A recorded division on the motion stands deferred.

We will now proceed to Motion No. 2.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ)** moved:

Motion No. 2

That Bill C-28 be amended by deleting clause 241.

He said: Madam Speaker, I am pleased to participate in the debate at report stage on Bill C-28.

There are a number of things wrong with Bill C-28. We could mention the government's measures feigning sensitivity with respect to social programs and the deterioration of health care that it has itself brought about through three years of cuts in transfer payments to the provinces in the health, social services and education sectors.

I listened this morning as a journalist put a question to the Leader of the Government in the House of Commons. What the

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journalist asked him was this: "Has the Government heard the public's cry of distress about health care?" The Leader of the Government in the House replied as follows: "Of course it has. In Bill C-28 you will see that we have added \$6 billion for health care and social services. If opposition members vote against Bill C-28, it is because they have not heard what the public is saying".

If that is not the ultimate in demagoguery, I do not know what is. Because what Bill C-28 says about the \$6 billion transfer is that, instead of cutting \$48 billion between now and 2003, the federal government is going to cut \$42 billion. We will never give our support to a bill that would fly in the very face of what people want, which is an end to cuts in social programs and health care.

There is also a serious problem with an apparent conflict of interest involving the bill's sponsor, the Minister of Finance.

Clause 241 of Bill C-28 provides new tax benefits to international shipping corporations, particularly international shipping holdings. Clause 241 amends section 250 of the Income Tax Act to exclusively protect international shipping holdings against any Revenue Canada claims on taxes applying to profits or other revenues.

There is a moral issue relating to this legislation, but there is also another problem: the bill, including clause 241, was introduced by the Minister of Finance, who owns a holding corporation called Canada Steamship Lines.

The Minister of Finance sponsored a bill that provides him with tax benefits, given his involvement in international shipping.

• (1330)

There is at least an apparent conflict of interest in this legislation, and this is contrary to the Prime Minister's code of ethics adopted in June 1994, soon after he took office. Indeed, this code of ethics refers not only to actual or potential conflicts of interest, but also to apparent conflicts of interest.

There is obviously an apparent conflict of interest, given that the Minister of Finance tabled and sponsored a bill with provisions that favour the finance minister's international shipping activities.

When the Bloc Québécois put the finger on the problem with Bill C-28, after reviewing the 464 pages of this omnibus legislation, which includes only two paragraphs on international shipping, the Minister of Finance left the House with a historic statement. He was speechless. He began to stutter like people who are caught in the act, like people who have something on their conscience and who just got caught with their hand in the cookie jar.

The second reaction came from the Prime Minister during oral question period. We had barely finished putting our question when

the Prime Minister jumped out of his seat to come to the defence of his finance minister, saying he had done nothing wrong and that this new provision would not in any way benefit Canada Steamship Lines, which the finance minister has owned in full since 1988.

The next day, the Deputy Prime Minister joined the Prime Minister in saying that this measure did not apply to Canada Steamship Lines. That same day, reference was made during Oral Question Period to the Department of Finance press release which also stated that Canada Steamship Lines would not benefit from these measures.

The third reaction, as time went on, was less decisive and less definite. It came from corporate taxation division senior advisor Len Farber, the very person to whom we were referred by the Minister of Finance and who is supposedly his right-hand man in terms of policies and political strategies—likely more political than anything else.

Mr. Farber appeared before the Standing Committee on Finance and was asked a series of questions which led him gradually into an area where he felt cornered. He was forced to admit that "Yes, these provisions could be available to that company", because reference was being made at that time to companies like Canada Steamship Lines, the company of the Minister of Finance.

When the government found itself backed into a corner on the fact that clause 241 could apply to Canada Steamship Lines, as even its vice-president, Mr. Préfontaine, admitted, saying "Yes, perhaps, but we have no intention of applying it", it turned to the process itself. By February 12, it was starting, through the Prime Minister, to make statements like: "Yes, but all of the rules were respected in tabling the bill. The Minister of Finance did not see its contents, even if he was the one sponsoring it".

On February 12, the Prime Minister pointed out that, according to what the ethics counsellor had told him, everything was done according to the rules and the Minister of Finance was not at fault. He put his assets and shares into a blind trust and is therefore protected from any apparent or actual conflict of interest.

Unfortunately for the Prime Minister, five days after his statement in the House, his ethics counsellor appeared before the Standing Committee on Finance and was also obliged to admit—not only verbally, but also in his written report—that there was at least a possibility of a problem, because introduction of Bill C-28 had not followed normal procedure. He stated that, normally, had he been approached by the Minister or the Department of Finance on the procedure for tabling, steering or sponsoring this bill, the Minister of Finance would not have acted in this way.

*Government Orders*

• (1335)

The ethics counsellor recognized that there had been at the very least an apparent conflict of interest. But he later went back on his position and told the finance committee “Look, even if Canada Steamship Lines stood to potentially benefit from these news provisions and the Minister of Finance stood to save substantial amounts in taxes”—we are looking at millions of dollars in the future—“that is not the problem. The problem is that the process should have been more consistent with the rules established in 1994”.

Mr. Wilson, the ethics counsellor, has many problems. The first one is that he changes his tune every time he is questioned on the subject. He writes one thing and says another or vice versa. He has a credibility problem.

Second, his credibility problem is compounded by the fact that he is paid by the Prime Minister, when he should be an independent counsellor reporting to Parliament. In fact, in the red book in 1993 the Liberals stated, and I quote “A Liberal government will appoint an independent ethics counsellor to advise both public officials and lobbyists in the day to day application of the code of conduct for public officials”.

He is not independent, he is accountable to the Prime Minister. This means the Prime Minister can get him to say just about anything, as he is the boss. That is why the government’s ethic counsellor has lost all credibility.

The ethics counsellor should be dismissed and replaced with a real counsellor, who would be independent from the government, to shed light on cases like this one without having to wait for an opposition member to put his or her finger on a problem. As it is, the ethics counsellor has become the one who saves ministers’ heads.

The motion basically calls for the deletion of section 241, which gives an unfair advantage to shipping companies like the one owned by the Minister of Finance, Canada Steamship Lines, until this matter and the finance minister’s apparent conflict of interest have been clarified.

In fact, on February 12, the four opposition parties got together to write a letter to the government, asking that a special committee be struck to shed light on the whole matter. Last week, I personally made a similar request to the Prime Minister, but have not received any reply.

I make the same request again, but in the meantime section 241 should be deleted because we are convinced that there is, at the very least, an apparent conflict of interest around the introduction of the bill containing section 241.

[English]

**Mr. Monte Solberg (Medicine Hat, Ref.):** Madam Speaker, I want to congratulate my colleague from the Bloc for his motion. I think it is an important motion and I think colleagues around the House should support it.

The intention of the finance minister and the finance department probably was not to somehow circumvent the rules. Nevertheless, that is the position the government has put itself in. I think fairness and integrity dictate that members support the motion to avoid the appearance at least of a conflict of interest. Pretty clearly, that is what has happened.

My friend from the Bloc has talked about that at length. I want to talk about a variation on the theme. I want to talk about the irony in having Canada’s finance minister have to shelter many of his own personal assets offshore to avoid paying the staggering taxes that so many Canadians have to pay. I think that is rather ironic. I think it would be very funny if not for the fact that every other Canadian really does not have the same opportunity to do that.

I say to the finance minister good for him, I am glad that he has found a way to avoid paying the same level of taxes that the rest of us pay. Truly I would like to see the same rules, the same compassion extended to all other taxpayers in this country.

Would it not be wonderful if somebody who runs the donut shop across Wellington Street could put up a Liberian flag so they did not have to pay the same high level of taxes they currently have to pay? Would it not be wonderful if in a garage in Rosetown, Saskatchewan they could put up a Panamanian flag so they did not have to pay the same staggering level of taxes they currently have to pay? It could go on and on.

I think members get the point. The fact is in Canada today people are driven to extraordinary lengths to not pay the level of taxes we currently have to pay.

• (1340)

As I pointed out in an earlier intervention, we have taxes that are among the highest in the world. Income tax is 56% higher than the G-7 average. I do not blame people for going to great lengths to avoid paying those taxes but it is killing this country.

There was an article in the weekend *Globe and Mail* about British Columbia’s recession. Not long ago that province was leading the country in growth and now it is tenth in the country in terms of growth. One of the primary reasons for this is the combination of high taxes between the provincial and federal governments that has made British Columbia uncompetitive. It cannot deal with the competition from the northwest United States and the Pacific rim. Consequently that government and that province are in recession today.

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I do not blame people for going to extraordinary lengths to find ways to not pay these high taxes. The sad result is that people are actually leaving the country. That is one way people deal with the problem of high taxes. Not long ago a Nesbitt Burns report was widely circulated in the media. It talked about how young Canadians, in particular university graduates and professionals, are leaving the country in droves to go to the United States in particular and to other jurisdictions where taxes are not through the roof. They want to find work where they will be allowed to keep enough income to live the types of lives they have dreamed about. They obviously feel they can no longer do that in Canada. That is sad.

The Nesbitt Burns report talked about the computer technicians this country is losing. That is terrible. We are losing doctors, nurses, teachers and engineers. Some of our brightest and best are disappearing from this country. It is not only an economic tragedy, it is a personal tragedy too. We are seeing families split up.

My friend, the hon. member for Red Deer, has three children. They have all left Canada to find work. One is in Norway. Another is a Rhodes scholar and is teaching in the U.S. at Harvard. He could not get a job in Canada so he left for greener pastures where the taxes are not so high. I believe this member has another daughter in the Netherlands. My friend, the hon. member for Calgary South-east, has family spread out around the world as a result of the high taxes.

Who can blame the finance minister? He is only doing what everybody else is doing, trying to find ways to avoid the crushing burden of taxes in this country. The challenge to my friends across the way and to the finance minister is to find ways for people to enjoy their assets in Canada, to find a way for us to live the lives we want to live in Canada without having to pay taxes through the roof. That is a novel concept, is it not?

Instead of focusing on finding new and creative ways to spend \$11 billion, which is what they chose to spend in the last budget, why do my friends across the way not find ways to lower the tax burden in this country to help Canadians out? What is wrong with that? Why do we have to drive people out of this country? People are voting with their feet. They are leaving. The brightest and the best are leaving. We cannot tolerate that.

It is time for my friends across the way to wake up and understand that clause 41 is a symptom of a much larger problem, that taxes in this country are too high. They are far too high. We are now in a position where Canadians work half the year just to pay the federal government. If I were to ask members in this House what they would call it if they had to go to work for six months of the year, had every cent taken and worked for no remuneration, they would call that slavery. But that is exactly what we do in Canada today. We spend half the year working for the government.

When is the government going to wake up and understand that this cannot continue? When is it going to do more than the half measures we saw in this budget? The government said that it introduced \$7 billion in tax relief in the budget although it forgot to point out that it previously introduced new tax measures that would take \$9 billion out of the economy. That would leave Canadians a couple of billion dollars worse off than they were last year. The government calls that tax relief. I call it robbery.

• (1345)

It is ridiculous that the government can get away with that type of thing. I hope that friends across the way will come to realize that bills like Bill C-28 are simply a symptom of the sickness of the government's perverse idea that it has to justify its existence by taxing people ever ever more. I ask them to reflect on the irony of a finance minister who has put his assets offshore so he does not have to pay the staggering level of taxation that we have in this country.

Surely there is a lesson for the House in this example. I would expect that friends in this House would come to appreciate that this is ridiculous. It is time to bring this to an end. I urge my friends to support the Bloc motion to oppose the inclusion of clause 241. We can no longer have taxation levels that are among the highest in the world, ones that not even the finance minister can afford.

[*Translation*]

**Mr. André Bachand (Richmond—Arthabaska, PC):** Madam Speaker, I will not take as much time as my hon. colleague from the Reform Party. I would like to return to the matter raised by the hon. member for Saint-Hyacinthe—Bagot.

I believe the motion he has moved is important. It is significant that all opposition parties have joined together in recent months to raise the problematical issue, or potentially problematical issue, relating to the Minister of Finance and have demanded clarifications. I believe this is important.

The Minister of Finance has very great responsibilities. The entire credibility of the Canadian tax system is at stake. He must provide answers to all questions raised by the opposition parties. The hon. member for Saint-Hyacinthe—Bagot has done an excellent job on this, and we in this corner of the House wish to congratulate him on it.

We are, therefore, going to support this motion, and hope our friends opposite will do likewise. Why? In order to avoid any problematical issues around reputations and credibility. If the Liberals understand their Minister of Finance, and are so fond of him, so much the better. If they are so fond of him, let them go along with the parties in opposition in voting in favour of this

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motion, in order to settle the question of potential conflict of interest for once and for all, at least in connection with Bill C-28 and the way in which it was introduced, as far as Canada Steamship Lines and foreign holdings are concerned.

If the Liberals understand their Minister of Finance, and are so fond of him, they will support this motion and we will be able to defer any discussions on this issue to a later date.

It is up to the Liberals, today or whenever we vote, to decide whether they support their Minister of Finance or whether they are prepared to delay part of Bill C-28 to ensure that their Minister of Finance will never be in a conflict of interest—real or potential.

It is the responsibility of the opposition to raise this issue, but it is the responsibility of the House as a whole to support the motion of the member for Saint-Hyacinthe—Bagot.

We must remember that Bill C-28 is a great fat volume that Canadians will find muddling. It requires research, and the role of the opposition parties is to ensure that everything is proper and to raise any problems before the House so Canadians will understand what is really happening with their government.

I hope those opposite will join with the members of the opposition in unanimously supporting the motion of the member for Saint-Hyacinthe—Bagot. I am sure that, basically, all members in this House want the Minister of Finance to be exonerated of all blame. That is what we want as well, because the country's fiscal credibility is at stake.

So they should hold up this part of Bill C-28, and all the members should join together so the Minister of Finance, the government and all Liberals can rest easy with this matter. We will eventually get back to the issue of international shipping companies in this country.

• (1350)

[*English*]

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Madam Speaker, it is interesting to speak to this amendment by the Bloc Québécois. It highlights an area of income tax policy that is a bit of a lark. We have had some fun with it in question period.

The hon. member opposite was feigning a little bit of outrage here a minute ago saying that these are all false accusations about the finance minister. He does not think we should be talking about that and I can see why he does not want us to. However the member for Medicine Hat hit the nail on the head. I have asked this question of the minister during question period. It goes something like this.

The minister has registered some of his vessels offshore. They sail under the Bahamian or Panamanian flags. Why does the minister not offer tax relief for all Canadians, including himself, so

that we could all keep our business in Canada instead of offshore? The Liberals get up, beat around the bush, say how indignant they are, say that it is a terrible thing to say and it hurts their feelings. I am sure they will soon sue us for that because they like to sue as soon as they get into a bit of heat. In essence it is a fair question. The question is exactly that. There is nothing wrong with the minister doing what he is doing.

There is a member here who cannot understand what is going on.

**An hon. member:** I have many years in provincial parliament.

**Mr. Chuck Strahl:** I know she is going to sue me in a minute but if she would just let me continue to speak.

Before the member sues, just let me repeat again, there is nothing wrong or illegal with what the minister does. He is a business person. He looks at it and says "Let me see. If I register my vessel here in Canada I have to pay through the nose in taxes, registration fees, hidden taxes" and taxes below the water line no doubt. There are all kinds of taxes in Canada because the vessel is registered here. When he registers a vessel offshore, there is nothing wrong with that. I hope the member does not have an apoplexy on us here, Madam Speaker, but there is nothing wrong and I will say it again for her benefit.

What kind of message does that send to Canadians who are also looking for tax relief and do not have the advantage of an international company where they can parade some of their assets out of the country. What kind of a message does it send? It sends them the message that the finance minister knows the truth, that taxes in Canada are way too high.

The taxes here are a disincentive for investment. The taxes here do not create wealth. They suck the wealth out of the economy. The taxes here in Canada mean that the average family in British Columbia spends \$28,000 or more just paying taxes to governments. How are they supposed to plan for their kids' education, put a little money aside for retirement and maybe if they are lucky have a holiday every decade or two?

How are they supposed to get investments going on their own to start a small business, an in home business, or to invest in mutual funds and take advantage of any of those things? They cannot because they are so busy paying taxes to all levels of government.

With this government the Hoover sound can be heard across the land from the minister opposite. There have been 37 tax increases since the Liberals took power. There were many more in the 35th Parliament that we did not even get into. Every single time the inflation rate goes up even a couple of per cent, does the government change the personal exemption amounts, the bracket creep? It just cuts right in and sucks a little more out. You can hear the slurping noise as the economy gets sucked dry and the initiative

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gets sucked dry and the entrepreneurs head south or east to anywhere where tax relief is possible. Is it any wonder that the finance minister does what he does. He does what he has to to get ahead.

I face this time and again in my own riding. My riding includes the Sumas border crossing which is one of the busier crossings in Canada. Between the United States and Canada there are billions of dollars of trade per day, not all through Sumas, but in total.

People bring a tale of woe to my office that goes something like this. They say "Listen. I was down in the United States and they gave me the following deal. All the other prices are much the same but you know their other taxes are much lower. I do not have to pay the sales tax. I do not have to pay all the hidden taxes along the way. It is cheaper to buy the same product down in Washington state even with the exchange rate as it is, than it is to buy it at my local store because the taxes in Canada are too high".

• (1355)

What am I supposed to say to a young couple who is trying to get ahead, to feed their kids and do all that stuff? Do I say "Listen here young man, I expect you to pay through the nose. Forget looking after your family. Forget planning for your future. Forget about your children's education. Pay through the nose and pay it here in Canada because that is what makes Canada great". Because I fear for my own safety, I do not say that. I say "Yes, is it not too bad that in Canada our taxes chase your money out of town and out of the country".

I tell them to please shop Canadian if they can and all that good stuff. However that couple is struggling and when they come in with their hands held out, what do I say to them? I tell them that they are responsible for their family and they should do what they have to do. That is what the finance minister does when he looks after his business, which is in a blind trust, but it registers vessels offshore. This is not illegal and nothing is technically wrong with this.

Why is it happening? It is happening because taxes in Canada are too high. Registration fees are too high. Regulations are too onerous and too difficult. That is why those things happen.

The government across the way would be well advised to take a look around the world and see how we compare tax wise with the other developed countries. Our income tax rates are 50% higher than the G-7 average. Does that not strike a little bit of fear into the Liberals' little cold economic hearts? Does it not make them think that perhaps they could kill the goose that laid the golden egg if they just taxed it long enough?

Do the Liberals not understand the old parable of the little red hen? We keep beating that little red hen on the head with a tax

booklet. The chain drags out for dozens of metres behind the poor person who is trying to get ahead, sucking their energy and distracting them. They finally ask themselves what the point is of even trying because they have all this weight dragging them down in the income tax system, the regulatory system and the bureaucracy that this government seems to promote. They finally realize they cannot cut the chains because the government keeps adding more books on the end of this ever loving thing. It becomes the chain from hell. It just goes on and on off into the distance taking the energy out of the system. They finally wish they too could go to the Bahamas, register there and get ahead.

That is why this amendment in not so nice a way tweaks the nose of the government to point out why this is a problem for Canadians. High taxes kill incentive, kill jobs and kill the future for not only people raising families now but for future generations to come. That is why this government would be well advised to listen up during today's debate, quit adding more taxes to the system and allow Canadians the opportunity to get ahead the way they should, which is without government help but without government hindrance.

I wish the government would listen up and support this amendment during the vote that we will have later this evening.

**The Acting Speaker (Ms. Thibeault):** It being 2 p.m., the House will now proceed to Statements by Members pursuant to Standing Order 31.

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## STATEMENTS BY MEMBERS

[English]

### NOWROOZ

**Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.):** Madam Speaker, last Saturday, March 21, was the first day of spring. At least 10 nations celebrate nature's rebirth and renewal on this day. This celebration is referred to as Nowrooz and it is commemorated in one way or another in Azerbaijan, Turkey, Tajikistan, Khazakistan, Pakistan, Uzbekistan, Iran, Afghanistan, Armenia and Georgia.

• (1400)

This traditional celebration is rooted in the ancient Persian civilization. As nature renews itself and prepares to bloom the people contemplate new efforts for a more promising future.

I would like to take this opportunity to congratulate all nations celebrating Nowrooz, especially all those Canadians commemorating this holiday. May this new time of the year bring productivity, growth and great health to all.

**BRITISH COLUMBIA**

**Mr. Gurmant Grewal (Surrey Central, Ref.):** Mr. Speaker, this following is a list of reasons why British Columbians ignore the Liberals.

The Liberals leave B.C. under-represented in the Senate. They will not let B.C. elect our senators.

The Liberals are killing B.C.'s salmon fishery, mining industry, tourism industry and softwood lumber industry. They are killing jobs in B.C.

The Liberals have cut transfer payments affecting B.C.'s education and health services. They do not give B.C. our fair share of government contracts.

The Liberals will not get tough on crime. They leave B.C.'s streets and homes unsafe.

The Liberals are killing B.C. with high taxes.

They shutdown B.C.'s coast guard. They turned off B.C.'s lighthouses.

The Liberals closed CFB Chilliwack and left us without emergency preparedness.

The Liberals have ignored British Columbia and British Columbia will ignore the Liberals.

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**KEN KOYAMA**

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, I rise today to recognize and congratulate Mr. Ken Koyama, a constituent in my riding of Etobicoke—Lakeshore, for his contributions to international development.

Mr. Koyama worked as a Canadian Executive Service Organization volunteer in Georgetown, Guyana where he was asked to conduct training seminars for senior management by a consultative association.

He shared his knowledge and expertise in the area of human resource management by presenting a five day intensive lecture/participant involvement workshop for senior management from 17 organizations in Guyana.

Mr. Koyama's work in Guyana speaks to the commitment and willingness of Canadians to stimulate social and economic growth in developing countries.

On behalf of my constituents of Etobicoke—Lakeshore I am proud to take this opportunity to congratulate Ken Koyama for his voluntary efforts. Congratulations to Ken.

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[Translation]

**RACIAL DISCRIMINATION**

**Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ):** Mr. Speaker, March 21 was International Day for the Elimination of Racial Discrimination.

In this context, I am proud to recognize the role played by the Quebec department responsible for relations with the public, which identified a number of ways to deal with racism: raising awareness of people's rights and freedoms through public events such as this international day; funding research to shed light on the root causes of racism; supporting community initiatives through the new program promoting public participation; and finally, promoting jobs for young members of visible minorities.

The tolerance and openness displayed by Quebec society are recognized by all. Yet, like elsewhere, racist and discriminatory acts do take place in our province. Thanks to these measures, we will be able to fight all forms of racism and build a more just society.

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[English]

**WORLD WATER DAY**

**Mr. Gar Knutson (Elgin—Middlesex—London, Lib.):** Mr. Speaker, in 1992 the general assembly of the United Nations designated March 22 as world water day, a special day set aside each year for the people of the world to reflect on the importance and the value of water in their daily lives.

This year's theme is groundwater, the invisible resource. It reflects the concern that our planet's groundwater supplies are increasingly being threatened. In Canada more than 20% of our population depends on underground water sources for its drinking water. It is one of our most vital natural resources. Groundwater is essential for our continued health and economic well-being.

Water efficiency requires a full commitment of all people. WaterCan is an Ottawa based non-profit organization which, along with several partners, has demonstrated its commitment by organizing world water day activities and by raising public awareness on the wise use of our precious water resources.

A little more than a week ago, in celebration of world water day, more than 500 students from the Ottawa-Hull area took a pledge to conserve and protect Canada's water resources. Only by—

• (1405)

**The Acting Speaker (Mr. McClelland):** The hon. member for Waterloo—Wellington.

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### JANE URQUHART

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, Canadian novelist Jane Urquhart, winner of the 1997 Governor General's Award for fiction, will receive France's highest arts and literature award today.

Jane Urquhart, who lives in Wellesley, Ontario which is part of my riding of Waterloo—Wellington, will be honoured with the Chevalier des Arts et Lettres as a recognition of her literary achievement.

Jane Urquhart, who won the Governor General's Award for her book *The Underpainter*, won France's prestigious best foreign novel prize in 1992 with her novel *The Whirlpool*.

I ask all Canadians to join with me in congratulating Jane Urquhart for her many achievements. Canada is very proud of her.

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### RACISM

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, if equality is the ultimate goal that a civil society aspires to, then racism is its implacable foe.

Canadians have struggled and fought hard against the vile enemy of social cohesion and although we have been enormously successful in integrating almost 200 different nationalities, we are far from perfect.

The ghettoization in large centres, the enormous difficulties aboriginal people face in integrating into Canadian society, the politically correct reverse discrimination that occurs still demonstrate that much needs to be done.

We must continue to enforce laws that penalize the purveyors of racism, ensure that racism labels are never falsely used, strengthen the level playing field where opportunities exist and the responsibility to take advantage of those opportunities rests with the individual, and that people are judged on their merit and not on the colour of their skin.

On this international day of elimination of racial discrimination I would like to thank Canada for the opportunity that Canada has given to me to be judged not on the colour of my skin but on my abilities.

\* \* \*

### SULPHUR

**Hon. Charles Caccia (Davenport, Lib.):** Mr. Speaker, Ontario gasoline has the highest sulphur content in Canada, over 500 parts per million. In California, by contrast, sulphur content in gasoline cannot exceed 40 parts per million.

Sulphur damages catalytic converters because of increased pollution by other polluting substances in gasoline.

Sulphur harms the respiratory system with resulting health care costs which are high.

In addition, sulphur in the air creates smog. Large numbers of premature deaths are attributed to smog.

In Canada gasoline registers the highest average sulphur levels of all developed countries. Canada should set strict standards for sulphur in gasoline, as was done in the European community, the United States and Japan, and ensure Ontario and every other province adopts them in the interests of public health and environmental quality.

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### HEALTH CARE

**Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, last weekend during our biennial convention the Liberal grassroots demanded that the Canadian government do its utmost to protect Canada's health care system. As well, the resolutions on this issue prove beyond a shadow of a doubt that we are listening and that we are taking effective action by proposing appropriate measures for responding to the needs of Canadians.

The Prime Minister of Canada made a firm commitment to protecting and improving the Canadian health care system.

[Translation]

Our government has already announced a reduction in cuts to transfer payments to the provinces. The provinces also have a responsibility in this regard. They must make sure that the resources allocated by the federal government are in fact used to improve health care in Canada.

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[English]

### THE SENATE

**Mr. Bill Gilmour (Nanaimo—Alberni, Ref.):** Mr. Speaker, our first vote on the budget, vote one of the estimates, establishes the operating budget for the Senate.

This year our unelected, unaccountable Senate has asked taxpayers for a 10% raise to increase its budget from \$40 million to \$44 million. Yet at the same time it refuses to account to Canadians on how it spends our money.

Last year when the House requested that the Senate account for its budget the Senate openly and defiantly refused to appear before this elected House to justify its budget.

Clearly the unelected Senate has demonstrated to Canadians once again that it has absolutely no accountability to the taxpaying public.

Accountability in the Senate can only be achieved in one way, by making our other house of Parliament democratically accountable to the people it is supposed to represent. This can only be done by electing, not appointing, our senators.

\* \* \*

• (1410)

[Translation]

#### LIBERAL PARTY OF CANADA CONVENTION

**Mr. Pierre de Savoye (Portneuf, BQ):** Mr. Speaker, the Liberal Party of Canada's convention last weekend was an odd event.

I am not talking about the Prime Minister's Bill Clinton imitation with a rendition of "Love me Tender" on the trombone, but about the shadow of the Conservative Party's leader hovering over the proceedings all weekend.

We all know that the Conservative leader's best volleys have been against the Liberal Party of Canada. There is something not quite right about all these Liberal ministers unconditionally supporting the Conservative leader as the replacement for Daniel Johnson in Quebec City.

The member for Sherbrooke will undoubtedly make a good valet for the federal government in Quebec City. The Liberals should not be too hasty to break out the champagne however. The Conservative leader promised 40 seats in Quebec during the last federal election. He delivered five. And it is certainly not by becoming a Liberal that a Conservative—

**The Acting Speaker (Mr. McClelland):** The hon. member for Brossard—La Prairie now has the floor.

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#### LIBERAL PARTY OF CANADA CONVENTION

**Mr. Jacques Saada (Brossard—La Prairie, Lib.):** Mr. Speaker, members of the Liberal Party of Canada held their biennial convention in Ottawa last weekend.

What set this convention apart was the unanimous support of the 2,500 or so delegates present for the Calgary declaration, which was designed to promote national unity in a concrete manner.

Of particular interest among the resolutions passed were those seeking to consolidate the Canadian health system and social safety net, in a spirit of constructive co-operation with the provinces.

I would like to say how delighted I was to co-chair this truly fine convention. It was a convention that saw the election of a young woman from my riding of Brossard—La Prairie, Véronique de

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Passillé, to the position of president of the Liberal Party of Canada's youth wing.

It was an exciting and stimulating convention that ended on the very upbeat note that the Liberal Party of Canada has renewed support for its leader, in a confidence vote of over 90%.

It is impossible—

**The Acting Speaker (Mr. McClelland):** I am sorry to interrupt the hon. member. The hon. member for Sackville—Eastern Shore has the floor.

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[English]

#### CANADIAN FILM INDUSTRY

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Speaker, tonight Atom Egoyan's film *The Sweet Hereafter* will be considered for not one but two academy awards.

My New Democrat colleagues and I believe the Canadian film industry is essential to our unity as a country and to our sense of ourselves as Canadians.

We understand that without the support of public grants, many of these films could not be made.

Mr. Egoyan has thanked the Canadian public for supporting his work.

However, I believe we should not be surprised if this government is not included in his anticipated acceptance speech. It is this Liberal government that has systematically cut the support of Telefilm Canada and the National Film Board to the tune of \$109 million.

On behalf of the New Democratic Party and citizens of Canada, best wishes tonight to Atom Egoyan and *The Sweet Hereafter*.

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#### CHILDREN IN WAR

**Mr. Rey D. Pagtakhan (Winnipeg North—St. Paul, Lib.):** Mr. Speaker, last week's issue of the Ottawa *Citizen* exposed the grim reality of children in war.

Today in Ottawa a roundtable on children soldiers is further probing this issue.

It is indeed appalling that children have been made direct participants in armed conflicts.

Whether they are kidnapped and indoctrinated to harm and kill or legally forced to go to war by their own government or pressured to volunteer because society has given them no better alternative, just the same it is a tragedy that pierces the heart of humanity.

Those who do not die return from war damaged psychologically.

### Oral Questions

Civilized nations have a duty to convince the world to stop making soldiers out of children.

Canada should campaign as a standard bearer to advance this objective using the fora of the United Nations, the Commonwealth, La Francophonie, APEC and all diplomatic engagements.

Let us put a stop to robbing children of their childhood.

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### LENNOXVILLE

**Mr. David Price (Compton—Stanstead, PC):** Mr. Speaker, I rise today to speak of pride, the pride of Lennoxville, a small municipality in the beautiful eastern townships of southern Quebec with 6,000 citizens, and the pride of Bishop's, a small but beautiful university in Lennoxville with 1,700 students from all across Canada.

You see, yesterday in Halifax one of Canada's smallest universities won the Canadian university national basketball championships for the first time, a dream come true.

Last year *Chatelaine* magazine listed Lennoxville as one of the top 10 cities in Canada for all around sports.

A couple of years earlier, Lennoxville was named one of the 10 best places to live in Canada.

Mayor Doug Macaulay and university chancellor Alex Patterson and over 200 anglophone and francophone fans travelled to Halifax to cheer our Bishop's Gators to glory.

• (1415)

We are a community that supports our people and institutions. We are what Canada is all about, proud to be Canadian.

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### LEAHY FAMILY

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, last night the musical group Leahy won a Juno award as instrumental artists of the year. The nine siblings of this talented troupe hail from Douro-Drummer Township, formerly Douro Township in Peterborough riding. While the population of Douro is small in number, it is large in musical history and tradition.

As the Celtic musical tide reaches an all time high, Canada's Leahy family is at its leading edge. The Leahy children, five girls and four boys, have been performing since they were old enough to walk. Today they are reaping the rewards of a lifetime of tight-knit stage work.

In years past the Leahy family would criss-cross Ontario to admiring fans. Today they perform their brand of Celtic music on stages around the world.

I ask my colleagues to stop fiddling around for a moment and join me in saluting Canada's famous Leahy family and the community of Douro which produced them.

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## ORAL QUESTION PERIOD

[English]

### FISHERIES

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, for years fishermen, scientists and outside observers have been attributing much of the collapse of the east coast fishery to mismanagement by the department.

The Prime Minister and the minister always dismissed these charges, but now we have Liberal members of the Liberal dominated fisheries committee saying exactly the same thing.

Will the government finally acknowledge that departmental mismanagement is responsible for the loss of thousands of jobs in the Atlantic fishery?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member may well be referring to a report of a parliamentary committee. If he is, I respectfully suggest he is out of order because it has not yet been tabled in the House and we are not permitted to comment on it until it is.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, members of the government caucus have been vocal on this subject in the corridors of the House and not simply in the committee. Theirs is not the only voice charging mismanagement.

Last year the auditor general did an exhaustive investigation of that department and came to exactly the same conclusion. They say that when a fish rots, it rots from the head down.

How many more scathing reports will it take before the government acknowledges that the fisheries department has become part of the problem, not part of the solution?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, if I were unkind I could say now we know what is wrong with the Reform Party, but I do not want to be unkind because the hon. member has raised an important issue. We are concerned about the issue. We will have a lot more to say about the subject once the committee report is tabled.

Until that time both the hon. member and I are out of order to comment on the report which has not yet been tabled in the House.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, the government, the minister, the Prime Minister and the Deputy Prime Minister have been dismissing these charges for years. These excuses are simply not acceptable. Mismanagement of the east coast fishery has now spread to mismanagement of the

west coast fishery and is causing many of the problems now in British Columbia.

What will the government do about mismanagement at the fisheries department?

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, we will certainly not get into the finger pointing and witch-hunting members opposite want to get into.

We on this side of the House want to be proactive in moving forward and building a system of trust that we can build on for the future so that we have a fishery of the future that communities and people can depend on.

**Mr. John Duncan (Vancouver Island North, Ref.):** Mr. Speaker, when people lose confidence in the people who are the managers, they change the managers.

Canadian observers on foreign boats fishing within Canada's 200 mile limit have reported many violations of Canadian fishing regulations. DFO is not only aware of these infractions but has instructed its own people not to press charges against those foreign boats.

Who is accountable for this decision? Did the minister instruct his officials not to lay charges and enforce the law?

• (1420)

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, certainly the minister did not instruct his officials not to lay charges. The member should be congratulating us on the in depth analysis of those observer reports which show some irregularities but not necessarily violations of our regulations.

DFO has investigated all those irregularities and if in places the law had been broken they would have been charged, but they did not find the law had been broken.

**Mr. John Duncan (Vancouver Island North, Ref.):** Mr. Speaker, those are the very reports the committee has been denied. The federal government is continuing to approve foreign fishing in Canadian waters on the basis that these are fish in surplus of Canada's needs.

Meanwhile, there are unemployed fishermen and plant workers in Atlantic Canada. No other country declares fish surplus to its own needs. When will Canada stop this resource giveaway?

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, the minister has talked many times in the House about Canadianizing the fishery.

We on this side of the House recognize that we have many international obligations in terms of our discussions with foreign countries as well.

### Oral Questions

We are trying to move forward on an international basis. At the same time the minister has made it very clear that where possible, where fish are not surplus to our needs, we will Canadianize the fisheries.

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[Translation]

### HEALTH

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, following in the steps of numerous health stakeholders, the Government of Quebec and every provincial government, supporters of the Liberal Party of Canada are now expressing concerns about the drastic cuts made in health, cuts that have literally devastated health systems across Canada.

Will the Minister of Finance finally admit that he has gone much too far with his cuts to transfer payments to the provinces and that these cuts, totalling in excess of \$6 billion a year, are causing irreparable damage to the various health systems across Canada?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, clearly, transfers to the provinces have already been increased. In fact, a few months ago, the Minister of Finance introduced in the House of Commons a bill to increase transfers by \$1.5 billion a year.

Over the next five years, this will mean an extra \$7 billion available to the provinces for health.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Minister of Health gave me the same answer the Prime Minister gave Liberal supporters, admitting that his government is maintaining a \$12.5 billion cash floor for transfers.

Indeed, by admitting that this is the cash floor, did the Minister of Health not just admit, as did the Prime Minister, that more than \$6 billion have been cut from transfer payments, much of which go to health care in Canada?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, we have set at \$12.5 billion a year the amount of cash transfers to the provinces based on the recommendation of the National Forum on Health.

The situation was studied for almost two years. They considered all factors and recommended that the transfer be maintained at the level of \$12.5 billion a year. We have accepted the recommendation.

Health really is a priority for us and, in the coming years, we will continue to work with the provinces to strengthen the health system across Canada.

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, some Liberal supporters found out that it is the government, through its excessive cuts, that created, to a large extent, the problems experienced in hospitals across Canada.

*Oral Questions*

Has the Minister of Finance finally understood that his own supporters are, like us, asking him to use the government's financial margin to restore the level of the transfers to the provinces, transfers that are used to fund health care, among other things?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the convention of the Liberal Party of Canada held this past weekend confirmed this government's wisdom in making health care a priority.

• (1425)

Improving Canada's health care system is truly one of our key priorities, and the delegates obviously shared our view during the weekend.

I hope that my provincial counterparts, including the minister—

**The Acting Speaker (Mr. McClelland):** The hon. member for Drummond.

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, when one makes a mess, one has a duty to clean it up.

Does the Minister of Health not realize that it is not by getting involved in home care, which is a provincial jurisdiction, that he will clean up the mess he created with his cuts in Canada's health sector?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, as I said, we adopted the recommendation of the National Forum on Health and we established a corresponding level of transfers.

As for home care and community based services, these are truly a key component to solve the issues confronting us in Canada's health care system. Last week I visited the Fleury hospital, in Montreal, and I saw for myself that a number of problems in emergency rooms result from a lack of infrastructures in community based health care services.

We intend to act on this.

[*English*]

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, my question is also for the Minister of Health.

The Liberal convention of the past weekend passed a resolution calling on the Liberal government to "develop a process to continuously measure the quality of health care in Canada".

Later today the House will be debating an NDP motion to amend the CHST to set up exactly such a process to require the government to table a regular assessment of whether the cash floor for the CHST transfer is capable of sustaining quality health care in Canada.

Would the Minister consider supporting this amendment? It seems to me that it goes a long way toward implementing the very resolution that was passed this weekend at his party convention.

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, during the weekend it became clear that the delegates to the Liberal convention support the government's choice of health as one of its key priorities in the coming year. Indeed it confirms we are on the right track with the change to the level of transfers over the coming years making more money available and picking areas of priority for action such as home and community care.

May I also say that the federal government must do its share but the provinces must also choose their priorities wisely. We would hope the provinces would make health their priority so that together we could—

**The Acting Speaker (Mr. McClelland):** The hon. member for Winnipeg—Transcona.

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I asked the minister a very direct question. There is an opportunity available today for the minister, by supporting our amendment, to implement the process whereby he could regularly table an assessment of how well medicare is working.

Why would he not rise today and say that he would support this amendment? Clearly Liberals at the convention shared NDP concerns about what is happening to our health care system. This is an opportunity for the minister to show some leadership and some consensus building on how to deal with this issue. Will he accept the amendment?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, quite simply the amendment in our view is unnecessary because the government continuously reassesses the sufficiency of all its actions in relation to health care. We went through that very process in changing the amount of the CHST cash transfer during the past few months.

I assure the House both in terms of the transfers and in terms of other steps we are taking in relation to health that we will constantly be involved in reassessing the sufficiency of the support for what we believe is an essential service for all Canadians.

[*Translation*]

**Mr. André Bachand (Richmond—Arthabaska, PC):** Mr. Speaker, a very important activity took place on the weekend, which could be described as the second national forum on health.

I ask the Minister of Health whether he will listen to members of his own party—Liberals—after not listening to Canadians, or the provinces or the people working in the health field, and immediately reinstate the system of cash transfers to the provinces, which are in desperate need of them?

*Oral Questions*

• (1430)

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, over the weekend, the delegates were not advocating spending for the sake of spending, but rather investing in order to strengthen Canada's health care system.

That is what we intend to do. At this point, the whole issue of home care and of community health care—a vital part of Canada's health care system—is under examination.

We intend—

**The Acting Speaker (Mr. McClelland):** The hon. member for Richmond—Arthabaska.

**Mr. André Bachand (Richmond—Arthabaska, PC):** Mr. Speaker, I would like to know from the minister whether he listened to people in this second national forum on health, which took place this weekend. Before setting other priorities, his first priority should be to provide services and transfers to the provinces, since the provinces look after health care in Canada.

If he considers health a priority, just imagine what sort of priority the government is giving to employment. Health is sick in Canada.

Will the minister make a commitment in this House to listen to members of his own party and give the provinces more money in transfers than they are currently getting?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I would remind the hon. member that the first thing we did after resolving the financial situation was to increase the amount of transfers to \$12.5 billion a year, the exact amount recommended by the National Forum on Health.

They looked at the situation for over two years and recommended we transfer \$12.5 billion, which we did. This testifies to the government's commitment to Canada's health system.

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[English]

#### EXPORT DEVELOPMENT CORPORATION

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, when the Prime Minister was out of office in 1990 he told Canadians "I am not interested in patronage because I'm a Liberal". Excuse Canadians for seeing the irony in this. The Prime Minister is rapidly becoming the king of patronage appointments.

Robert Fung, his latest appointment, hired the Prime Minister to work for him when the Prime Minister was out of politics. That would be fine except that now Mr. Fung has been rewarded with an appointment to the Export Development Corporation.

Why does the Prime Minister continue to appoint his friends? Is that not patronage, appointing friends to these plum patronage positions?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, Mr. Fung is a very distinguished Canadian businessman. He has great expertise in business, especially in dealing with Pacific rim countries. The Reform Party should thank Mr. Fung for being willing to give up his time to lend his expertise in the promotion of Canada's exports.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, maybe I should be asking what is their definition of a patronage appointment. It seems they are on a bit of a roll.

First, Robert Fung hired the Prime Minister when the Prime Minister was looking for work. That is fine, except that in return the Prime Minister appointed Mr. Fung first to the team Canada advisory board and now to the Export Development Corporation with a healthy retainer. It is starting to sound like déjà vu.

Given the recent record, how many more announcements can we expect where the Prime Minister simply appoints his former employers to plum patronage positions?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, Mr. Fung has agreed to serve part time on the board of the Export Development Corporation. We should be grateful that somebody with his expertise is willing to take the time away from his business activities where he would earn an awful lot more than he would attending a few meetings of the Export Development Corporation.

Instead of criticizing Mr. Fung, the Reform Party and all Canadians should praise him. The fact that he may be a supporter of the Prime Minister does not take anything away from his competence.

If the Reform Party had its way, there would be only one type of appointment. That would—

**The Acting Speaker (Mr. McClelland):** The hon. member for Repentigny.

\* \* \*

[Translation]

#### MULTILATERAL AGREEMENT ON INVESTMENT

**Mr. Benoît Sauvageau (Repentigny, BQ):** Mr. Speaker, as time goes on, more and more people are developing concerns about the eventual outcome of the clandestine negotiations on the MAI.

Even the Liberal faithful expressed concerns about it at their convention, pointing out once again the enormous implications of the negotiations.

• (1435)

Since the MAI will impact upon provincial jurisdictions in many ways, does the Minister of International Trade intend to call the

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premiers together to discuss the various aspects of the agreement before it is signed?

[English]

**Hon. Sergio Marchi (Minister for International Trade, Lib.):** Mr. Speaker, the Liberal delegates had a great convention and are solidly behind our leader and our government.

There were two resolutions on the MAI. The first was to exclude culture from the negotiations for the purpose of Canadian culture, which is exactly what our government is doing. The second resolution was to ensure that we are engaging Canadians.

Again, the party is clearly in sync with its government.

[Translation]

**Mr. Benoît Sauvageau (Repentigny, BQ):** Mr. Speaker, will the Minister of International Trade submit his government's position on the MAI to the House for debate, as soon as possible, so that it can be discussed before it proceeds any further?

[English]

**Hon. Sergio Marchi (Minister for International Trade, Lib.):** Mr. Speaker, where has the member been? A couple of weeks ago we had a six-hour parliamentary debate in this House. Not only did I participate, but members of Parliament from all sides of the House participated.

Secondly, we have had a parliamentary report.

Thirdly, we have given speeches publicly as well as at committee outlining the whole position of the government. Obviously he is the only member in the House who is not aware of the government's position.

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### LIBERAL CONVENTION

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, the public should be aware that it was the Reform Party which proposed that supply day motion, just so the member knows.

This weekend the Liberals were busy patting themselves on the back, conveniently forgetting about the economic trouble spots in the country, such as British Columbia. In case Liberal members do not know, British Columbia is a large mountainous area just to the west of Calgary.

I should point out that B.C.'s economy has slipped from first in the country to tenth. We have a situation where business and consumer confidence is at a new low and the federal government has absolutely bungled the fishery.

What specific plan does the government have—

**The Acting Speaker (Mr. McClelland):** The hon. Minister of Finance.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, it is very clear the degree to which the Liberal Party convention is representative of Canadians from coast to coast to coast given the fact that it has dominated the debate. I am glad the debate on the Liberal convention has been able to bring some life to the shadows and the darkness that exists on the opposition benches.

I would simply point out that there were over 300 delegates from British Columbia.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, obviously everyone who voted for them was there.

I point out that the minister obviously has no plan for the people of British Columbia. If there is any province in the country that needs broad based tax relief it is B.C. High federal and provincial taxes are making it impossible for B.C. to compete with the United States and the Pacific rim.

Why will the government not introduce broad based, substantive tax relief to help the people of British Columbia and all Canadians?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, again because this convention represented a broad centre of the country and not the extremes, what happened was, yes, there was support for tax reductions and, as the Prime Minister said, they will come.

However, there was also support, as we have just seen, for health care, for resolving the problems of children in poverty and for dealing with the fundamental social fabric of this country. This is all because British Columbians, like the rest of Canadians, have a broad view and understanding of the needs of this country, unlike the narrow extreme views expressed by the member opposite.

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[Translation]

### CANADIAN AMBASSADOR JACQUES ROY

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

At Nice, France on March 12, Ambassador Jacques Roy made the following statement: "People must realize, however, that francophones represent only a small minority of Canadians".

Do these words by the ambassador represent the opinion of the Canadian government?

[English]

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I would point out one basic fact that may have escaped the hon. member. There are over one million francophones outside Quebec as well as several million in Quebec itself.

• (1440)

The difference between his party and ours is that we treat all francophones equally, with equal respect, right across the country. That is the difference between his approach and ours.

[*Translation*]

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, the Minister of Foreign Affairs ought to be embarrassed by Ambassador Roy's words.

He ought to be embarrassed as well by the ambassador's actions when he came to Quebec to support Canadian unity and boasted of the important role francophones play in Canada, while now back in France he is relegating francophones to the ranks of a small minority.

How can the government explain this doublespeak by its ambassador to France?

**Hon. Diane Marleau (Minister for International Cooperation and Minister responsible for Francophonie, Lib.):** Mr. Speaker, we are very proud of the work the ambassador did here in Canada. He represents us very well.

I would venture the opinion that, instead of trying to crush the francophones outside Quebec, the Bloc ought to be encouraging us a little. We have done an extraordinary job and will continue to do so.

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[*English*]

### BRITISH COLUMBIA ECONOMY

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, while the finance minister has been busy talking about Canada heading into a new golden age, B.C. has been headed into a recession.

Last month the B.C. unemployment rate was increased by a half a percentage point. B.C. property values are plummeting. B.C.'s economy has gone from the fastest growing to the slowest growing under this government's mandate.

What does this government plan to do about the emerging economic crisis in B.C., give British Columbians more transfer cuts, more taxes and more happy talk?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, there is no doubt that the government is concerned, as are Canadians, about the state of the British Columbia economy.

That is why we reduced employment insurance premiums from \$2.90 to \$2.70 to help employment. We forgave employment insurance premiums for young Canadians between the ages of 18 and 24. We brought interest rates down. They are now at lower

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rates than they have been decades. We balanced the books and gave Canadians confidence in the future.

That is what British Columbians require. It is confidence in the future and they are getting it as a result of the actions of this government.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, here is a news flash for the finance minister. What British Columbians are getting from this government is a recession, more and more people out of work, more and more businesses going bankrupt, more and more people not able to make ends meet because of the tax burden.

B.C. has the highest marginal tax rates in North America, in large part because of the highest personal income tax burden in the G-7 imposed by this government.

What does this government do? It raises CPP by \$10 billion. It threatens foreign investment through its foreign assets disclosure. It imposes a head tax on immigrants. It killed thousands of jobs.

When is this government going to stop delivering rhetoric to British Columbians and deliver a real economic plan through substantive tax relief, to give—

**The Acting Speaker (Mr. McClelland):** The hon. Minister of Finance.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, because this country has been able to balance its books, the first of the G-7 countries to do so, we will be able to bring in \$7 billion of tax relief over the course of the next three years.

What is happening is that the balanced policies of this government are giving this country a very strong financial foundation. What I would simply say to the people of this country is not to vote for extremes.

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[*Translation*]

### CHILEAN REFUGEES

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, a group of Chileans in Montreal has been on a hunger strike for several days now. A number of people have been trying to find a solution to the situation that has prompted this strike, so that it can end.

Would the Minister of Immigration agree to suspend the deportations and to meet with a committee of Quebec leaders, as proposed by Cardinal Jean-Claude Turcotte and CSN President Gérald Larose, in order to try to find a humane solution, so that the hunger strikers can put an end to their protest?

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, at the present time, Chilean refugee claimants are receiving fair treatment that is in keeping with

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Canada's obligations. I cannot help but sympathize with the situation some of them are in at the present time.

I must, however, point out that I myself have been in contact with the Archbishop of Montreal. I have spoken with Monsignor Turcotte, and have made it very clear that we will do everything in our power to provide them with access to the various programs and recourses available under our legislation. There is, however, no question of giving them special treatment, or the right to permanent residence, outside the present legislation.

\* \* \*

• (1445)

[English]

**HEALTH**

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, if the Minister of Health is really sincere that health care is one of the key priorities for his government, then surely he can agree to a simple mechanism that would allow him and his government to report back to Parliament about the adequacy of cash transfer payments for health care and ensure that we have a mechanism for compliance to the principles of medicare.

Now that the minister has had a couple of minutes to compare his party resolution with our amendment, would he agree today here and now to support this mechanism?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, as I mentioned to the hon. member's colleague, assessing the sufficiency of transfers, assessing everything this government does in support of health care is a continuous process in this government.

The reason we regard the amendment however well intended as unnecessary is it is part and parcel of this government's approach to health care and its responsibilities in that regard to monitor constantly whether the health care system and particularly the transfers for health care and related services are sufficient. It is indeed this government's intention to do exactly what the amendment proposes.

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**THE SENATE**

**Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.):** Mr. Speaker, the Deputy Prime Minister recently stated that the Prime Minister should be praised for appointing more women to the Senate.

In 1973 Thelma Chalifoux ran for the council in Slave Lake, Alberta, whose population was over 50% aboriginal and Metis. She lost that election to me.

Is the Prime Minister so paternalistic that he believes the only way a woman can hold public office is if he appoints them?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, all the hon. member has to do is take off her Reform blinkers, look at the government side of the House, see the women ministers, see the women MPs and know that women are recognized by the Liberal Party. They are recognized by the electorate in greater and greater numbers due to the leadership of this Prime Minister. Her assertions are absolutely false and she had better withdraw them as soon as possible.

**Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.):** Mr. Speaker, it is obvious that the Prime Minister also appoints female nominated candidates. But the most recent female appointee of the Prime Minister, Joan Cook, also sought public office. She ran twice for the Newfoundland assembly and was defeated. She is noted for strongly supporting the Prime Minister's leadership candidacy.

Who does Senator Cook represent in the Senate, the people of Newfoundland or the Prime Minister?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, it so happens that the Senate is a partisan political body. It is organized along party lines. Why should the Prime Minister not appoint people who would support his party and the government program?

For that matter, the hon. member is worried about people supporting the Prime Minister. It is clear from the polls that most Canadians support the Prime Minister. Why does she not wake up to that reality?

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**WOLF HUNTS**

**Mrs. Nancy Karetak-Lindell (Nunavut, Lib.):** Mr. Speaker, over the last few weeks Canadians from coast to coast to coast have expressed their grave concerns over concentrated wolf hunts in the Northwest Territories.

Can the Minister of the Environment tell this House what she and her department are willing to do with the Government of the Northwest Territories and the Nunavut Wildlife Management Board to ensure the population is not endangered?

**Hon. Christine Stewart (Minister of the Environment, Lib.):** Mr. Speaker, since this issue has come to the attention of Canadians, I have had the opportunity to communicate with my territorial counterpart on a couple of occasions, the last being last week.

My department has offered resources and personnel to assist the minister to do an assessment of the population of wolves in the area affected. As well, we are very concerned about the fact that native peoples in the north are dependent upon living off the land. We want to ensure, with the minister in the Northwest Territories, that their practices are sustainable. We have agreed to help him in meeting with aboriginal peoples to make sure that they are so.

• (1450)

**The Acting Speaker (Mr. McClelland):** Before we go to the next question, which would be the hon. member for Winnipeg Centre, we have a supplementary for the hon. member for Winnipeg North Centre which I missed. The hon. member for Winnipeg North Centre.

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### HEALTH

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, my supplementary question is for the Minister of Health.

If the Minister of Health is already doing what Liberal delegates called for this weekend and is establishing a process to measure the quality of health care in Canada, why will he not agree to a formal process as proposed in our amendment to ensure that there is an annual medicare check-up and that there is a way for members of Parliament and all Canadians to participate in that process and to be assured that medicare is on solid footing?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, my point is simply that this government engages continuously in that process.

The appointment of the National Forum on Health was itself a formal way of asking a blue ribbon independent panel to look at the state of the health care system, to examine the dynamic of the transfers and to assess whether the transfers were sufficient for the purpose. In fact the forum recommended that the cash floor be moved to \$12.5 billion which of course we have done.

In the months ahead we will continue to assess, as we have always done, the needs of the health care system to ensure that we are fulfilling our responsibility to keep it strong.

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### ATOMIC ENERGY OF CANADA LIMITED

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, for over two years more than 600 workers at AECL Pinawa have been living with the uncertainty of the sale of the company to the private sector company CNPL.

The sale is delayed yet again and hundreds of layoffs are scheduled for March 31. As it stands, hundreds of these workers could lose their access to early retirement initiatives and resettlement packages.

Will the minister responsible for the Treasury Board guarantee the workers at AECL that they will not lose their right to ERI because of stalled negotiations that are clearly beyond their control?

**Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr.

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Speaker, I want to assure the hon. gentleman and also the people in the Pinawa district of Manitoba that the Secretary of State for Western Economic Diversification, the Minister of Foreign Affairs, the President of Treasury Board, the Minister of Finance and myself have been seized with this issue. We have been working very hard to find the best solution for all concerned.

The most immediate issue relates to the employees' status in the circumstances of the potential layoffs to which the hon. gentleman referred. He may be assured that we will take all steps necessary to make sure that their positions are protected.

\* \* \*

[Translation]

### HEALTH CARE

**Mr. André Bachand (Richmond—Arthabaska, PC):** Mr. Speaker, at a meeting with provincial health ministers, the Minister of Health stressed how important home health care was. He reiterated this conviction at the Liberal convention on the weekend, and repeated it in the House.

Can the Minister of Health tell us why he is always saying that home care is a priority, when his cabinet colleagues do not seem to agree with him? And if they do share his view that it is a priority, why is money not being earmarked for it right away?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, during the election campaign almost one year ago, we stated the Government of Canada's position regarding the priority of home and community care.

In Halifax a few weeks ago, we organized a pan-Canadian conference. Representatives from hospitals, provincial governments and professional service providers were there to discuss home care. There is recognition for the importance of such care, not just by the Government of Canada, but throughout the country.

**The Acting Speaker (Mr. McClelland):** The hon. member for Richmond—Arthabaska.

**Mr. André Bachand (Richmond—Arthabaska, PC):** Mr. Speaker, unfortunately, the Minister of Health seems to be the only one who thinks it is important, and his view is not shared by his colleagues, because this program will not take any sort of concrete shape before at least the year 2000.

But if the program ever were to get off the ground, could the Minister of Health make sure that it is run by the provinces, and that they are treated with the respect they deserve, and not say, as the Prime Minister did, that they are unable to run the health sector, and that any health problems in Canada are their fault?

Will the minister promise to respect the provinces' jurisdiction over health with respect to the home care program?

*Oral Questions*

• (1455)

**Hon. Allan Rock (Minister of Health, Lib.):** Of course, Mr. Speaker, as always.

Right now, we are contemplating such an approach, and I naturally intend to discuss it with my provincial counterparts. In the months ahead, I will be there to discuss needs and the best way the federal government, in partnership with provincial governments, can meet those needs.

\* \* \*

[English]

**WESTERN ECONOMIC DIVERSIFICATION**

**Ms. Sophia Leung (Vancouver Kingsway, Lib.):** Mr. Speaker, my question is for the Secretary of State for Western Economic Diversification.

Many rural areas of western Canada are suffering from high unemployment rates and the needs of potential entrepreneurs are not being met. What is the government doing to help business in rural areas out west, particularly for people who want to start new businesses and provide jobs for others?

**Hon. Ronald J. Duhamel (Secretary of State (Science, Research and Development)(Western Economic Diversification), Lib.):** Mr. Speaker, western economic diversification has a rather extensive service network throughout western Canada. For example, over 90 community futures development corporations cover virtually 100% of non-metropolitan areas in western Canada. These corporations last year gave out over 1,200 loans, over \$25 million in loans which created over 3,200 jobs. In the non-metropolitan areas, western economic diversification has offered info fairs which have given information to over 18,000 western Canadians.

\* \* \*

**YOUNG OFFENDERS ACT**

**Mr. Jack Ramsay (Crowfoot, Ref.):** Mr. Speaker, every time we have asked the justice minister when she is going to amend the Young Offenders Act we get the same pathetic unacceptable answer that she will move in a timely fashion.

Everyone except the justice minister has done their job. Hundreds of witnesses submitted briefs or appeared before the standing committee. They have done their job. The committee submitted its report together with its recommendations to this House almost a year ago. It has done its job. The AGs have submitted their recommendations. They have done their job.

I ask the justice minister—

**The Acting Speaker (Mr. McClelland):** The hon. Minister of Justice.

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as perhaps you have noticed, this is Academy Awards evening and the hon. member is rehearsing his part.

Mr. Speaker, more seriously, the hon. member raises a very important issue. As I have said before in this House, the government will respond to the standing committee's report in a timely and thorough fashion.

\* \* \*

[Translation]

**LEGALIZATION OF MARIJUANA FOR MEDICAL PURPOSES**

**Mr. Bernard Bigras (Rosemont, BQ):** Mr. Speaker, morphine is derived from heroin, a hard drug which was legalized for therapeutic uses and is very beneficial to the sick.

Marijuana, on the other hand, is a soft drug whose use for medical purposes is outlawed, despite the fact that many physicians consider it could be used to alleviate pain.

My question to the Minister of Health is the following: In light of these facts, could the minister tell us when he plans to set the process in motion to ultimately legalize the use of marijuana for medical purposes?

[English]

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as my colleague the Minister of Health and I have said on a number of occasions, our officials are at work reviewing this very important question. When we have recommendations to make to this House, we will bring them forward.

\* \* \*

**CANADIAN WHEAT BOARD**

**Mr. Dick Proctor (Palliser, NDP):** Mr. Speaker, the minister responsible for the Canadian Wheat Board will know that tomorrow the Senate agriculture committee begins hearings in western Canada on amendments to the Canadian Wheat Board.

Bill C-4 includes an inclusion clause that would admit new grains to the board's jurisdiction. Not surprisingly, the inclusion clause has been bitterly opposed in an attack by the business lobby and the transnational corporations.

Can the minister assure this House that he will not accept any attempt to delete or in any way weaken the inclusion clause by the unelected—

**The Acting Speaker (Mr. McClelland):** The hon. minister responsible for the wheat board.

**Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, the Senate is indeed beginning its work with respect to

Bill C-4. It is obviously not up to me or any other member of this House to reflect on the work of the other place. It will conduct its hearings and make its recommendations in due course.

• (1500)

I think the thing that is fundamental with respect to that legislation is to ensure that farmers, not politicians, not bureaucrats, not minority interest groups, have the democratic authority to shape their marketing agency as they would see fit. That is the kind of result I am looking for.

\* \* \*

[Translation]

### CHILDREN'S HEALTH

**Ms. Diane St-Jacques (Shefford, PC):** Mr. Speaker, in 1998, there are nearly 1.5 million children living in poverty. Consequently, their health is at risk, they are malnourished and their living conditions are inadequate.

The Minister of Health said health was his priority. What does his department intend to do to help these children, who are more likely to have health problems?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, my colleague, the Minister of Human Resources Development, and I are currently helping children throughout Canada in co-operation with the provincial governments.

There are, for example, the changes introduced by my colleague with the child tax benefit. There are also the community action programs for children, which are under way in community centres across Canada.

We have plans for helping children and their families. These are currently being developed all over Canada and I am sure the situation will improve in the months to come.

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## ROUTINE PROCEEDINGS

[Translation]

### 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 response to 11 petitions.

### Routine Proceedings

[English]

## COMMITTEES OF THE HOUSE

### FISHERIES AND OCEANS

**Mr. George S. Baker (Gander—Grand Falls, Lib.):** Mr. Speaker, I have the pleasure to present to the House the first report from the Standing Committee on Fisheries and Oceans, a most excellent report.

[Translation]

**Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ):** Mr. Speaker, the Chairman of the Standing Committee on Fisheries and Oceans just tabled the report in the House. I just have a short question.

I want to say that the Bloc Québécois agrees with the recommendations as a whole, but there was a printing problem. Could the committee chairman confirm that the additional note from the Bloc Québécois will be included in the report? Could he confirm that?

[English]

**Mr. George S. Baker:** Mr. Speaker, yes, we do have that attached to the report, a statement by the Bloc concerning the translation. We did have problems and we do have that attached to the report

**The Acting Speaker (Mr. McClelland):** Is the hon. member for Bonaventure satisfied?

• (1505)

[Translation]

**Mr. Yvan Bernier:** Yes, Mr. Speaker. If the committee chairman is telling me that the additional note is included, I am prepared to overlook the technical problems.

**The Acting Speaker (Mr. McClelland):** Thank you.

[English]

### PROCEDURE AND HOUSE AFFAIRS

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I have the honour to present the 24th report of the Standing Committee on Procedure and House Affairs regarding the membership of the Standing Committee on Agriculture and Agri-Food.

If the House gives its consent, I intend to move concurrence in the 24th report later this day.

\* \* \*

### FOOD AND DRUGS ACT

**Mr. Svend J. Robinson (Burnaby—Douglas, NDP)** moved for leave to introduce Bill C-383, an act to amend the Food and Drugs Act (warnings on alcoholic beverage containers).

*Routine Proceedings*

He said: Mr. Speaker, the purpose of the bill is to ensure that containers in which alcoholic beverages are sold display a printed warning that would warn pregnant and other persons of certain dangers associated with the consumption of alcoholic beverages.

The containers would also be required to display illustrated warnings that would enhance the message contained in the printed warning.

Fetal alcohol syndrome is just one of the tragic consequences of alcohol consumption during pregnancy.

Finally, in introducing the bill I want to pay particular tribute to one of my constituents, Ms. Joy Gilmore, for her dedicated leadership on this important issue over many years.

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

\* \* \*

**COMMITTEES OF THE HOUSE**

## PROCEDURE AND HOUSE AFFAIRS

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I move that 24th report of the Standing Committee on Procedure and House Affairs, presented to the House earlier this day, be concurred in.

(Motion agreed to)

\* \* \*

**PETITIONS**

## HEALTH

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, I have before me a petition with about 500 signatures.

Basically my constituents are concerned that the government's intervention in the regulating of certain products is deemed to be interfering in their personal lives.

They are asking the Parliament of Canada to enact legislation against designating herbs, teas and vitamins as drugs. I support this resolution.

## JUSTICE

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, my first petition is from thousands of people from the lower mainland of British Columbia. On November 12, 1996 in British Columbia, the honourable Judge Harry Boyle sentenced Darren Adam Ursel to two years less a day to be served in the community under section 742 of the Criminal Code. Mr. Ursel was convicted of a very violent sexual assault.

Therefore the petitioners request that Parliament exempt all physical and sexual offenders from the provisions in section 742 of the Criminal Code, conditional sentencing.

My second petition deals with violent crime. Violent crime has increased by over 40% since 1984. Youths aged 12 to 17, although representing only 8% of the population, account for 23% of all persons charged with Criminal Code offences. Canadians from coast to coast are calling for changes to the Young Offenders Act and for heavier penalties for those convicted of violent crimes.

• (1510)

Therefore the petitioners ask Parliament to amend the Young Offenders Act to provide that young offenders charged with murder be automatically tried in adult court; that if convicted they be sentenced as adults and that their identities should not be hidden from the public.

My final petition states that the Canadian Charter of Rights and Freedoms protects all Canadians, including those convicted of crimes. Victims of crimes require specific rights in the justice system as it is they as members of society for whom our laws are designed to protect. Our justice system must give victims specific rights as it does with the criminals to make our justice system fair for all.

Therefore the petitions call on Parliament to support the development of a victims bill of rights.

## HEALTH

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I have a petition signed by more than 100 people in the Peterborough riding who are concerned about the price of prescription drugs.

They point out that Bill C-91 gives the brand name multinational drug companies 20 years of protection from competition and up to an extra two and half years with the notice of compliance regulations.

The petitioners call on Parliament to immediately withdraw the notice of compliance regulation, introduce legislation to lower patent protection from the present 20 years and implement a national pharmacare program based on the recommendations of the Prime Minister's national forum on health.

## MULTILATERAL AGREEMENT ON INVESTMENT

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I have another petition signed by several score of citizens from the Peterborough area who are concerned about the MAI.

They point out that the most recent draft of the MAI indicates that if adopted it will have a major impact on many important areas of Canadian life.

The petitioners call on Parliament to impose a moratorium on the ratification of the MAI until full public hearings on the proposed treaty are held across the country so that all Canadians can have an opportunity to express their opinions.

*Government Orders*

**Mr. Svend J. Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I too wish to present a petition on behalf of the constituents in Burnaby and other British Columbians on the multilateral agreement on investment, the MAI.

The petitioners note that the MAI will disproportionately expand and entrench unprecedented rights to transnational corporations and foreign investors at the perilous expense of the Canadian government's ability to direct investment policy as a tool for the benefit of all Canadians.

The petitioners therefore call on Parliament to consider the enormous implications to Canada of the signing of the MAI and put it open to debate in the House and place it for a national referendum for the people of Canada to decide.

## PENSIONS

**Mr. Svend J. Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I have another petition which has been signed by residents of my constituency of Burnaby—Douglas.

It notes concerns about the future of the Canadian retirement system, the CPP, old age security and guaranteed income supplement.

The petitioners call on Parliament to rescind the CPP legislation which imposes massive CPP premium hikes while reducing benefits and changes the CPP financial arrangements to provide a payoff for Bay Street brokers and bankers. They further petition the House for a national review of the retirement income system in Canada to ensure the adequacy of Canada's retirement system today and in the future.

\* \* \*

## STARRED QUESTION

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, would you be so kind as to call Starred Question No. 42. Due to the length of the answer, I ask that it be printed in *Hansard* as if read.

[Text]

\*Question No. 42—**Mr. Jim Hart:**

With regard to the Canadian forces: (a) what preparations has the government undertaken to ensure their integrity during and after a secession attempt; and (b) what policies, procedures and regulations has the Department of National Defence prepared to guide its members during a future referendum or negotiations?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** (a) The government has made no preparation for what remains a highly hypothetical scenario. That being said, Canadian forces members swear an oath of allegiance and are subject to the code of service discipline contained in the National Defence Act. In addition, the mission of the Department of National Defence, DND, and the Canadian forces, CF, to defend Canada and Canadian interests and values while contributing to international peace and

security is clearly outlined in numerous documents including the 1994 defence white paper. Canadian forces members understand their role and are proud of their contribution and accomplishments in promoting Canadian interests. At a time when the continued existence of the nation is being debated and national symbols take on more importance than ever, the unifying role of the department and the forces can only build a stronger, more dynamic and prosperous country.

(b) The Canadian forces must always act and be seen to be acting in an apolitical manner. There is no intent to limit healthy discussion of a private nature, however, public announcements and discussions that could lead to the assumption that any such statements are CF or DND policy must be avoided, and CF members are made fully aware of this through various regulations and orders which govern political activities on defence establishments and personal political activities of CF members.

[English]

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

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

**Some hon. members:** Agreed.

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**GOVERNMENT ORDERS**

[English]

**INCOME TAX AMENDMENTS ACT, 1997**

The House resumed consideration of 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, as reported (with amendment) from the committee; and of Motion No. 2.

• (1515)

**Mr. Monte Solberg:** Mr. Speaker, I rise on a point of clarification. I am unclear as to what motion we are on now. Are we still debating Motion No. 2?

**The Acting Speaker (Mr. McClelland):** That is correct. According to my list the hon. member for Beauport—Montmorency—Orléans has the floor.

*Government Orders*

[Translation]

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, I would like to begin by saying what a great pleasure it is for me to speak to Bill C-28.

As I am the Bloc Québécois transport critic, some of my colleagues might be wondering what lies behind my interest in this bill introduced by the Minister of Finance.

As I was saying, there are aspects of this bill that I, as transport critic, find very important, one of them being a clause to which my colleague, the member for Saint-Hyacinthe—Bagot, has drawn wide attention during oral question period, in the media scrums and in earlier debates. I am talking about clause 241.

The Minister of Finance is the sponsor of this bill, clause 241 of which improves the tax treatment of offshore shipping companies held by Canadian companies.

For several weeks now, the government has denied that this measure will benefit the Minister of Finance's companies, but senior finance department officials and the government's ethics counsellor have admitted that Canada Steamship Lines could indeed benefit from this measure. Important questions remain unanswered.

The opposition is unanimous, and this is not some Bloc Québécois fabrication. The four opposition parties on this side of the House have indicated clearly to the chair of the Standing Committee on Finance, in a letter from the four finance critics dated February 12, that they would like to see a special subcommittee of the Standing Committee on Finance struck as quickly as possible for the purpose of clarifying the situation with respect to the interpretation of clause 241 in Bill C-28. That was clear.

It is our contention, and we are supported in this by the other opposition parties, that the Minister of Finance is trying, through Bill C-28, to get the House to pass a bill that could very well give his shipping company, Canada Steamship Lines Inc., of which he is the sole owner, certain tax advantages.

Even if the Minister of Finance defends himself by saying that his company has been in a blind trust since he became the minister, he will not remain the minister for the rest of his life and could eventually benefit from these tax changes.

The Minister of Finance and representatives of his company contend that Canada Steamship Lines does not intend to use this provision to benefit from the measures in clause 241. While it is not their intention, that does not mean that they are not entitled to, and that is the subtlety we must watch out for.

Let us have a look at the holdings and the assets of the Minister of Finance. We will look at the ships. I had information on certain ships obtained from the Lloyd's Register of Ships. Let us see if we can untangle things a bit.

• (1520)

A look at the Minister of Finance's assets reveals that CSL owns a number of companies registered in Barbados: CSL Cabo Shipping Line Barbados, wholly owned; Innovaforce Shipping Inc., registered in Liberia; CSL Asia Investments Inc., also registered in Liberia. He is up to his elbows in tax havens. Over his head in tax havens.

I decided to track the registration of the ships belonging to Canada Steamship Lines. My research revealed that *Atlantic Erie* was called, in 1988—and I know I am not allowed to name the Minister of Finance, but perhaps it was his father—the *Honourable Paul Martin*. It was probably his father, who was a minister. This ship is registered in the Bahamas.

We also learned from Lloyd's Register of Ships that the *Atlantic Superior*—

[English]

**An hon. member:** Why don't you just get in the gutter?

[Translation]

**Mr. Michel Guimond:** So that got a reaction on the other side, did it? When a sensitive spot is touched, it is a bit like a visit to the chiropractor, when he hits a sensitive nerve. It makes one holler, like the Liberals are doing now. Let them. If what I was saying was totally meaningless, the Liberals would not feel obliged to defend themselves. Moving on, let us look at another ship.

The *Atlantic Superior* is owned by Atlantic Superior Shipping Co. Inc., which is also registered in the Bahamas.

Two others are also registered in the Bahamas: *CSL Atlas*, owned by Canada Steamship Lines, and *CSL Innovator*, also owned by Canada Steamship Lines.

I see time is passing, and I will have to conclude in a few moments. My purpose with these comments is not to carry out a witch hunt and formally accuse the Minister of Finance of conflict of interest. What we want to demonstrate is that there is an apparent conflict of interest. The meetings between my hon. colleague for Saint-Hyacinthe—Bagot and Finance Canada officials, and his contacts with the government's ethics counsellor, indicate that there is an apparent conflict of interest.

**Ms. Eleni Bakopanos:** Apparent.

**Mr. Michel Guimond:** Apparent, yes. I hear the hon. member for Ahuntsic yelling "apparent" at me, but I would remind her that a minister of the crown has a duty to avoid any suspicion of an apparent conflict of interest. Any suspicion, precisely so as to not end up with a conflict. One must protect oneself from this.

*Government Orders*

There are still many questions without answers. Why was the Minister of Finance the one to sponsor this bill? Why did he not have the Minister of State for Financial Institutions, the hon. member for Willowdale, do it? Why did he do it himself?

We consider this an imprudent act, one exposing the Minister of Finance to criticism. These 4 CSL vessels registered in the Bahamas clearly indicate that someone can, if enterprising, take advantage of tax havens.

When we know that the company in question belongs 100% to the Minister of Finance, it is no wonder ordinary citizens, the people watching us today on television, have lost confidence. It is because such loopholes exist.

This does nothing for the credibility of this institution. Most members here try to do a good job. We try to thoroughly research the issues and when something like this is thrown in our faces, how do you think we feel?

• (1525)

One might also wonder why Canada Steamship Lines does not register its ships to Canada, as would normally be done. The Desgagnés group bought the *Rio Orinoco*, which was wrecked off île d'Anticosti, and renamed it the *Thalassa Desgagnés*. The *Thalassa Desgagnés* carries oil between Miami and certain islands in the West Indies and the Gulf of Mexico. It is registered to Canada and has a Canadian crew.

I think there are shipping companies that show they are capable of assuming their responsibilities by hiring people from this country and paying their taxes here. We see that the Minister of Finance says one thing and does another. Everyone claims to be lily-white, but when we see this sort of sleight of hand, it worries us. That was what I wished to say.

[*English*]

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I rise to speak to Motion No. 2 at report stage of Bill C-28.

The motion addresses the perceived conflict of interest the hon. Minister of Finance finds himself in with respect to certain provisions of the bill, principally article 241 which would change the tax treatment of shipping companies.

It is well known to members of this place and the public that the Minister of Finance holds through a blind trust principal ownership of Canada Steamship Lines, a major international shipping company. Members of the opposition have raised the question as to whether or not he may be in a conflict of interest by having acted as the sponsor of this bill.

Let me say at the outset that I believe the hon. Minister of Finance is a honest and diligent member of this place and is deserving of respect. Even though I often disagree with him, I

personally do not believe that the Minister of Finance acted as the sponsor of this bill in order to derive any kind of personal financial benefit. I rather suspect, given the nature of his responsibilities, that he likely never read the bill. I suspect very few members of the House have actually read a technical tax bill such as this one. What we read are summaries provided to us by either the department or by our research staffs. Oftentimes those summaries do not stipulate a particular provision such as article 241. It is entirely plausible that the Minister of Finance was not aware that article 241 posed a potential conflict of interest for him.

Nevertheless, it is incumbent upon ministers, when they bring bills forward to parliament, that they be well and thoroughly advised about the contents of such legislation. They should know whether or not they may find themselves in a potential conflict position vis-à-vis their own personal business interests and whether or not those interests are managed through a blind trust. In this case it would appear to me that the Minister of Finance was let down by his advisers, by his bureaucrats who recommended that he act as the principal sponsor of the bill but who did not flag, did not highlight, did not emphasize the potential conflict between his private business interests and article 241 which deals with the tax treatment of shipping companies.

Rather than simply dismissing the criticism which opposition members have levelled at the finance minister out of hand as he has done, rather than suggesting that this is some kind of mean-spirited smear campaign, I suggest the government members, and the Minister of Finance in particular, should take to heart in a constructive way the criticism that has been levelled with respect to this perceived conflict.

The minister should go to his officials, if he has not already done so, and say "You have put me in a very embarrassing position by giving me bad advice. I should not have acted as the principal sponsor of this bill".

Another minister, say the Secretary of State for International Financial Institutions could easily have brought the bill forward. The Minister of National Revenue could have brought this bill forward. The Minister of Finance should have gone to his officials and said, "You gave me bad advice. There was clearly at least a perceived conflict here between myself and this legislation. My name ought not therefore to have been that of the sponsor of the bill", and somebody should be held to account.

• (1530)

That is really the issue I want to address. It is one of ministerial accountability. It is a principle which is absolutely central to the traditions of Parliament.

We have inherited from our mother Parliament in Great Britain a remarkable institution. It is an institution where the executive branch of the government represents the authority of the crown and has the enormous power of the state vested in it. Police powers, taxing powers and military powers are vested in the executive

*Government Orders*

branch. In this case they are manifested in the cabinet, the governor in council. Members of the cabinet have a fiduciary responsibility to this legislative body to ensure that they are never even in a perceived conflict between their ministerial responsibilities, their responsibilities on behalf of the crown, and their business affairs as private citizens. They also have a profound responsibility to this legislature and to the people that we as MPs represent to take responsibility for what happens in their departments.

I am greatly disturbed by the increasing pattern of ministerial unaccountability, where we find instances like this which come to the surface where ministers refuse to take responsibility for what admittedly may be bad advice given to them by their bureaucrats, but advice which they accept and for which they ought to be held accountable.

If the ministers are not held accountable, who is? The ministers represent their bureaucracies, their departments, which are creatures of this legislature. If they slough off responsibility and they say, "It was just an error. It was just a mistake. It was a small oversight. I cannot be answerable for it. My bureaucrats cannot be answerable for it", then what is the point of having this Parliament? Why not just have an executive branch of government that is answerable to no one?

That is the ultimate logical conclusion of this kind of incremental diminishment of the principle of ministerial responsibility and accountability which ought to have been much more clearly respected by the Minister of Finance in responding to the criticism levelled at him with respect to Bill C-28.

It is not just Bill C-28 where we see a recent example of conflict of interest. In this House in recent days the official opposition has raised the very troubling example of the recent appointment to the Senate of a certain Ross Fitzpatrick by the Right Hon. Prime Minister. I do not know Mr. Fitzpatrick. I have no reason to believe that he is anything but an honourable, diligent and loyal Canadian citizen. I have no reason to believe he will not be a hard working and responsible senator, fulfilling his constitutional responsibilities.

However, it is a fact that Mr. Fitzpatrick was chairman of the board of a corporation on which the current Prime Minister sat as a director. It is furthermore a fact that the Right Hon. Prime Minister, when he was a private citizen in 1987, exercised a stock option which was given to him by Senator Fitzpatrick which generated a personal profit of \$45,000 in the space of one week. It is furthermore a fact that when initially questioned about this stock deal, initially questioned about his corporate position on the Viceroy Resources Board, the Right Hon. Prime Minister claimed that he had received no compensation.

I know the rules of this place and would never suggest that the Prime Minister has misled the House. But the facts show a very clear incongruity between the reality and what the Prime Minister said. It is another shocking example of where we see a perceived, if not real, conflict of interest which government members just expect us to walk away from.

• (1535)

I know there are members on that side who were once in opposition. I know that if Prime Minister Mulroney had appointed the chairman of a board on which he served and from which he received a substantial financial benefit that Liberal members of Parliament in opposition would have raised a bloody furore that never would have stopped until somebody's head was on a platter. I say good on them because the role of an opposition party is to hold the government to account.

I was in the Liberal Party in 1987. Every single person in the Liberal Party, every political observer in the country, knew that the Prime Minister, who was then a private citizen, was likely to run again for political office. He received a personal financial benefit. It is clearly, in my view, a conflict of interest for him to have appointed to the Senate somebody from whom he received a personal financial benefit.

These examples carry on. Just today we raised another case of a former employer of the Prime Minister who received a remunerative government patronage position.

**Some hon. members:** Oh, oh.

**Mr. Jason Kenney:** I do not know why hon. members are heckling. This is how Parliament functions. The opposition raises questions. They are supposed to answer.

In closing, I want to say that we need to reinforce the tradition of ministerial accountability and stop these conflicts of interest which are undermining Parliament and its institutions.

[*Translation*]

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, we are now in the final stage of debate on Bill C-28, which has made headlines since the House reconvened last month.

However, just hours before the vote on this legislation, the public is still not reassured about clause 241, which would put the Minister of Finance in an apparent conflict of interest.

In spite of the questions asked by the Bloc Québécois and the other opposition parties, the Prime Minister and the Deputy Prime Minister have avoided any debate by refusing to provide answers to the opposition, which wanted and still wants to have the situation clarified.

Moreover, all the efforts made to have the Standing Committee on Finance hear witnesses on this issue have been vain, except for the Prime Minister's ethics counsellor, who appeared before the committee.

*Government Orders*

**The Acting Speaker (Mr. McClelland):** The hon. member for Saint-Hyacinthe—Bagot, on a point of order.

**Mr. Yvan Loubier:** Mr. Speaker, our fellow members from the Reform Party and the Liberal Party should show some respect toward my Bloc Québécois colleague, who is making an eloquent speech.

[*English*]

**The Acting Speaker (Mr. McClelland):** The member for Saint-Hyacinthe—Bagot has made a very good point.

Resuming debate, the hon. member for Drummond.

[*Translation*]

**Mrs. Pauline Picard:** Mr. Speaker, I realize this speech is hurting the Liberals, but I would ask for a modicum of respect during this debate.

The Prime Minister basically gave a gag order to his caucus and it was complied with. Since February 5, when the Bloc Québécois showed what—

[*English*]

**The Acting Speaker (Mr. McClelland):** If hon. members want to carry on a conversation, please do so in the lobby. The hon. member for Drummond has the floor. If you are going to keep this up, go outside.

[*Translation*]

**Mrs. Pauline Picard:** Mr. Speaker, I would appreciate getting back the time I was deprived of because some members do not respect my right to speak in this House.

We are still debating Bill C-28 and, as I was saying, the Prime Minister gave his caucus an order to silence the opposition, and that order was complied with.

Since February 5, when the Bloc Québécois showed what is really behind Bill C-28, the opposition has been facing systematic obstruction co-ordinated by the Prime Minister's office. If the Liberal government has nothing to hide, why is it stubbornly refusing to respond to the opposition on this issue?

The ethics counsellor himself said that Bill C-28 had not been drafted according to the rules and that, if they had to do it again, some measures would have to be taken to avoid this conflict of interest situation.

• (1540)

He recognized, as we do, that there were serious problems with the way the finance minister was doing things and that the code of ethics the government had adopted in 1994 was not observed.

On the basis of this statement and in an attempt to get to the bottom of the matter, the four opposition parties took the unprece-

dent step of joining together both in the House and in a press conference to demand that light be shed on this nebulous matter.

Once again, the Prime Minister did not accede to the opposition's request, thereby confirming what we suspected all along: it is in the interest of some individuals that the truth never be known.

To resolve this impasse caused entirely by the government, the Bloc Québécois is proposing a sensible alternative, which would be in keeping with expressed wish of the various opposition parties.

The Minister of Finance, who is in an apparent conflict of interest situation, should delete from Bill C-28 clauses 241 and 242, which have led to so many questions that have remained unanswered for more than a month now. The minister could include these two clauses in a different schedule of the bill or in a different bill altogether, as suggested by the Prime Minister's ethics counsellor.

In this respect, my colleague from Saint-Hyacinthe—Bagot proposed an amendment that I fully support, as it responds to the many representations made by the opposition, including a request for a special subcommittee to provide answers to some of the questions the government has refused to answer so far.

The ethics counsellor, who works for the Prime Minister, contends that it is not important to know whether or not CSL, the company owned by the Minister of Finance, would benefit from the provisions contained in Bill C-28. In that case, why did Mr. Wilson contact CSL the very day this matter was brought up to inquire as to whether the company was taking advantage of these provisions or contemplating to do so?

In addition, Mr. Wilson has admitted that he was not an expert in tax planning. However, he seems to accept at face value, without outside opinions, the statement from CSL to the effect that the company had no intention of using the provisions contained in Bill C-28.

For several weeks, the government has been denying that the Minister of Finance is at the very least in an apparent conflict of interest situation, arguing that the minister is not the one who introduced the provisions on shipping. Yet, the ethics counsellor contradicted the government by admitting that the Minister of Finance had sponsored Bill C-28 and that that creates an appearance of conflict of interest.

Mr. Wilson says, in this regard, that procedural problems in the Department of Finance put the Minister of Finance in an awkward situation and that things would have been done differently had he been advised, as he should have, before C-28 was introduced.

Since the ethics counsellor admits that the Minister of Finance is in a position of appearing to be in a conflict of interest, how should the federal government's June 1994 code of ethics apply in this case?

*Government Orders*

Mr. Wilson also suggests that the Minister of Finance was not aware of the content of Bill C-28 before the Bloc raised these issues in the House a number of weeks ago. Could the minister responsible for the Income Tax Act so easily have shirked his responsibilities in connection with a bill he was sponsoring and how does the public view a Minister of Finance who did not know what was in his own legislation?

Is ministerial accountability not a fundamental principle of our parliamentary system? The least I can say is that the government's stubborn refusal to open up the entire matter does little to lighten the suspicions hanging over the minister, on the contrary.

• (1545)

I would like to turn my attention to another point in Bill C-28, which concerns transfers to the provinces.

What this bill confirms is the unfortunate plan for making cuts, which the Minister of Finance dreamt up to reduce his deficit on the backs of others. What they are saying is that \$48 billion in savage cuts to transfers for education, health and social assistance will be reduced to \$42 billion. What a relief. This is no increase in transfers to the provinces. It is less of a cut.

In this regard, changing the cash floor for transfer payments to \$12.5 billion is nothing more than a vulgar election promise, legitimized by the National Forum on Health, in order to fool the people into thinking they are giving more, when in fact the provinces and Quebec have to work with \$42 billion less, while the federal government rubs its hands together at the prospect of encroaching on provincial jurisdictions with the money it saved.

Who is going to pay the social cost of the budget approach of this Liberal government? The sick, the unemployed and the most disadvantaged of our society. They are the real artisans of the first balanced budget. The Liberals have nothing at all to be proud of.

When one sees this Liberal government unable to admit it made a poor choice in its last budget, when one sees the federal Liberals encouraging the government to poke its nose into education, is it any surprise that the Prime Minister is trying to conceal the truth in the case of the Minister of Finance and the apparent conflict of interest?

On the eve of a provincial election, even the Quebec Liberals are asking their federal big brothers to be discreet and to respect the traditional demands of Quebec, but it is a bit too late for the Liberals.

With such eloquent examples as Bill C-28, which once again dumps the deficit onto the provincial governments, while offering the Minister of Finance some attractive tax opportunities, Quebecers understand better and better whom the federal government is working for.

They understand that government decisions will never bear any resemblance to their wishes until those decisions are all made where their interests are really taken into account: in the Quebec National Assembly.

[English]

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, like our last speaker said, I am sure the finance minister may not have had any ill intentions in bringing forward this bill. Certainly Motion No. 2 which we are talking to would suit to chastise the minister for this. Probably he could blame a civil servant for not advising him correctly.

I put forward another concept which might be one of arrogance. Across the way we see a lot of arrogance. We see arrogance which leads to not considering what the real facts are, in fact not really caring much about the kind of perception that is created by the bills put forward in the House. When that level of arrogance reaches all the politicians right from the front bench to the back, we know what usually happens. Possibly that golden age we heard talked about this weekend might well be at its peak at this point when we witness that sort of arrogance across the way.

Politics is so much perception; what people think is happening is almost as important as what really is. I put forward that the perception that is being painted by the government at this point with its patronage appointments, with its special committees, with taking care of all of its members so well certainly starts to resonate among the people. I will relate a few incidents which will bring this point out.

I was at the APEC meeting in Vancouver last fall. It was very interesting. I was sitting at a table talking to foreign delegates from the various APEC countries. At the table were two defeated Liberal candidates.

• (1550)

Just to give an idea of the patronage and the kind of thing that goes on, these two gentlemen made it very clear that they had received two nights accommodation at the Waterfront hotel in downtown Vancouver. Those who know that hotel know the cost. They had received transfers in a limousine to the hotel. They and their spouses had been invited to these various high class banquets.

These men were defeated Liberal candidates. One of them had run in Esquimalt. He said to the gentleman next to him "So you are from Papua. What is a Papua?" This candidate said "Why are you here?" "I am from New Guinea and we are actually a member of APEC". You can see the perception. All of us at the table said he had just insulted a representative of another government. The guy from northern B.C. was even better. He said to the guy beside me "So you are from Australia. You are not an Asian. You cannot be here. This is just for Asians. Sir, what are you here for?"

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Perception. Patronage. That is what this is all about. That is what this motion is all about. Remember that perception is everything.

We could go on to the Senate appointments we have just seen and the sort of arrogance there. Certainly when we go through that whole thing regarding Mr. Fitzpatrick the perception is not what actually happened. That happens in business. I understand that. I come from a business background.

It is the perception. You do not name the guy to the Senate. You do not appear to be rewarding that person for something. Maybe it is more honest in Alberta where Nick Taylor says "I worked for the Liberal Party for 40 years and so I deserved it. Yes it is patronage. Yes I took the patronage. Yes it is part of this whole thing and I do not mind finally getting my freebies, my return for that sort of patronage".

It is perception. It is why people have so little respect for the today's politicians. We could go on. In the area I represent we talk about Mr. Fowler, a good friend of mine who is our representative at the United Nations. This guy got himself in lots of trouble. We even had to shut down the Somalia inquiry because it was getting too close to him. He was rewarded with patronage. Perception is what it is all about.

We all know that the minister I shadow is the godfather of Winnipeg. Nothing happens in Winnipeg without the godfather knowing about it.

Patronage. Perception. That is what it is all about. That is what hurts this place. That is what hurts this country. That is what hurts what we do here. It is perception. What the finance minister is doing might be just fine, but the perception is that something is not working properly there.

When I am in my constituency I talk about planet Ottawa. I talk about the place that is not related to anything to which the normal person might relate. There is little accountability. There is little transparency. There is little worry about perception and there is a great deal of arrogance. Seldom do the Liberals listen to the people. Seldom do they ask the people what they think because of the confidence and arrogance that is built here does not tend toward that.

With respect to Bill C-28 and taxation, what are people saying about taxation? What are they saying in the streets? They are saying the government should take care of that debt, lower the taxes and stop spending.

• (1555)

We look at it from a business perspective. As I said I come from business. As soon as the business grew too big, there was no more incentive. The government took more and more and more and finally one would say "Why should I keep working for the

government? Why should I keep risking my capital for the sake of paying more in taxation?" This government is destroying people's initiative.

What about young people? Twenty thousand young people leave this country every year, PhDs and masters graduates. Why do they leave? They leave because we have the highest tax levels in the G-7. They leave because they see no light at the end of the tunnel. They see a doomed pension plan. They see an insurmountable debt. They start looking around. It is a brain drain we as a country cannot afford.

Going on to payroll taxes, there has been a 73% increase in payroll taxes. What will that do for jobs?

I have to tell this House about visiting with people in three countries where there was a different method for pensions. A method was there for them to look at and to be part of their system. They had a private plan where they could look at their investment and see what it was worth to them. We must provide that initiative, that incentive, that whole thing which makes this country such an important and workable unit.

Very briefly, this is a snapshot of this country looking from outside. We have a \$583 billion debt. We have a \$45 billion interest payment which is destroying our social programs, our educational programs and is creating unemployment. In our military we discipline the guys at the bottom but none at the top. Our dollar is down in the tank. We have not learned very much. Everything we are doing is hurting our future generations.

I plead with this government to start being concerned about perception, about transparency. Start doing things as the Canadian people ask it to.

[*Translation*]

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, I am the member for Lévis. Everyone knows that we have an big shipyard in my riding. I felt an obligation to take part in the debate on Bill C-28. Although not all its clauses deal with shipping, there is one that does, and that is clause 241.

The purpose of the motion now before us moved by the member for Saint-Hyacinthe—Bagot is to delete this clause. Why? For a number of reasons, one in particular. In our view, there appears to be a conflict of interest, because this bill was introduced by the Minister of Finance. Although his interests are held in a trust, he administers several shipping companies under one holding company known as Canada Steamship Lines.

This company has several ships, but also has subsidiaries. The main feature of these subsidiaries is that they are all over the map internationally. Clause 241 of the bill reads as follows:

241. the corporation has as its principal business in the year the operation of ships that are used primarily in transporting passengers or goods in international traffic—

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I asked myself why tax benefits were being given only to those in international shipping and with offshore interests.

• (1600)

In my opinion, this did not seem fair to the others because, ideally, a country's policy should promote its citizen's interests.

A number of companies administer the finance minister's interests in the shipping sector. The minister's interests are held in trust. The minister has companies in various sectors, but primarily in the shipping sector, and he has had them for a long time.

Some who made comments in this House said the Minister of Finance may have made a technical mistake by introducing the bill, since only one clause deals with international shipping. And we are told the minister did not take part in the drafting of that clause. Instead, he is said to have asked the Secretary of State for Financial Institutions to do it. Therefore, the minister would not be in a conflict of interest, or in an apparent conflict of interest.

This explanation leaves a bad taste in the mouth. We did not get clear answers to the questions we asked in the House and in the finance committee. We noticed that Mr. Wilson, the ethics counselor, sometimes made statements that differed from what he wrote. All this does not seem very open, consistent or logical.

The issue deserves a closer look. We were told it was a technical mistake, but the whole issue must be put in the proper context.

Clause 241 of Bill C-28 is similar in every respect to clause 151 of Bill C-69, which was introduced last year and which, oddly enough, died on the *Order Paper* when the election was called. The Minister of Finance or his officials cannot claim it was an oversight, since Bill C-69 was also sponsored by the minister, which means the same mistake was made twice.

Talking about the election, I will tell the House a short story. During the election campaign, someone phoned and asked me to point out, during my campaign, that one of the ships belonging to Canada Steamship Lines was flying the flag of the Bahamas. When I checked the next day, things had suddenly changed: the ship was now registered in Canada. As members can see, one's image is important during an election campaign.

But the election is now behind us and we can see that the precautions taken were short lived. The Liberals forgot about being cautious, with the result that the Minister of Finance is again sponsoring a similar bill.

Clause 241 is a small provision. It should have been the concern not only of the Minister of Finance, but of all ministers who are allegedly concerned about Quebec's interests, especially those who were elected in Quebec. This matter should also have been a concern in the maritimes, for everyone with an interest in the shipyards. In 1993, the Liberal candidates at the time made a formal commitment to hold a summit on Canada's shipping

industry. It was to be held during the Liberals' first mandate, but they did nothing.

About a month before he resigned, the New Brunswick premier, Mr. McKenna, was the chair of the provincial premiers' conference in St. Andrews. What did he do in the face of the drop in the number of jobs in Saint John? There is a major shipyard there too. When the work on the frigates for national defence ended, the number of jobs at Saint John Shipbuilding also dropped, as it did in all the small shipyards the company had bought in the maritimes. The same thing happened in the west. The same thing happened in the Great Lakes region, where Ontario's two remaining shipyards are to be found.

• (1605)

In four years the government has not held a summit and has not developed any new shipping policy. This is why Mr. McKenna along with all the other provincial premiers called for a real policy on shipbuilding.

The member for Mercier, who kept a close eye on the deliberations at the Liberal convention on the weekend, told me that the young Liberals moved a resolution to have the government establish a policy on shipbuilding.

I would therefore like to take this opportunity to remind those on the other side, the party in power at this time, of their promises of 1993, of the resolution passed by the young convention delegates this past weekend, of the adoption of a common position by all premiers at Saint Andrews last fall, promoted particularly by the former premier of New Brunswick, Mr. McKenna.

It seems to me that, in response to all that, the Minister of Industry ought to ask the Standing Committee on Industry to examine closely a new policy on shipbuilding. This policy ought to take into consideration the suggestions the Shipbuilders' Association of Canada has been making for at least a year, which boil down to four points. First of all, an improved export funding and loan guarantee program, similar to the one in the United States, should be implemented. Second, they call for new vessels built in Canadian shipyards to be exempted from the present Revenue Canada leasing regulations.

There should also be a reimbursable tax credit, somewhat similar to the Quebec government's measures on ships and drilling platforms that have been in place for at least a year. Finally, they call for elimination of the unilateral aspects of NAFTA which allow the Americans to send their ships here while we are not allowed to do the opposite.

I would point out very briefly that the United States has a very advantageous policy for shipbuilding. They do not, unfortunately, want to join with the countries calling for an end to subsidies. Consequently, for the past 20 years at least, the European countries

involved in shipbuilding continue to subsidize their shipbuilders, as do the Asian countries.

Canada wants to play a lead role by saying that it will not do what they are trying to negotiate internationally. But, since we are one of only a few countries who do not, our shipbuilding industry is in the worst position of any in the world.

[*English*]

**Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.):** Mr. Speaker, I will be fairly brief but I feel I have to rise to correct some perceptions.

The member for Red River talked a long time about the perceptions of our plan in Ottawa. I can only say that we have some little green men in the House who have trouble with perception. They occupy the benches of the Reform Party.

Surely nobody would expect the government not to follow through on its agenda, particularly when we are following a federal election. We went forward, put our plan to the electorate and were elected on it. To make such comments about the Canada pension is totally wrong.

It is totally preposterous for members of the opposition to talk about perceptions and the brain drain after we tabled the budget in the House very recently. We did a whole lot to try to counter the brain drain. We put forward the millennium scholarship fund and extended money to the granting councils.

The reality is that the electorate has the perception and elected the government because it expected that it would carry out its promises.

I do not want to get in on a long discussion about perceptions and what kind of perception is given to the country when people say they will not move into Stornoway and the next thing they do is move into Stornoway, or what it means when people say they came to Ottawa to do politics differently and to establish a better decorum and then exhibit virtually the worst decorum in the House of Commons.

• (1610)

The perception of the Canadian public in terms of the job we are doing as a government in carrying out our mandate is good. All I can say to the member is that he really wants to check out his perception to make sure that he, as the government has, undertakes the kind of official opposition role the public expects from the official opposition.

**The Acting Speaker (Mr. McClelland):** Before we proceed, I have been following the debate and I have to tell hon. members that from time to time it has been a real struggle to figure out how we are staying relevant.

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I put everybody in the House on notice right now that if you are not going to be relevant in discussing the debate at hand, do not bother getting up.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, I would like to speak to Motion No. 2. The Bloc motion is one that we support. We think it is a good idea. We think the government should be put on notice, as you have put us on notice, Mr. Speaker, that conflict of interest is completely and utterly unacceptable.

The motion was put in an effort to make sure that all members of the House would not benefit from the position we have today. I think we would all agree. That is why the motion was put forward and the Reform Party strongly supports it.

Be that as it may, the issue strikes at the heart of what has been mentioned repeatedly in the debate today, the confidence of Canadian people in the government and this institution. Conflict of interest or even the perception of conflict of interest erodes public confidence in this institution. If it erodes the public confidence in this institution, we as an institution cannot carry out our duties. If the public does not have confidence in us the public will suffer, we will suffer and our nation will suffer.

The government has demonstrated that cracks are developing in its midst. Motion No. 2 not only speaks to the issue of conflict of interest but also the repeated efforts by the government to use patronage as a way of solidifying its political base, its tax and spend sentiment, and its way of doing business that was thrown out by countries around the world. As we can see from the Liberal convention last weekend they are now looking at doing it again.

When will the government see that tax and spend ways will not only compromise the country but its ability to stay in power, not that we mind that incidentally? Taxes have been increased. The government, though, stated that taxes had gone down. This goes back to the root of the confidence of people in the government. It cannot say on the one hand that it will decrease taxes and on the other hand increase them.

My colleague from Medicine Hat eloquently demonstrated in the House that the government has repeatedly increased taxes and through bracket creep has taken more and more money out of the pockets of Canadians and put it in its own pocket for uses it sees fit, not for uses the public sees fit.

The government has shown a disregard for Canadian people. It will pay a political cost as well as a social cost for doing so. The social cost will result in its erosion in the eyes of the public. It will erode our economy and our social programs. The government does not have to go back to its tax and spend ways.

Motion No. 2 illustrates in microcosm that the government repeatedly failed to earn the respect of Canadian people. The government failed to do a number of things in Bill C-28. It has

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nibbled around the edges of our tax system rather than actually deal with it in a substantive way.

• (1615)

A few things can be done. We should improve the skills of our workforce. We should enable the private sector to put enough money into its research and development and hiring practices. Then we would have an improved workforce which would allow the private sector to be competitive in the 21st century.

We should lower taxes. The Reform Party has been fighting for lower taxes for a long time, and yet the government has failed to do it, even though other countries around the world have been doing it and demonstrating the fruits of this action.

The government says that by lowering taxes we are going to compromise the ability of social programs. It is the government's high taxes which are compromising the social programs that the have not people in this country have come to rely on. Therefore the government is compromising the very people it professes to want to help.

The government needs to lower taxes and decrease the rules and regulations that repeatedly strangle the private sector. The government needs to ensure that we have a pension plan which is privatized and effective. We need a health care system which will provide Canadians with the care they need when it is needed.

We do not have rationing on the basis of economics, we have rationing on the basis of the government choosing to withhold moneys and therefore services because it sees fit. Therefore Canadians from across the country who are poor are going to be compromised in their health care; not the rich because they can afford to go south.

This is another example of the erosion of public confidence in government. Motion No. 2, which we support, demonstrates very clearly that we need to have this motion if the public is going to have its confidence in government restored.

I have just returned from the United States. There are many things we can learn from the Americans and there are many things they can learn from us. They did not nibble around their tax situation. They took the bull by the horns and dealt with it in an effective way. As a result, their taxes are much lower. As a result, Canadians have been fleeing this country in droves.

The best of the best have left our country and gone south. As a result, they are pervasive everywhere from Wall Street to Hollywood. They are giving the United States the best of what we have trained them to do. Why has this occurred?

This has occurred because the government has failed to provide an environment in which the private sector can function in an effective way and by doing so enable Canadians to have jobs that

are high paying, that are interesting and that contribute to our economy.

We need to lower our taxes. The government needs to regain the people's confidence by doing that. The government needs to take a lesson from other countries. It needs to see what they have done in order to buttress our economy. Lower the taxes. That would give the private sector money to invest in education, research and development, and that would put Canadians back to work.

Government members say that if we do that we will compromise health care. That is bunk. By taxing and spending, raising the amount of money the government spends on the basis of taxes, people are prevented from having money in their pockets to provide for themselves. The social fabric of the country is actually eroded and the very people the government professes to help are compromised.

Fiscal responsibility and having a social conscience are two halves of the same whole. One does not exist without the other.

The government should take a leaf out of the Reform Party's book. Our plan for fiscal responsibility is to spend within our means. That will enable us to have enough money to spend on social programs for those who need them. It will enable us to have enough money for health care. It will enable us to have a pension plan that works.

It does not take money out of Canadians' pockets to put into government coffers, thereby compromising the very people who keep the country strong, the private sector of our economy and the people who slave away day in and day out in the trenches of our country trying to make a living.

Instead of helping those people, as my colleague for Medicine Hat has said many times, the government has brought in over 39 tax increases and taken thousands of dollars out of their pockets.

• (1620)

We can have strong social programs, we can have fiscal responsibility, we can have a stronger economy, we can put people back to work and we can have lower taxes. The government needs to look at the plans we have put forward, look at plans that have been put forth around the world and, for heaven's sake, act. Do not nibble around the edges with measures such as Bill C-28, act.

The government's repeated failure to do this might make it look good, but what goes around comes around. I can tell hon. members this much. When more and more people die while they are on waiting lists in emergency departments, when more and more people fail to get needed heart surgery, when more and more pensioners fail to have enough money in their pockets when they retire, when more and more Canadians become unemployed and look south of the border where there is a 4.8% unemployment rate, when more and more Canadians get an education in this country and leave to go south to make a living, we will recognize once and

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for all that the policies the Liberals have put forward have been an abysmal failure.

**The Acting Speaker (Mr. McClelland):** Before I recognize the next speaker, I thought for the benefit of the House that I might trace back to just exactly where we are today because I was a little confused.

We are on Motion No. 2, which is in the name of the hon. member for Saint-Hyacinthe—Bagot, which requests that the bill be amended by deleting clause 241, which has to do with the registration, the head office and the residency of ownership of shipping companies.

It would be a lot easier for me if every once in a while someone might, even obtrusively, refer to shipping companies' head offices. If we do not do that we are really making a mockery of this debate.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, with the greatest respect to the Chair, may I suggest for your consideration that, if there is an issue of relevance, under normal circumstances government members will take on the responsibility of raising the issue of relevance. I must admit that I am a little curious as to why the Speaker felt compelled—

**The Acting Speaker (Mr. McClelland):** The Speaker felt compelled because it is the Speaker's responsibility. That is why the Speaker did it. Very often members of other parties will call the attention of the House to relevancy, but ultimately the responsibility for relevance is vested in the Speaker.

**Ms. Louise Hardy (Yukon, NDP):** Mr. Speaker, I appreciate your direction.

The NDP supports the amendment to delete clause 241 because it calls into question not just the finance minister; it calls into question every single MP in the House.

We were elected to come here to serve the common good, not for our own agenda or our own benefit.

The finance department has put forward amendments which it says will accomplish two things. They will improve the 1991 residence rule by applying the same test to all foreign shipping companies whether they hold their ships directly or in separate foreign subsidiaries. Second, they will confirm the longstanding policy that the exemption applies to capital gains as well as to other income.

Concern has been raised because the finance minister tabled the bill and he has a direct relationship with a shipping company, the Canada Steamship Lines. At no time did the minister's department

let the ethics commissioner know about the tax amendment and its relationship to the minister.

Earlier the Reform member for Fraser Valley said that the motivation to do this was because there is a connection to business. Even though it is in a blind trust it is important that business people make decisions based totally on good business. I disagree and say that decisions to avoid and evade Canadian taxes are based on greed.

We are not talking about a small business person with a little income who is trying to keep as much as possible to continue the business; we are talking about a multinational corporation which is evading taxes in Canada.

• (1625)

It really worries me when I hear members of Parliament implying that it is all right to evade Canadian taxes. As citizens we agree to pool our resources and then redistribute them for medicare, for education and for social programs.

When people evade taxes, those who can pay, and who pay a substantial amount—and we are talking about millions of dollars in taxes every year that will not be coming from Canadians—it makes it harder and harder for the rest of Canadians to make up for what we are not receiving.

It is really shameful that this kind of aspersion should be cast on our finance minister. I bring it back to the point that, as members of Parliament in this House, if an aspersion is cast on one MP it falls upon all our shoulders.

On that basis alone it is important to delete this clause so that the House of Commons can maintain a good reputation. People will know that we are here for their good, not our own or not for some interest separate from those of our citizens.

Although decisions taken by the Minister of Finance have an effect on all Canadians, it is still imperative that at no time should any public office holder appear to be in a position where there is any suggestion that they would benefit from their public office. Canadians should not be put in the position of thinking that we are all here as crooks or dishonest—

**An hon. member:** Order, order. Withdraw.

**Mr. Tony Valeri:** Mr. Speaker, I rise on a point of order. I am listening to this debate. While I am sure there is an amount of respect for each and every member of Parliament, I completely and very strenuously object to the fact that this hon. member is standing in her place and essentially saying that members of Parliament in this House, our Minister of Finance in particular, are crooks.

**The Acting Speaker (Mr. McClelland):** I am sorry, I was reading Standing Order 11(2) which has to do with relevancy and

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the Speaker's responsibilities thereof. I did not hear the hon. member for Yukon. If the hon. member for Yukon did say what the parliamentary secretary has suggested has been said, I would ask the hon. member for Yukon to withdraw either the words or the intent.

**Ms. Louise Hardy:** Mr. Speaker, I guess what I would say is that I included all of us. If there is any impression of wrongdoing by one, it is wrong for all of us.

**The Acting Speaker (Mr. McClelland):** If the member for Yukon would just finish her thought then I will be able to respond. Would you finish your thought please.

**Ms. Louise Hardy:** Mr. Speaker, I am sorry if there was any misunderstanding. I did not mean to cast any aspersions on anyone in this House. But actions that anyone takes here, whether they are good or bad, reflect on every member of Parliament.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I think the operative word that the member used was tax evasion. If she withdrew the term "evasion"—

**An hon. member:** Crooks.

**Mr. Jason Kenney:** It was crooks as well. Perhaps she could withdraw both of those words.

**The Acting Speaker (Mr. McClelland):** Will the hon. member for Yukon withdraw the word "crooks".

**Ms. Louise Hardy:** Certainly, Mr. Speaker.

If there are measures such as the tax measure outlined in clause 241 of Bill C-28 which put the Minister of Finance in the light of giving the appearance of going beyond our bounds of ethics, they should be withdrawn. Again it reflects on every member of Parliament. The minister should not have tabled the bill—

**The Acting Speaker (Mr. McClelland):** On a point of order, the hon. parliamentary secretary.

**Mr. Tony Valeri:** Mr. Speaker, I am having great difficulty sitting here listening to this member talk about a member of the House going outside the bounds and casting a light of—

**The Acting Speaker (Mr. McClelland):** The parliamentary secretary is quite right. By tradition and established custom of the House we do not, although sometimes we skate perilously close to the edge, accuse other members of things we would not want to be accused of ourselves.

• (1630)

I would ask the hon. member for Yukon if she would be kind enough not to get this close to the edge of the water. It is pretty thin ice we are on right now.

**Ms. Louise Hardy:** Mr. Speaker, the point I am making is that I would agree with you. I do not want aspirations cast on any member of this House. There is the appearance of a conflict of interest in this bill and the purpose of the amendment is to delete clause 241 so that there will not be an appearance of conflict of interest. It is a difficult issue to discuss. If you have to go close to the edge, you have to.

It has to be talked about because every member of Parliament then gets painted with the same brush whether it is good or for ill. I will say no more. However, we do support the Bloc amendment.

**The Acting Speaker (Mr. McClelland):** I thank the hon. member for Yukon for her consideration in this matter.

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, it gives me great pleasure to rise today to take part in this debate and particularly to refocus the debate on what really matters. Indeed, in spite of what the hon. member who spoke before me said, this is much more about the beam in the finance minister's eye than about the mote in the eye of the a rookie member of Parliament.

Why debate today a motion asking that a special committee be struck to look at the international shipping legislation to try to resolve an apparent conflict of interest involving the Minister of Finance? I think it is important to establish from the start that this situation came about because the Bloc Québécois found in this bill two clauses, including clause 241, which raise many questions as to a potential conflict of interest involving the Minister of Finance.

This apparent conflict of interest has been recognized by the director general of the tax legislation division of the Department of Finance, who stated before the Standing Committee on Finance on February 10, 1998 that the changes to the legislation might apply to those companies the finance minister has put in trust.

Ethics counsellor Howard Wilson went further on February 17, 1998, when he said that "Mr. Martin sponsored this bill and there may be an apparent conflict of interest. However, this prior consideration of our options did not take place as it should have".

We are therefore facing a problem, an apparent conflict of interest involving the Minister of Finance. Why does the Bloc Québécois dwell as it does on this issue and why does it have the support of all opposition parties in this respect? Because the Minister of Finance is the one who tabled the budget a few weeks ago. He is partly responsible for the country's financial health and for social equity.

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When a decision is made, for example, to tax people in a particular bracket, this decision has economic and social implications for society as a whole. It is therefore important to ensure that the person holding the office of finance minister cannot in any way be accused of an apparent conflict of interest. In the present case, very clear and unequivocal statements were made by the ethics counsellor.

**Mr. Denis Coderre:** Madam Speaker, I am quite prepared to let the member say anything, but nobody is being accused of anything. I would appreciate it if we went back to the bill, because the comments we are hearing now are a shame.

**The Acting Speaker (Ms. Thibeault):** I believe the Speaker who just left the Chair had already asked the hon. member to stick to the issue before us this afternoon. Resuming debate.

**Mr. Paul Crête:** Madam Speaker, I remind the member for Bourassa that I am dealing directly with the motion under consideration.

• (1635)

The Bloc Quebecois' motion, which is supported by the opposition parties, says that the Minister of Finance put himself in an apparent conflict of interest. A solution must be found. What we are saying is that a special committee should be set up to settle the issue. This, I believe, is something that should have been done in the first place.

Had the government wanted to show openness, it would have said "We are in a rather unusual situation. The Minister of Finance has a great deal of experience in the shipping sector. He is a shrewd businessman, he is successful and he is wealthy. His assets are being held in trust while he is acting as Minister of Finance. He is making sure that his position cannot put his company at an advantage. But now we must legislate on international shipping". If the government had been open, it would have informed the Standing Committee on Finance, or any other appropriate parliamentary authority. A solution to the problem could then have been found.

But the government did not do that. It tried to hide two paragraphs in a clause of Bill C-28. Had it not been for the vigilance displayed by the Bloc Quebecois, this would have gone unnoticed. We started asking questions in the House. The Bloc Quebecois raised the issue, and as the weeks went by, people realized the seriousness of the situation.

I say this because the Minister of Finance is a key member of the government. It is he who, at the time of the budget, hands out equity and wealth, decides who will be taxed and who not and establishes the tax tables for businesses. This person must appear

beyond reproach and infallible in delivering the budget speech. He must be able to show clearly that his decisions were made honestly and in the best interest of Quebecers and Canadians.

This is not the case in the present situation. Our fellow citizens are wondering whether in the decisions made in Parliament some things are inappropriate and whether there is not a double standard. The Bloc Quebecois wants this corrected. We want to find a fair solution that will appear just and be appropriate to the level of debate we want in this House.

In the current situation, if only the Bloc members had raised the issue, it could have been said it was something raised by one party, which is entitled to its opinion. If there were only the opposition parties, it could be said that it was something between the opposition and the government.

However, the director general of the tax legislation division at the Department of Finance, Len Farber, and the ethics counsellor, Howard Wilson, are people outside politics. As public servants, their opinion should be neutral. In any case, what they have both said is that there does in fact appear to be a conflict of interest.

The government would do well to support the Bloc Quebecois' motion, which is very dynamic and which would enhance the finance minister's credibility in this situation. Let us put the whole situation on the table. Let us look for a solution with all those involved. Together, we could find a solution that would preserve the finance minister's integrity as well as allow international shipping legislation to be implemented properly to the benefit of the Canadian economy.

But today, and for several weeks now, because it has stubbornly stuck to its guns, the government itself is feeding into this appearance of conflict of interest. The government itself is creating doubts in the minds of all Canadians as to whether or not the Minister of Finance is in a situation where he is creating an undue advantage for himself, one he would not have had if he did not occupy his present position. It is essential that this situation be clarified.

It must be clarified in this particular situation, but it must also be clarified for all the future actions of the Minister of Finance. The Minister of Finance has decisions to make every day concerning many Canadians.

• (1640)

It is important that there be a situation in which these decisions can be defended, in which it can be said: "Yes, it is a good decision" or "No, it is not a good decision", but based on underlying arguments, on the relevance of decisions, and not on undue influence, which should have no place in such a bill.

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The Bloc Québécois' motion deserves the House's attention. It deserves serious consideration, so that this special committee that will review the situation can make a recommendation on how to go about resolving the matter. Instead of passing a lengthy bill with a very specific clause quietly slipped in, the situation could instead be clarified.

When the situation is drawn to the attention of all Canadians by the Bloc Québécois, it will be possible to say: "Yes, the solution recommended by the special committee restores the finance minister's integrity, enables him to avoid the appearance of unfairness, of conflict of interest". Such a decision would enhance the reputation of Parliament as a whole.

All members of the House must realize how important it is to pass the motions introduced by the Bloc Québécois.

**Mrs. Francine Lalonde (Mercier, BQ):** Madam Speaker, it is important that this motion by the Bloc Québécois be adopted. I will try to convince my Liberal colleagues and, if the finance minister himself were here, I would try to convince him also that it would be in his best interest.

This motion is designed to suspend section 241 of the bill before us until a committee has examined and shed some light on this matter. Section 241 would allow shipping companies with foreign interests to benefit from tax rebates. That is all we are saying.

A lot of people know that, in his previous life in the private sector, the Minister of Finance owned a very successful shipping company. We can applaud the fact that he has chosen to go into politics, a career which certainly does not pay as much as his previous career. We can applaud that fact, but in the bill before us, the finance minister appears to be acting in his own interest. He appears to be favouring the interests he put in trust. Until we get to the bottom of this, the minister and all politicians will suffer the consequences.

The Minister of Finance had the courage to tell this House that he had made a mistake when the Liberal Party announced that it would scrap the GST. He had the courage to make this admission even though the Prime Minister did not follow in his footsteps. He had the courage to do it.

The finance minister has a reputation, but I would also remind him that he is very much identified with the cuts in social programs, including the first drastic cuts in unemployment insurance in 1994. That first reform, which was followed by the 1996 reform, was the toughest. The 1994 reform was the one that hurt Canadians the most.

In 1995, the Canada social transfer also brought drastic cuts to social programs in health, education and welfare. These cuts have been maintained. The government says it is investing in these areas when it is in fact cutting back.

• (1645)

The money invested in the CHST has dropped from \$19 billion to about \$11 billion. The government has raised the floor to \$12.5 billion, but that still leaves a huge gap.

The same finance minister who has made these cuts, and written, sold and promoted the budget is granting fiscal benefits to himself. For ordinary taxpayers, this makes no sense. It is detrimental to their perception of politics.

The minister was not happy because the media did not jump on the bandwagon. The minister has a great deal of personal prestige, and we are ready to admit that, although we do not approve of his policies, he deserves our respect. But with this bill, we have to ask whether he really is the person he appears to be.

He has the obligation to clear up this matter, both for him and in the interest of Canadian politics. It is of the utmost importance.

But there is another consideration, and I know it means a great deal to him. His father, Paul Martin Sr., is very much associated with the creation of our social programs. He was an important progressive figure in the history of Canadian politics. I am sure it would be unthinkable for him to have his son involved in something that is less than transparent and on which, for some obscure reason, he refuses to shed light.

Maybe he was not aware of these provisions. But then it would be a matter of concern if the finance minister did not know what is in his bills. He should have the fortitude to admit it. It would lay to rest a matter that will not go away, but only get worse. In politics, it is much easier for people to believe in wrongdoing than in the opposite. Everybody has a responsibility to avoid this.

To preserve people's trust, because people cannot accept that the minister who has cut social programs and unemployment insurance should appear to line his pockets through a bill he has introduced himself, and for the sake of his father, the minister should clear up this situation, and that is why—

**The Acting Speaker (Ms. Thibeault):** The hon. member for Bourassa on a point of order.

**Mr. Denis Coderre (Bourassa, Lib.):** Madam Speaker, I find it objectionable that members of the Bloc Québécois are attempting to attack the integrity of one of the greatest parliamentarians we know, as well as his family. When a party like the Bloc Québécois erases tapes in order to conceal information concerning Quebec's Ministry of Revenue, its members should not—

**Mrs. Pauline Picard:** That is false.

**Mrs. Francine Lalonde:** On the contrary, I honoured the memory of Paul Martin Sr., saying that he had a responsibility toward the public, toward his own career, but also toward the lineage he—

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**The Acting Speaker (Ms. Thibeault):** I am sorry to interrupt the hon. member, but it is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Portneuf, Asbestos.

• (1650)

[*English*]

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, I would like to essentially clarify a number of things that were said this afternoon.

Let me start by saying that the motion would remove a clause that clarifies the rule on the deemed residence of foreign incorporated shipping companies. It has nothing to do with tax policy, shipping policy or any other policy. It has everything to do with political rhetoric, nothing more than that.

Let me go back and talk a bit about the clause itself. To look at the clause we have to go back over 70 years. In the 1920s Canada decided that non-resident shipping companies should not pay Canadian tax on their income from international shipping as long as companies' home countries gave Canadians the same treatment. The reciprocal agreement greatly simplified a complex double tax problem.

Around 1990 some foreign shippers, especially in Asia, wanted to open offices in Canada that would create jobs and economic activity. If we look at Vancouver, that was exactly the impact this policy had.

These foreign shippers were concerned that the 1920s tax rule was not clear enough. To benefit from the rule a foreign shipper had to be a non-resident.

The Asian companies were concerned that if they opened Canadian offices they would fall under this definition and be found to be resident in Canada. They would not benefit from the rule and would be subject to tax on all their international shipping income.

Therefore shippers along with a British Columbia government agency called International Marine Centre Vancouver persuaded the government of the time in 1991 to clarify the rule in the Income Tax Act.

The clarifying rule was enacted in 1991. It gives foreign shipping companies the assurances that they are not resident in Canada provided their principal business is international shipping and that is where substantially all their revenue comes from.

When the rule says international shipping, it specifically excludes Great Lakes and St. Lawrence shipping between Canada and the United States.

In 1994 IMC Vancouver suggested some fine tuning of the 1991 rule. In April 1995 the government responded by announcing the technical change that is now in this clause.

The change says that in counting a foreign shipper's revenue and in deciding what its business is, we can look through to the revenue and business of its wholly owned subsidiary. Why? The shipping companies are organized in different ways. It would hardly be fair to treat foreign shippers differently, depending on whether they hold their ships directly or in a subsidiary.

The clause that we are debating is not new policy. It goes back to 1920. It is not even a new rule. The rule was enacted in 1991. It is just a minor improvement of an existing provision, the sort of improvement that makes the tax system work better.

We heard a lot about that, but for several weeks allegations have been made in this House and repeated both in this House and elsewhere about the origins and the effects of this clause.

In the beginning, it was stated categorically by certain opposition members that this clause would help Canadian companies beat what are known as the foreign accrual property income or FAPI rules. That was complete nonsense.

It was not enough to be wrong once. These members, in effect, accuse the Minister of Finance of being in a conflict of interest. That, too, was utterly discredited. The fact is that the minister was kept entirely apart from this issue at all times.

The original inquiry from IMC, Vancouver and all subsequent discussions along with the decisions made on this issue were made and handled by the secretary of state. Then the allegations shifted.

We are told by these members that the minister could somehow benefit from this technical amendment. Exactly how was never explained. Why? He cannot benefit. The allegations persisted even after it was made amply clear that this clause, indeed, the whole policy that has been in place since 1920 has to do with foreign incorporated companies, not Canadian companies.

Now we get this motion. I might be a little emotional about this because I had the unfortunate experience of having to sit in this House all afternoon and listen to this political rhetoric that had absolutely nothing to do with what was before us.

Therefore, having totally misunderstood the amendment, having failed to show the slightest impropriety on the part of the government, having ignored all the information it has been given, the Bloc Quebecois wants to remove the clause from the bill.

• (1655)

This is not policy. It is politics. It is an attempt to discredit a respected minister with innuendo by repeating unfounded charges

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in the hope that they could cast him in a bad light. It is an attempt to taint with suspicion a man of honour who happened to have a successful business career before entering public life.

Let us be clear. The hon. member for Medicine Hat sits there and ridicules. I had to sit here and listen to his rhetoric. He cannot stand the facts. He has to sit there and ridicule. Let us be clear. The Minister of Finance has always exceeded the requirements for disclosure for members of Parliament and cabinet in 1998 and 1993. When he became a member of cabinet he voluntarily disclosed all his business assets, his personal holdings and registered them with the Clerk of the House. They are available to the public, including the media and members of the opposition. That is not a requirement of a member of Parliament.

The ethics counsellor has totally rejected, unequivocally, the Bloc's claims entirely. I will say this ever so slowly because this is what I have had to listen to all afternoon. He said no conflict of interest exists and therefore no appearance of conflict exists.

The member for Drummond said today that the ethics commissioner actually said this clause should be put in the annex of a bill. He never said that. I do not know where they get this information. He said there is no conflict of interest and therefore no appearance of conflict of interest exists.

It was quite a sad day today to sit here and listen to these people in opposition go on and on attacking a member of this House, attacking the finance minister who is very well respected in this country, who did more for this country and whose family did quite a bit for this country. I tried to remain calm. I am a little excited now but I think for a very good cause.

If there was ever any doubt that the opposition party charges are about politics at its worst, that was clearly demonstrated by the member for Battlefords—Lloydminster who told the *Ottawa Sun* when asked if he thought the minister behaved unethically, and I quote because I think this really puts it in context: "Personally I don't believe so. I think Mr. Martin is a man of integrity. I really do". Those are not my words. Those are the words of a member of the opposition.

I only hope that the members opposite would listen to that member so they understand in effect that what these members in the House today did was essentially to go on a political witch hunt after this minister for their political gain. I do not believe for one second that there is a Canadian who believes the Minister of Finance has nothing but the best interests of Canadians in mind first and foremost. He has demonstrated it since 1988, since he was elected to this House. He will continue to do so.

I hope we will see this clause defeated. I also hope these members at some point throughout this mandate will stand up and apologize for the kind of behaviour we saw today in this House.

• (1700)

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Madam Speaker, it is not infrequent in the House that we have a lot of sound and fury signifying not much. Unfortunately that is exactly what we just had from the member. There is an issue here of the integrity of the minister which is not in question by me. It was certainly not in question by the member for Calgary Southeast.

We are talking about the issue of how appropriate it was for the legislation to be introduced by the minister who has interests in shipping. The issue is that simple.

The irony is that the finance minister who gets to set the affairs of Canada, in particular the affairs related to taxation, is a good businessman who takes full advantage of all rules and decides to put assets offshore so he will not have to pay taxes like everyone else. The irony of the finance minister arranging his affairs in this way is not lost on the viewers of this program or on the readers of this transcript. The irony of the finance minister being able to do that with impunity speaks to the issue of the government's policies and indeed his policies.

I reject the assertions of the parliamentary secretary that the conflict of interest commissioner said that because there was no conflict there was no appearance of conflict. We remember that this commissioner was supposed to be the watchdog that would answer to parliament. The Prime Minister and the Liberal red book very clearly and unequivocally stated that the conflict of interest commissioner would be answerable to parliament, as he should be. However it is yet another Liberal broken promise because the conflict of interest commissioner is answerable to the Prime Minister. The watchdog becomes the lap dog of parliament. Therefore I am sorry but I take no—

**An hon. member:** Don't take shots at the commissioner too.

**Mr. Jim Abbott:** Yes, I will take shots at the commissioner too because of the position the government and the Prime Minister have put this very honourable gentleman in. The Prime Minister and the government have created this situation.

The perception about the affairs of the the finance minister is that he can do things offshore legally, completely above board and within the rules. That is an accurate perception. However, what do we do with the fact that he also makes the rules which permit him to do that? At the same time virtually all Canadian taxpayers do not have that option. That is the irony and therein is the appearance. Therefore we will be supporting the motion.

**The Acting Speaker (Ms. Thibeault):** Is the House ready for the question?

**Some hon. members:** Question.

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**The Acting Speaker (Ms. Thibeault):** The question is on Motion No. 2. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Thibeault):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Thibeault):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Thibeault):** In my opinion the nays have it.

*And more than five members having risen:*

• (1705)

**The Acting Speaker (Ms. Thibeault):** The recorded division on the motion stands deferred.

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP)** moved:

Motion No. 3

That Bill C-28, in Clause 285.1, be amended by adding after line 13 on page 454 the following:

“(3) Section 15 of the Federal Provincial Fiscal Arrangements Act is amended by adding the following after subsection (3):

(3.1) The Minister of Health shall table in the House of Commons, in September of each year commencing in the year 1998 and ending in the year 2003, a report assessing the adequacy of the cash portion of the total entitlement referred to in subsection (3) to sustain the principles of the Canada Health Act, and where the House of Commons is not sitting in September of that year, the Minister of Health shall table the report in the month in which the House next sits.”

She said: Madam Speaker, I believe you would find unanimous consent for the following amendment to the motion. I move:

That the words “of health” be inserted after the words “the minister” wherever those appear in Motion No. 3 of Bill C-28.

**The Acting Speaker (Ms. Thibeault):** Is there unanimous consent?

**Some hon. members:** Agreed.

(Amendment agreed to)

**Ms. Judy Wasylycia-Leis:** Madam Speaker, we are proposing a motion this afternoon which we believe warrants the serious attention of the House and makes a very serious proposition to all members for support consistent with the statement of the Minister of Health and consistent with the call of government Liberal members who at their recent convention made a very strong plea

for the government to put in place a mechanism to assess the adequacies of cash transfer payments for health care systems.

Today we offer a motion in the spirit of constructive suggestion. It is a motion that is made in the spirit of co-operation and which deserves the support of each and every one in the House.

It is interesting that the amendment coincides in spirit and in intent with the resolutions adopted at the previous Liberal convention. I make a plea to members across the way to assess very carefully the motion before them and to look at it as something that will be absolutely consistent with the wishes of the members of their party.

The motion is very clear. It calls on the government to report on an official basis annually to parliament about the adequacy of the way in which we finance health care.

It provides a way for parliamentarians and all Canadians to have a say in the future of medicare and to have the means by which they can assess the effectiveness of government programs which uphold this most important national program, our most treasured national institution.

I do not need to tell the House that health care has been a matter of very heated and intense debate in the Chamber. The discussion in the House has evolved from the concerns about the extent of the health care crisis in Canada. It has flowed from questions about the appropriate level of federal support. It has arisen from concerns about the degree to which our health care system is being privatized. It has emerged from a deep commitment by all involved Canadians everywhere to medicare. It is not simply an issue of partisan debate. Concerns being raised cross party lines in the Chamber and as we saw on the weekend are very much alive and well in the Liberal Party of Canada.

• (1710)

Concerns have been raised by members on the Liberal side of the House. By all accounts we know there is a battle within the government, that there is a division within cabinet, around the best approach for supporting health care.

The health minister's recent public plea for support to back up his efforts at the cabinet table for more dollars for health care has to be one of the most significant developments in parliament over the past six months. It is certainly an unusual position to be taken by a member of government. It speaks to the seriousness of the issues at hand.

The clear debate that is going on among members of the Liberal government, the appeal from members at the recent Liberal convention and the call for action from many in the House arise from several very critical developments.

First, and I need remind no one in the Chamber about these developments, there has been a growing body of incidents about

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hardship, suffering and even death directly related to the level of funding of our health care systems. Those incidents have given us all a sense of urgency to act now before it is too late.

Second, it is very clear from the outpourings of Canadians and from the polls that have been taken of public opinion that Canadians remain committed to a single payer, universally accessible, publicly administered health care system. They understand clearly the need for federal funding, for national standards and for government leadership. Canadians when probed through public polling techniques agreed that any federal budgetary surplus should go first and foremost to federal cash transfer payments for health care. This shows a tremendous level of sophistication and an unwavering commitment to medicare.

Third, the debate before us today needs to be dealt with on an urgent basis because each and every province has called with one voice for the federal government to begin a process of reinvestment in health cash transfers. Each and every province is trying to adjust almost overnight to massive reductions in federal transfers, to the biggest bite in the history of medicare taken out of health care financing by the federal Liberal government. They are attempting with all their remaining funds and creative abilities to reform their health care systems to achieve savings commensurate with the federal cuts.

It is the contention of every province and the two territories and certainly the belief of many in the House that federal cash transfers have dropped to unacceptably low levels. There is a vacuum of leadership at the federal level. It rings hollow for the federal government to claim that the cancelled cut of \$1.5 billion is new money.

There is a clear understanding about the dramatic shift in federal support from the days of 50:50 cost sharing to the present day where federal support using full tax points and cash transfers is down to 20% at the most. If one looked only at the cash element of the financing system, federal participation is down to between 10% and 15%.

• (1715)

All Canadians, provincial governments included, recognize the need to shift our health care system from one that is institutional based and illness focused to one that is based on prevention, wellness and which is community delivered.

That is our goal. That is why we are here today. We are here to find a way to help this government ensure that we can preserve medicare, reform it in terms of making it better and not just achieving a fiscal bottom line and to provide a measure of accountability involving Canadians in the whole process.

The motion before this House is to help the health minister, to help the Liberal government, come to grips with this debate and

these concerns before everyone, to make decisions based on the facts. This motion gives the government a tool to assess the adequacy of federal transfers. It gives the Minister of Health a mechanism to achieve his plea for support from Canadians. It gives Parliament a meaningful role and it gives the public a say in this whole process.

In conclusion, I would ask all members to consider this motion as something constructive and positive in the debate and I hope it is adopted.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, I would just like to respond to this motion and restate this government remains firmly committed to the Canada Health Act.

Bill C-28 strengthens the federal government's ability to enforce the Canada Health Act. This legislation guarantees that the cash portion of the Canada health and social transfer will never fall below \$12.5 billion in each and every year over the next five years. That is an increase of \$1.5 billion over the previous cash floor of \$11 billion.

In other words, the bill before the House means there will be more cash to uphold the principles of the Canada Health Act. It responds directly to the recommendations by the national forum on health that CHST cash be set at \$12.5 billion to sustain the principles of the Canada Health Act.

The member's motion recommends yet another annual report to examine the adequacy of the CHST cash and upholding the CHA. I would like to remind her that the Minister of Health is already required under the Canada Health Act to table an annual report on the administration of the act and provincial compliance with its conditions.

Quite frankly I think the last thing Canadians need is another report. Canadians asked us to take action and we have. We have taken real concrete action. Bill C-28 ensures that there is more cash to uphold the principles of this act, \$1.5 billion each and every year. The first thing this government did was put back \$1.5 billion as the fiscal environment changed, and we are well on our way as the Minister of Finance said back in February. We will continue to balance the books, we will continue to invest in Canadian priorities and we will continue to uphold the Canada Health Act.

I want to assure the hon. member that I certainly look forward to her interventions to help us ensure that Canadians receive the kind of health care they want within the fiscal means we have set and the conditions we have set forward. I am sure Canadians all across this country will continue to support this government as we continue to provide for them as we move into the next century.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Madam Speaker, I appreciate the intent of the motion but regrettably I cannot support it. I would like to take a moment to explain why.

Essentially the motion is calling for the Minister of Health to table a report assessing the adequacy of the cash transfer portion of the Canada health and social transfer.

• (1720)

I wonder why we have any confidence that the federal government will be a great protector of health care. Given the past history of the federal government, why in the world would we have even a shred of confidence in the government to protect health care?

I remind members once again what the Prime Minister said when he was in the 1993 leadership debate. This is exactly what transpired in that debate. The leader of the Reform Party said: "What specifically is your commitment to the level of federal transfer payments for health care? Would you keep them at the current level?" The Prime Minister responded: "I said yesterday in reply to Mr. Bouchard that I promised that they will not go down and I hope that we will be able to increase them". I guess that did not happen, did it?

I heard the parliamentary secretary say a moment ago that the government has increased transfers for health care by \$1.5 billion. He forgot to mention that the government cut transfers for health care and higher education by \$7.5 billion, the largest cut to health care in the history of the country. The Liberal government closed more hospitals, shut down more hospital beds than all the provincial governments combined. Why in the world would we think for a moment that somehow the federal government will be some great protector of health care in this country?

We know that when the provincial ministers brought down their budgets this spring in each and every case they increased spending for health care.

I point out to my colleagues in the New Democratic Party that the NDP government in Saskatchewan increased spending for health care. All provincial governments did that because they are closer to the people. They know that if they make bad decisions about health care, people will be protesting on their lawn, not on the lawn of Parliament Hill, which incidentally is probably where they should have been protesting when the government blatantly broke its 1993 election promise not to cut transfers for health care and higher education.

The provinces know that people will be on their lawn protesting. They know that when there is a newspaper story about people having to wait in hallways to get treatment for health care it will be the provincial health ministers who feel the heat first and most.

That is why I cannot agree with this motion. I think it is ridiculous to ask the very people who took the broad axe to health care to be the protectors of health care, to somehow give them some new power and to give people a false sense of security that

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somehow the federal government has the best interests of Canadians in mind. It simply does not, it did not and we know the record is very clear that given the opportunity the first thing it does when there is a crunch is cut health care and higher education. Then when the budget was brought down, government members said "we are not going to cut it as deeply as we said we were, so now we should be honoured and deserve applause from people". It is absolutely ridiculous.

I want to repeat the Prime Minister's quote. He said during the 1993 leaders debate: "I said yesterday in reply to Mr. Bouchard that I promised they will not go down and I hope that we will be able to increase them". That is what he said about the Canada health and social transfer. What a joke. Just another one of a dozen important election promises that the government has absolutely broken, and I guess it does so with impunity.

I do hope that my friends in the NDP and in other political parties will not be drawn in to believe that somehow the Minister of Health will be a great protector of health care when he has proved over and over again that he cannot be counted on to do that.

I also encourage my friends in the NDP to remember that they too have colleagues at the provincial level who have added money into budgets for health care precisely because the level of government that is closest to the people is much better able to gauge public sentiment.

I encourage my friends to rethink this motion. Remember that the real protectors of health care in Canada are the people at the lower levels of government, primarily in the provinces.

• (1725)

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Madam Speaker, like my colleague from the Reform Party, I did not plan to speak on the motion put forward by the New Democratic Party, but what I have heard the secretary of state and member for Stoney Creek say just made my hair, or what is left of it, stand on end.

I have heard things that verge on misleading statements. I have heard things that totally contradicted—I hope it was by ignorance, not by maliciousness or to be dishonest either—the facts and figures that have been presented to us since 1995 in the successive budgets brought down by the Minister of Finance.

My colleague from the Reform Party touched on the issue. I would like to go into it in a little more detail.

In 1995, when the Minister of Finance brought down his budget, it provided for cuts to be made systematically every year until 2003 in what came to be known as the Canada social transfer. This Canada social transfer was designed to fund provincial initiatives in higher education, social assistance and health.

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In 1995, the Minister of Finance pressed the start button for systematic cuts to be made year after year until 2003, cuts totalling \$6 billion each year in higher education, social assistance and health.

Now they come up with this Bill C-28. What does Bill C-28 say? It says, and I agree with my colleague from the New Democratic Party on this, that instead of cutting a total amount of \$48 billion between now and the year 2003, cutting \$48 billion in higher education, social assistance and health, the government will only be cutting \$42 billion. And we are supposed to applaud! I find it totally abhorrent to present things in such a way, to use them to trick the public, because that is what is being done right now.

It is not true that there is \$6 billion more for health care. It is not true that there will be \$1.5 billion more in the coming years for health care. There will, instead, be \$6 billion in cuts for every year between now and 2003, and a sizeable amount of that will be in health care. That is reality.

At the same time as health care is being slashed, we are being told that \$1.5 billion is being added yearly for the next three years. The truth is that they are cutting \$6 billion per year in social programs and health. Let them stop trying to fill the public's heads with nonsense, let them stop expecting the public to swallow any old thing they present it with.

The cause of the present sorry state of the health system is not Minister Rochon in Quebec, nor the other provincial health ministers. The main responsibility lies with the federal government. The little band-aid solution offered during the last election campaign in response to the heavy pressures for something to be done, that \$1.5 billion was just a drop in the bucket, barely remedying an iota of the pillage the government had wrought in the health field. That is the reality.

[*English*]

**Ms. Louise Hardy (Yukon, NDP):** Madam Speaker, the reason we need this amendment is we cannot trust the Liberals to look after our health care system.

We used to have a Canada assistance plan that reflected the needs of the regions. It would match health care. It would match education. It would match social assistance. That is no longer in place. We have a Canada health transfer that is a chunk of money which the provinces can do with whatever they like. A sympathetic provincial government will make sure there is health care.

Systematically Liberal decisions and policies have undermined health care and now we are in a position where we are forced to debate whether or not we will have health care in our country. At their convention the Liberals passed a resolution that Canada would ensure a national standard of health care for all Canadians.

We are chipping away at the foundation instead of putting in the windows and doors of our health care system. We are not providing pharmacare. We are not providing home care. Health care in rural and remote areas is not a given. There may be a health station in these areas which is what is in Old Crow. It is an incredibly expensive flight to get out. You may see a doctor once a month or you may not. We have a situation where the Canadian Medical Association says that for Canadians the CHST has meant and continues to mean less federal government commitment to our health care system and has compromised the federal government's ability to preserve and enhance national standards.

• (1730)

It went on to say that the accumulated reductions now total \$18.9 billion, that the government is giving back 1.5% of the total reductions in cash payments to the provinces, and that this is supposed to fix the mess that has been made. Another comment was that the CHST cash payments need to factor in other things than just the economy, such as the age of the population.

Our elderly parents and elders in our communities are not going to go away. We know that elderly people need more health care. Sick children are not going to go away. Mothers and fathers are still going to have to stay home to look after those children. When they do that, it is a cost to our economy and to our society.

We need a mechanism that will hold the Liberal government to account so that it does not continue cutting and sneaking its cuts in through the back door. Canadians everywhere want a health care system they can count on. If the government cannot go at it by direct cuts—and it was forced to stop cutting and not putting anything back—it is going to go at it another way around.

The recommendation of the Canadian Medical Association is to increase the amount. The government should take in a combination of factors such as technology, economic growth, population growth and demographics. The government should establish national targets, what our health care will be, where we will go with it and what we will do with it.

Obviously we cannot give the government a free hand because we know what it does with it. It tears our medical system apart. We want a mechanism to hold it accountable, whatever government is in place, to a standard of medical care that we can all be proud of. Then we can rest at night knowing that no one will die in a corridor or on the street because we did not care enough to make sure the money was there to look after them.

[*Translation*]

**Mr. André Bachand (Richmond—Arthabasca, PC):** Madam Speaker, I would like to speak very briefly to the motion introduced by one of our colleagues in the New Democratic Party.

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Unfortunately, the first thing I would say is that it is a bit weak. I am not convinced that they have really addressed the problem of whether the transfer payment system is adequately funded. Why? Quite simply because I do not believe that a report by the Minister of Health will speed up the recovery time of people in hospitals throughout the country.

I am not convinced that the Minister of Health or even his officials have the time to go and see what is happening in the regions. I think that all members know what is happening there. The provinces, health care groups and community groups are also well aware of what is happening. Unfortunately, although the stated purpose, which is to inform the House whether health is being adequately funded, is important per se, I am not sure that we will achieve our goals at this time.

Of course, there were the massive cuts in health, post-secondary education and social services. The hon. member for Saint-Hyacinthe—Bagot made this point very well. I can perhaps make a small correction. The federal government is not the only one making cuts. The provinces are doing so too. They have difficult choices to make. Let us say that Ottawa set the ball in motion.

There are certainly things being done in Quebec City that impact on municipalities, among others. The provincial government has difficult choices to make.

**Some hon. members:** Oh, oh.

**Mr. André Bachand:** It has had to make them largely because of the federal government. It is obvious that my hon. colleague is worried that there will be a new leader of the Liberal Party in Quebec with a greater chance of winning the election. He is perhaps getting started on his provincial campaign. Who knows? We might lose the hon. member for Saint-Hyacinthe—Bagot. If he were to move to the provincial level, it would be a great loss to the House of Commons.

One really important thing to bear in mind with respect to health is that, since 1993, the government has not kept up its end of the bargain. The public was led to believe that the system was in great shape, and assistance to the provinces was cut, but the government had not put its own house in order. This is important.

The unilateral cuts completely destabilized Canada's health care system. Afterwards, when finances returned to an adequate level, the government began spending again, without regard for the criteria which make Canada's health and education system a shared federal and provincial responsibility. Education is certainly provincial.

• (1735)

What I mean is that the government, as the minister was saying in the House today, plans to incorporate new services in the health care systems. So while everyone is saying that the transfers are

inadequate, the government is preparing to set up a home care system. This is entirely a provincial matter. And it has not mentioned the cost.

Currently, we spend between \$2.4 and \$2.8 billion a year in Canada on home care. The government is preparing a proposal, but, as we have seen today, not too many of the Minister of Health's colleagues are giving their support to this new structure. They are sending out messages saying "We are looking after health; it is a priority. We are cutting, but then we will set up new programs". But the problem of the cuts made in the first place has not been resolved.

Not so long ago, during the election campaign last year, there was talk of a national pharmacare program. What has become of it? We hear no mention of it these days.

However, we hear "We are not sure that the provinces will go for a drug plan. It may not be popular. The aging of the population is a popular topic. We will talk about home care. That should grab them".

They are talking endlessly about home care. However, we do not know what it will cost nor who will manage it. And in the meantime, there is no mention of a drug plan—nothing.

Today, the minister told us that the figure of \$12.5 was recommended by the National Forum on Health. I am not talking about the one this weekend, but of the one from a few years ago.

This figure was recommended by the Forum, but we must be careful. The Forum also called for new health care measures, new funding for health care, for home care and for pharmacare. That meant that the government's contribution was not \$12.5 billion, but a lot more.

The \$12.5 billion is strictly for transfers. But knowing that home care currently costs billions of dollars, the Forum said more money had to be invested. They are not quite saying that in the House.

Health is a very important matter. Even the Liberal Party members said so on the weekend. Unfortunately, the minister does not seem to want to listen, nor do his cabinet colleagues, because there is nothing new on the table.

We are asking for some stabilization and guarantee for the provinces. The provinces must be the ones that manage Canada's health care sector, to avoid any federal government involvement. As we know, our Liberal friends have a tendency to take over various responsibilities and to do a bit of politics in the process.

Health is a provincial matter. We hope that if the federal government finds some money, it will transfer it to the provinces. One possible source is the \$2.5 billion. An amount of \$2.5 billion was set aside in the budget this year for a program that will begin in the year 2000 or 2001, and that will cost about \$200 million annually.

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The government could have taken \$200 million, starting in the year 2000 or 2001, and put the \$2.5 billion back into the health sector, through the transfers to the provinces. This would have shown that the government truly gives priority to the issue.

It could have used the money to give a tax break to taxpayers and help them face the music. But the government did none of that. It is setting some money aside. It is taking \$2.5 billion and will put it there. The interest should normally go to the millennium scholarship foundation, but we are not sure whether that will happen. We will have to wait and see.

The Reform Party member who chairs the public accounts committee pointed this out last week.

The New Democratic motion is good for the health sector. Its purpose is to make sure we know what is going on. However, it is ineffective, because even Statistics Canada releases figures and standards on Canadians' health.

It is very difficult to check in the field to see if the transfers are adequate. However, we do know that they are currently inadequate. Some unilateral cuts were made. The shortfall will continue for the next few years and this must absolutely stop.

• (1740)

The government must secure the transfers to the provinces with tax points, and it must maintain an equalization system to make sure that the poorest provinces continue to get help.

I will conclude by reminding members that, with the \$12.5 billion, seven out of ten Canadian provinces will get less money than they did last year.

[*English*]

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, I am very glad to speak in favour of this amendment to the resolution put forward by my colleague from Winnipeg North Centre. It is a very good idea and one of a series of very good ideas that have come from the member for Winnipeg North Centre.

As has been pointed out already, it is interesting to note that the language of this amendment finds its origins in a priority resolution passed at the Liberal policy convention this past weekend. It seems a lot of us were glued to the TV set watching this convention. It obviously has an impact on all of our lives. We had to keep a very close watch on the things that happened at that convention because they have a severe impact on a lot of us.

It warrants reading the resolution that was adopted at the policy convention. I can find no fault in the language, the tone or the content of the resolution. It states:

Be it resolved that the Liberal Party of Canada encourage the federal government to develop a process to continuously measure the quality of health care in Canada and at the same time to ensure a national standard of health care for all Canadians.

It has a lot of merit. The Parliamentary Secretary to the Minister of Finance said that this amendment was not necessary because there was already a provision. The Minister of Finance already does an annual analysis of the CHST's spending. He may in fact do an analysis of how the money is being spent, but nowhere in that analysis will it record or review whether it is an adequate amount of money to uphold the standards of the CHA. That is where the amendment stands separate. It is necessary, still has merit as a resolution and should be adopted.

The resolution adopted on the weekend merely indicates that the Liberals cannot help but listen to what the Canadian people from all walks of life have been saying: young, old, across all party lines, interprovincial. When asked their top priority in the spending patterns of the Canadian government, what they wanted to see money spent on, to a person quality health care ranked in the top three priorities.

I can back this up with two recent surveys. The first one is a scientific survey conducted by the Angus Reid pollsters on behalf of the Canadian Medical Association. The second one was my own informal and unscientific survey of voters in my riding of Winnipeg Centre.

When I sent out a survey to the people of my riding and asked them to list in order of priority the issues they found most pressing and the issues they wanted the government to act on in the near future, every one of the people who chose to answer listed quality health care as their number one priority in the list of eight or nine things we asked about. The other items included job creation, education, health care, crime and urban violence, and a number of other issues. The top three were health care, education and job creation, followed shortly after by crime and urban violence which is another issue.

It is difficult to ignore that kind of response. When people in a riding are asked what they care about and all of them come back with the same answer, we cannot help but listen. I have a feeling that similar surveys are being done by other MPs and they are getting the same answers. Therefore it comes as no surprise and does not indicate any great enlightenment on behalf of the Liberal Party that the resolution should show up at its policy convention. It is simply due to the fact that the Liberals are finally listening to what the Canadian people really want.

• (1745)

The other survey is more scientific and perhaps has more merit. It was done by the Angus Reid research group for the Canadian Medical Association. Specific questions were asked in that survey.

Results indicated that in 1997, 65% of people reported that waiting times in emergency departments had worsened. That figure is up from 54% in 1996. Sixty-four per cent reported that the availability of nurses in hospitals had worsened. That figure is up from 58% in 1996. Sixty-three per cent reported that waiting times for surgery had worsened. That figure is up from 53% in 1996. It is no secret that this issue weighs heavily on the minds of Canadians.

The Parliamentary Secretary to the Minister of Finance stood up and argued that the floor of the Canada health and social transfer is actually being increased to \$12.5 billion. This is an illusion. It is creative financing to the worst degree. As has been pointed out by others, when you go from \$19 billion down to \$11 billion and then crank it back up to \$12.5 billion, you are not giving anybody anything. You are simply lessening the amount of cutbacks. Many figures have been bandied about to describe the cumulative effect that has. All we really need to know is that it is the biggest single cutback in the history of Canada's medical system.

I cite these things to point out that the well-being of our health care system is of prime importance. The amendment put forward by the member for Winnipeg North Centre is on behalf of Canadians to try to accurately reflect what their real concerns are.

I will speak about the Canada health and social transfer as an aspect of this whole picture. We must remember what the National Council of Welfare said about the Canada health and social transfer when it was first introduced. It called it the most disastrous social policy initiative in the post-war era. It felt very strongly to use language of that nature.

Many of us view the redistribution of wealth through federal transfer payments as the single greatest achievement of Canadian federalism. We all know that we have a very tenuous grasp on the concept of Canadian federalism. One of the things which has kept this country united is that the have not provinces could expect the support of a strong central government as it redistributed the wealth of the nation. We have seen that eroded slowly but surely in recent years.

In my own political life we have seen the established programs financing, EPF, change to CAP, then a cap on CAP, then ultimately the Canada health and social transfer. Every step of the way has resulted in less and less operating capital for the provinces to deliver the services wanted by Canadians. Slowly and surely we have seen that erosion. The figures have been pointed out that 50:50 funding has been lowered to somewhere between 10% and 20% funding.

The argument put forward by the Parliamentary Secretary to the Minister of Finance is that this amendment is not necessary because this type of review is already under way annually. The review that is under way will not answer the fundamental question

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of whether the level of funding is adequate to ensure the health and viability of the Canada Health Act. It may study the way the money is being spent but it does not study the fundamental question of whether it is enough.

We suggest that this amendment should be adopted as broad interests, certainly those who voted for us, are very concerned. It would serve them well if we adopted this amendment.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I am pleased to rise to speak to Motion No. 3 regarding the proposal to establish an annual report from the Minister of Finance on the adequacy of the cash portion of the Canada health and social transfer to sustain the principles of the Canada Health Act.

• (1750)

As the hon. member for Medicine Hat indicated, the Reform caucus, the official opposition, is opposed to this motion. I recognize there is a worthwhile principle at play here, namely an attempt to increase transparency and accountability in the federal government's management of the CHST cash transfers. Ultimately however we are concerned that this motion would increase the federal government's meddling ability in what is an area of exclusive provincial jurisdiction under our constitutional framework, namely health care.

I do think it is an opportune motion for us to reflect, as the member who spoke just before me did, on the way in which the government has managed the cash transfers to the provinces under the health and social transfer.

In the leaders debate during the 1993 election the current Leader of the Opposition asked the then Leader of the Opposition and now Prime Minister specifically what the Liberal Party's commitment was to the level of federal transfer payments for health care. He asked the now Prime Minister if he would keep transfers at the current level and the now Prime Minister responded "I said yesterday in replying to Monsieur Bouchard that I promise that they will not go down and I hope that we will be able to increase them".

The current Prime Minister running for office in 1993 representing the entire Liberal Party of Canada and all of its candidates said that he hoped that they would be able to increase them and the health care transfers would not go down. Those were the words he said then, words that were echoed in Liberal red book one which spoke about maintaining the health care transfers at their current level. That came from the leader of a party that spent four and a half years in the House, from 1988 to 1993, relentlessly criticizing the then government for having cut the very same health transfers.

This government has excelled in its acts of political hypocrisy. Among those many acts of political hypocrisy, from the GST to free trade, to NAFTA, perhaps the greatest one of all was for the Liberals to trumpet their traditional Liberal commitment to health

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care funding but then proceed, once having taken the reins of power, to ruthlessly slash those transfers not by 5% or 10% but by 35%. It was done unilaterally and without consultation or input from the provinces that have to deliver those programs. The \$7 billion cut in those transfer payments was passed on to the provincial premiers, governments and legislatures who have to administer those programs.

Very few things get me more upset than hearing Liberal MPs and ministers rise in this House and criticize people like Premier Harris of Ontario for his management of health care. I hear Liberal MP after Liberal MP criticize Premier Harris for having increased health care funding by \$1 billion, all the while reducing taxes for Ontarians, while absorbing \$2 billion in transfer cuts for health care imposed by the federal government. The hypocrisy is truly shocking.

Hon. members opposite know that it is shocking. I had the great misfortune of attending the Liberal Party of Canada convention down the street. I sat and listened to the resolutions brought before the floor. Very few of them were debated of course. After all, the delegates to that convention know that policy for the Liberal Party is made in the dark backrooms of the Prime Minister's office and not in the front rooms of any convention where the public could actually monitor it.

Liberals were asking "Why did we cut these health care transfers?" That is a good question because there are very few members of this House who are more in favour of cutting government spending than I and my colleagues in the Reform Party.

• (1755)

We believe that when it comes to cutting government spending we have to create priorities. This government chose to make the wrong priorities. When it came to the cash transfers from the CHST the government cut \$7 billion instead of cutting \$7 billion out of subsidies to crown corporations, out of subsidies to businesses, out of regional development programs, out of hundreds of millions of dollars in grants and handouts to the Liberal Party's favourite special interest groups.

That is the choice the Liberal Party made. Yes, it had to cut spending, but no it did not have to cut it from what was the highest priority program area of all Canadians, which is public health care. This government should really hang its head in shame when it comes to considering what it has done to health care in this country.

The other thing I find so remarkably galling is to hear the Minister of Health and his cabinet and caucus colleagues pontificate about the great Liberal commitment to the federal role in health care and that they are going to penalize those provinces if they do not keep in compliance with the Canada Health Act. They are going to protect health care they say.

What have the Liberals done? They and the previous government together have managed to cut the federal government's role in cash transfers for health care from 50% of total acute health care spending to under 20%. The Liberals talk tough but they have taken away the only leverage they have with the provinces to ensure compliance with the Canada Health Act.

I am not sure that that is necessarily a bad thing. I believe as I said in speaking to Motion No. 1, in the principle of subsidiarity, in the principle that says the level of government which is the lowest and the closest to the people is generally the best order of government to deliver services. Senior levels of government, more distant and remote levels of government such as the federal government ought only to be involved in the direct delivery of programs when such delivery needs to be done on a national basis.

I think that MLAs, MPPs and MNAs and provincial governments elected by provincial voters and provincial taxpayers know better than we do in this remote place in Ottawa how to deliver quality health care, public access to universal health care than we do. We ought to give them the flexibility to make the choices they need to reform health care, to ensure quality health care for all Canadians. That is why this motion would simply extend the meddling influence of the federal government in a field which the Fathers of Confederation in their wisdom properly attributed to the provinces.

In closing I hope that if any of the Liberals speak on this motion they will explain to us, to their constituents and to all Canadians how it is they can talk about increasing health care transfers in this budget by \$1.5 billion when in fact it is not an increase at all. It is a reduction in the decrease.

It reminds me of the old days when the Tory government would say that it was cutting spending when in fact all it was doing was reducing the increase. Now the Liberals say they are increasing spending on health care when all they are doing is reducing the decrease.

Why can we not just look at these numbers straight and simple? After the so-called \$1.5 billion reinvestment in health care in this recent budget, health care transfers, cash transfers to the provinces will still be less than they were four years ago when the Liberals took power in 1993. The Liberals have abdicated their ability to dictate health care policy to the provinces. We say let the provinces be responsible and accountable to their taxpayers, to the real consumers of health care.

That is why I call on my hon. colleagues to defeat this motion.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, I have a couple of brief comments I would like to add on to the issues the hon. member for Calgary Southeast just touched on.

• (1800)

I want to touch on a few points that were brought forward by the member for Calgary Southeast because I think they are very prudent points.

A lot of the discussion that has been going on today and over the course of the weekend at the Liberal national convention surrounded the issue of health care. Under the current mechanism where the government has raised the ceiling for health care from \$11 billion to \$12.5 billion one would think that was actually trying to inject more money back into one of our true priority areas, that being health care.

But in my province of New Brunswick over the next few years the transfer payments with respect to the CHST will actually plummet from \$322 million down to \$311 million. Health care is going to be cut in the province of New Brunswick.

I challenge the government. If it seriously wants to make health care a priority under the mechanism for the funding of health care, not only should three provinces have increased funding under the CHST—those being British Columbia, Alberta and Ontario—but the other provinces should have increased funding as well. I am speaking on behalf of my home province of New Brunswick.

I am making this point in a very constructive fashion. When the government revisits the issue in terms of what its true priority areas are it should revisit the amount of money being allocated toward some of the smaller provinces, including New Brunswick, to ensure that we have more money for health care and not less.

**Mr. Dick Proctor (Palliser, NDP):** Mr. Speaker, the motion before us this afternoon is:

The Minister shall table in the House of Commons, in September of each year commencing in the year 1998 and ending in the year 2003, a report assessing the adequacy of the cash portion of the total entitlement referred to in subsection (3) to sustain the principles of the Canada Health Act—

The member for Medicine Hat indicated that he and his caucus were opposing the motion because they believe that these kinds of programs should be delivered closer to the people, a point that was added to a few moments ago by the member for Calgary Southeast. The member for Medicine Hat said that otherwise there would be protesters on the lawns of the legislatures. That is not why the member for Winnipeg North Centre is introducing this motion this afternoon.

My adopted province is the province of Saskatchewan. Saskatchewanians feel very strongly about medicare. We feel it is our gift to this country. The CCF introduced medicare and funded it on its own back in 1962. It was then adopted as a national program by the Liberal Party under Prime Minister Pearson in 1967 and was funded by the federal government.

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Under the Canada assistance program and established programs financing appropriate funds were delivered to ensure that we had a national quality health care program from coast to coast to coast.

What we are seeing, to our chagrin, in recent years is that the health care program is becoming more and more strained at the edges. To go back to the province of Saskatchewan, with the sharp reductions in federal funding to health care beginning in 1994 and onward, the Saskatchewan government has backfilled every cent that the feds have withdrawn from health care.

As previous members have pointed out, all that is being suggested now is that the cuts are not going to be as deep as were originally envisaged. The government is not actually putting more money in, it is just not taking as much out.

I said that we backfilled in Saskatchewan. The budget was tabled last week. Once again health tops the agenda in terms of the amount of money that is spent. It is now \$1.7 billion in a province with just over one million people. It is a significant amount of money. It makes it very difficult for the province to do some of the other things that need to be done because this government is not living up to its financial obligations in this area and has not done so for several years.

• (1805)

I think there is a serious debate going on in this country whereby larger, wealthier provinces which do not have such a large percentage of their budget going to health care are going to begin, in effect, to thumb their noses at the carrot and stick approach—mostly the stick approach—taken by Ottawa. The carrots are getting increasingly smaller and the provinces will say that they will go it alone, that they will provide the kind of health care they think is appropriate.

That will be the end of any kind of national health care program in this country. We will be into a two-tier system, which is, I suspect, really why the Reform Party is opposing this motion today.

We have acknowledged and given credit where credit is due in this House. The government has set, over recent years, deficit targets to reduce and now eliminate the deficit in this country. I believe I am correct in saying that the government is also establishing debt reduction targets. We fail to see why it is hesitant to introduce a target for health care; to do an annual check-up on health care, if you will, to see how it is performing and what is required to ensure that this gift from Saskatchewan continues well into the next century throughout the country. There is not only a debt and deficit problem in this country, there is also a social deficit that we are very concerned about.

Medicare has been the declaration that all Canadians deserve quality health care, regardless of how much money they have. We have said consistently that a family's health should never have to

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depend on a family's wealth. That is the point we are trying to make here, except we will substitute province or territory for family. The wealth of a province or a territory should not depend on the health of the people who live in that province or territory.

In recent years the Liberal government has cut health care by almost \$4 billion. It has opened the door to privatization, as I have suggested. It has indulged in restricted service and user fees that signal the arrival of a two-tier system: the best care for the rich and a lower quality of care for everybody else.

It has cut the promotion of good health, including programs to prevent domestic violence, to control the spread of AIDS and even to discourage smoking.

Three quarters of all health care costs are funded through medicare or other provincial plans. Many important services remain unavailable to those who do not have private insurance or who are not eligible for provincial or territorial programs.

The Canada Health Act requires provincial health plans to be universal, accessible, portable, comprehensive and publicly administered in order for them to receive federal funding.

Both the National Forum on Health and the Canadian Health Coalition have determined that the current \$11 billion, which will increase to \$12.5 billion, minimum payment to the provinces promised by the Liberals is simply not enough to maintain those principles.

Canadians know all of this. Canadians who were at the Liberal Party convention last weekend know this as well. That is why they are concerned about the direction or the lack of direction, the inability or the refusal of this government to set targets.

I submit that members opposite should be supporting this very reasonable proposal put forward by the member for Winnipeg North Centre.

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, certainly the major points that I think need to be made were made by the member for Medicine Hat and the member for Calgary Southeast. However, I cannot help but comment on what the last member, the member for Palliser, mentioned when he said that Saskatchewan was one of the few places that had put all its money back into health care.

My mother happens to live in Saskatchewan. I left Saskatchewan around the medicare issue. Certainly the complaints I have heard on returning to Saskatchewan indicate something quite different from what the hon. member just told the House.

• (1810)

The key issue is the fact that the federal government has cut 30% plus from health care transfers to the provinces. While it has done

that it has kind of hid under a rock when it comes to taking any credit for the cuts in health care and has left it totally to the provinces to bear. I will not say whose responsibility that is, but Canadians should be aware of the fact that this federal government cut those massive amounts of dollars.

The reality we need to be aware of—and certainly they tell us this every time we meet—is that our constituents are extremely concerned about health care. They want the very best of health care for themselves and their families. We would be missing the boat if we did not take that message to heart and did not seriously look at what we should be doing to maintain and improve our health care system.

No matter whom we talk to, they would agree that the health care system was in desperate need of reform. There were too many hospitals. There were too many duplications of services, too many boards and too many extremes in the health care system. It did need some major reform.

The bottom line is that in creating that system the people closest to the system know what they want. They know the standards they want and they should be the ones to make that determination.

We had better get on record as mentioning that the biggest threat to our health care and our social programs is the \$45 billion interest payment we waste every year. While we will spend \$12 billion plus on health care this year, we will spend \$14 billion on education and \$22 billion on pensions. We do not get any services for the \$45 billion in interest payments. Until the government recognizes and deals with that we will not solve that social problem.

We must also look at how to fix the health care system. The bottom line is not that we spend more money. We need to reorganize our spending and all the waste that occurs in Ottawa. That would provide lots of money to fix the health care system.

I would propose to the House and to the provincial governments that would be delivering this service that they involve health care providers.

On a fairly frequent basis I meet with nurses in my constituency who tell me the sorts of things that are wrong with the health care system. They know as they are delivering that service on a daily basis. I also meet with doctors in the constituency. They know exactly what is wrong and exactly what needs to be fixed. The most important people of all, the grassroots people, also know what they want and what they want the health care system to deliver.

Rather than asking the federal government to do this, we should let health care givers as well as the people receiving the service be involved.

The feds cannot expect to control the health care system when it gives less than 20% of the funds. They cannot control the system if

*Government Orders*

they do not provide the money. It is a matter of put up or shut up and a matter of opposing this amendment because we do not need more federal involvement. We need to get the provinces and the people receiving the service involved.

In conclusion, health care is the number one issue. I think all of us agree with that. Getting the very best health care is what we should be concerned about. In terms of who can deliver that, I am putting to this House that it is the actual care givers in the community, the provincial responsibility and the people who are getting the service who will make it all happen.

• (1815)

**Mr. Bob Kilger (Stormont—Dundas, Lib.):** Mr. Speaker, I have had discussions with representatives of all parties opposite and I believe you will find consent for the following motion. I move:

That any recorded divisions requested on report stage motions of Bill C-28 be deemed deferred to Wednesday, March 25, 1998 at the end of the time provided for Private Members' Business.

(Motion agreed to)

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, Motion No. 3 put forth by the NDP member is something we do not agree on. I am not going to support it. As my colleagues mentioned before very eloquently, it speaks to a larger involvement in the federal government in an issue, according to our Constitution, that is a provincial issue.

I would like to get to the heart of this problem on health care. It is something that has been used for decades as a political football in this country. If you defend the status quo you are looked on as being a white knight, a hero. This government and other governments have done that. They have said they champion the Canada Health Act, that we have the best health care system in the world and anyone who disagrees with that is bad, an enemy of the poor, an enemy of health care and wants a U.S. style health care system.

That is absolute and utter nonsense. The cold hard reality in our country today is that health care is not being provided to Canadians at a time when they need it. In our country from coast to coast, from emergency departments to operating theatres, from old age homes to chronic care facilities, to out-patient departments, Canadians are not getting their health care when they need it. The reality is there simply is not enough money in the system.

Certainly cuts have had to be made. They were made wisely and they were made judiciously. Cuts are continuing to be made today. They are not cutting the fat out of the system, they are cutting into the muscle and bone of a system that Canadians rely on in their time of greatest need.

When you are sick and realize that our health care system is not there for you, you do not have time to politically lobby because you are fighting for your life. This government and previous governments have stayed with the status quo in spite of the fact that Canadians are not getting their health care system when they need it.

People who are old and in need of a new hip and are in severe pain wait a year and a half for that new hip. People who need a simple 20 minute surgery on their wrist wait nine months to get that surgery. People who are elderly and need new knees will wait nine months to a year. People who need bypass surgery can wait six months. People are waiting two days to get into the intensive care unit while they sit in emergency departments or, worse, they sit waiting for a bed in a cold, dark hallway in a hospital. By any stretch of anyone's imagination that is not health care when a person medically needs it.

There is a myth put forward that we have enough resources in the system that people are getting their health care when they need it and the Canada Health Act and its five principles are being upheld. That is completely untrue.

Canadians are not getting their health care in a timely fashion. Furthermore, if you have the bucks, you get the health care. Twenty-five per cent of the money that is spent today in health care comes right out of the pockets of people. It is money that is paid by them to get health care. If you do not have the money, you do not get the service. These involve surcharges for physiotherapy and they involve extra charges for a wide variety of services.

• (1820)

This is the most graphic example of the multi-tier system we already have. If a person is injured and on workers compensation, the government will take their money. The workers compensation board will pay to have that person put at the head of the line in a public system to get his or her surgery done ahead of somebody else who is not injured in a WCB case. In other words, preferential treatment is given to those on WCB.

The system we have today favours the rich and compromises the poor. The examples I gave demonstrate very clearly that Canadians are not getting their essential services when they need them, which demonstrates again that the Canada Health Act principles are being violated in a most egregious fashion. In the rich country we have today we do not have to accept that. There are solutions and ways to make a better Canada Health Act system, a made in Canada health act system that enables Canadians to get their health care when they medically need it.

We do need more resources in the system. Critics from the other side say there is enough money in the system right now. When pressed for answers, they can only say that we need to put more efficiencies into the system. No other specifics are forthcoming.

*Adjournment Debate*

We have to face the facts that not enough resources are in the Canada Health Act today to provide for the services Canadians need. When we look into the future, when we see a population that is getting older as demographics change, when we see how few people will be in the workforce, we recognize there will be fewer resources available.

How do we provide the resources to provide the essential services Canadians need without raising taxes, because raising taxes is not an option? If we amend the Canada Health Act to allow private clinics and private services where only private moneys are exchanged, completely separate from the public system and where there is no interchange, then people would have an option. They would be able to access the public system when they chose to and access the private system when they wanted to. There would be no mixing.

That way two separate systems would be created and there would be more money on a per capita basis in the public system, as some people would take some of their services into the public system. In other words, there would be more money in health care in Canada without raising taxes. The people who chose to be in our public system would get better health care than we have today.

Is it unequal? Yes. I would argue that first of all we have an unequal system today. Is it not better to have an unequal system that provides for better health care access for all people than the system we have today that provides for unequal access, particularly for the poor?

The rich will always be able to get health care when they need it, for they go south. In fact, we spend over \$1 billion a year south of the border for health care that should be given here.

If we were to amend the Canada Health Act, if we were to allow private clinics and private medical services in an entirely private setting where there is no mixing of the private and the public, not only would people have a choice, not only would all Canadians have better access to health care, but we would also bring patients from the United States to buy their services here at two-thirds the price of services in the United States. This would provide for employment, nurses, physicians and health care personnel. In other words, we would be able to drag a huge amount of capital from the United States and have it spent in Canada, which would dramatically create a lot of jobs.

We do not need to throw the baby out with the bath water. We do not want an American style health care system which is deplorable in many ways. We want to make sure that people in our country, particularly those who are poorest, will have access to health care when they need it.

Good health care is not waiting a year and a half to see an orthopaedic surgeon. Good health care is not waiting nine months to have a 20 minute operation so a person can go back to work. Good health care is not being turfed out of hospital 24 hours after

having a baby. Good health care is ensuring that Canadians get the health care services they require in an affordable fashion and in a medically necessary and timely fashion.

• (1825)

That is what the Canada Health Act is all about. These are the principles that were wisely fought for decades ago. These are the things we stand for as Canadians. However, that is not what is happening out there today in our country.

For heaven's sake, I ask the government to please listen to alternative solutions in order to build a better, made in Canada health act.

**The Acting Speaker (Mr. McClelland):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Mr. McClelland):** The question is on the motion as amended. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Mr. McClelland):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Mr. McClelland):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mr. McClelland):** In my opinion the yeas have it.

*And more than five members having risen:*

**The Acting Speaker (Mr. McClelland):** Pursuant to order adopted earlier this day, the recorded divisions stand deferred until Wednesday, March 25 at the end of Private Members' Business.

May we have the unanimous consent of the House to see the clock as 6.30 p.m.?

**Some hon. members:** Agreed.

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## ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

ASBESTOS

**Mr. Pierre de Savoye (Portneuf, BQ):** Mr. Speaker, just a few weeks ago, I had the opportunity to question the government on the

asbestos issue, asking the government why it was not showing more haste in lodging with the World Trade Organization a complaint about France's ban on the use of asbestos on French territory.

The answer I was given was definitely insufficient, and that is why, this evening, I am giving the government the opportunity to make up for it by clearly stating its position.

Let us briefly review the facts. First, a commission of the European Council recently recommended that asbestos be banned throughout Europe, in all European countries.

Needless to say that the consequences of such a ban would adversely affect our asbestos industries, particularly those in Quebec.

In addition, last week, we learned that the federal government would rather go the diplomatic way and that it had signed with five other asbestos producing countries, namely Russia, Brazil, South Africa, Zimbabwe and Swaziland, a memorandum stating the merits of this substance.

What I find somewhat strange and regrettable at the same time is the fact that, as the Bloc Québécois critic for natural resources, to this day, I still have not received any document explaining what this document signed with five other producing countries is all about. Therefore, I welcome all the more this opportunity, tonight, to ask that the government provide us with information, so that we know exactly what is going on.

Members will recall that, last week, Belgian reporters toured the Bell mine in Quebec. Here is what they had to say. Peter Van Dooran said "Either the Belgian people are crazy to be afraid of asbestos or the people working in this mine are." Obviously, they were impressed by what they saw. We have a good case on the asbestos issue.

• (1830)

I will also quote what a departmental official said: "The issue is not whether or not Canada will file a complaint before the WTO, but when".

Finally, I will conclude with a quote from another Belgian journalist, who said: "Three or four years ago, asbestos was not an issue in Belgium, but Canada's representations are one year too late".

The federal government dragged its feet on the Pacific salmon issue and on the Atlantic cod issue, and it has imposed quotas on

### *Adjournment Debate*

softwood lumber. Canada has shown a flagrant lack of courage. It would be possible to go before the WTO. The smallest countries in the world will be respected through the mechanisms put in place by the WTO. If Quebec were a sovereign state, we would have gone before the WTO a long time ago to ensure that our asbestos is protected.

I am looking forward to hearing what the government has to say on this subject.

[*English*]

**Mr. Julian Reed (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, the objective of the Government of Canada in partnership with Quebec, the industry, unions and local communities is to maintain market access for asbestos. The Prime Minister raised this issue last fall with his counterparts from the U.K. and France.

The issue was also raised on a number of occasions between senior Canadian officials and their counterparts. Our officials held exploratory discussions on WTO options with interested partners as early as September 1997. On November 26 and again on January 28 the deputy minister for international trade held subsequent consultations with these same partners. On February 10 the deputy minister also held a conference call with stakeholders to discuss the next steps on this file.

It was made clear that the Canadian government would prefer to seek a resolution of this issue through diplomatic means as opposed to moving right now to the WTO. We are prepared to go to the WTO at the right time but we prefer to continue our crucial dialogue with the French government.

We organized gatherings of producers in London in December and in Brussels in January and February to work on a common strategy for the defence of chrysotile asbestos. We believe that scientific data favour a controlled approach. A recent European technical paper raises questions about the growing use of asbestos bans in Europe as a means of protecting public health.

Canada attaches the highest priority to protecting export markets for chrysotile asbestos and we will pursue every option available.

[*Translation*]

**The Acting Speaker (Mr. McClelland):** 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 6.33 p.m.)



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