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OFFICIAL REPORT
(HANSARD)

Thursday, March 26, 1998

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Thursday, March 26, 1998

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

• (1005)

[*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 eight petitions.

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[*English*]

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS

Mr. Ivan Grose (Oshawa, Lib.): Mr. Speaker, I have the honour to present the sixth report of the Standing Committee on Public Accounts. Pursuant to Standing Order 109 of the House of Commons the committee requests the government to table a comprehensive response to this report.

* * *

PRIVATE MEMBERS' MOTIONS

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I rise to ask for the unanimous consent of the House to drop my name from the order of precedence regarding Motion No. 27, a private member's motion which deals with the issue of the sitting hours of the House which is currently before a committee on the Hill.

I would like members to agree to drop my name from the order of precedence on this matter.

The Deputy Speaker: For clarification, is the hon. member taking his motion off the order of precedence but leaving it on the Order Paper? Or is it to be removed from the Order Paper?

Mr. Ted White: It is to be removed from the Order Paper.

The Deputy Speaker: The motion is to be withdrawn.

Does the House give its consent to the withdrawal of the motion that the hon. member has on the order of precedence?

Some hon. members: Agreed.

(Motion withdrawn)

* * *

COMMITTEES OF THE HOUSE

SCRUTINY OF REGULATIONS

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I move that the second report of the Standing Joint Committee on Scrutiny of Regulations presented on Tuesday, March 10, 1998 be concurred in.

Pursuant to its permanent order of reference, section 19 of the Statutory Instruments Act, the joint committee draws the attention of the Houses to sections 56 and 57 of the Royal Canadian Mounted Police regulations, 1988.

• (1010)

In early 1997 it was drawn to the attention of the joint committee that the Royal Canadian Mounted Police continues to apply section 57 of the Royal Canadian Mounted Police Regulations, 1988, notwithstanding that similar, though somewhat less all encompassing, restrictions on participation in political activities by other public servants was struck down by the Supreme Court of Canada in *Osborne v Canada* as contravening the Canadian Charter of Rights and Freedoms.

The force was requested to advise the committee whether it considers section 57 to be constitutionally valid, notwithstanding the Osborne decision. In the event that it did, it was to provide a detailed statement of reasons in support of that position.

The designated instruments officer for the RCMP initially explained that in view of the fact that the constitutionality of section 57 has been challenged before the Quebec Superior Court, "it would be inadvisable for the RCMP to bring this matter before committee at this point because it is sub judice".

For reasons I will explain shortly, the committee did not accept this as a satisfactory reply and reiterated its request for a detailed

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statement of reasons in support of the constitutional validity of section 57 of the regulations.

In a letter dated March 12, 1997 the committee was informed that "the Attorney General of Canada is of the position that section 57 of the Royal Canadian Mounted Police Regulations, 1988, is not contrary to the Canadian Charter of Rights and Freedoms and that the 1991 decision of the Supreme Court of Canada in *Osborne v Canada (Treasury Board)* does not apply to the said section", and that "The attorney general is prepared to make these same arguments and defend section 57 in an action before the Superior Court of Quebec".

Despite the reference to arguments, it is clear that the RCMP has chosen to simply refer to conclusions reached by the Attorney General of Canada and no reasons have been put forward in support of these conclusions.

In light of this, your committee wrote to the Solicitor General of Canada asking him to provide the joint committee with a statement identifying the governmental objectives served by section 57 and explaining why a nearly absolute ban on all political activities is necessary to achieve these objectives.

The solicitor general was also advised that the committee might possibly object to the constitutional validity of section 56 of the regulations.

By letter dated April 9, 1997 the solicitor general explained that it is the government's view that the *Osborne* decision does not apply to the RCMP because it involved a challenge to subsections 33(1)(a) and (b) of the Public Service Employment Act which prohibited public servants hired under that act from engaging in work for or against a federal or provincial candidate or party.

On the other hand, sections 56 and 57 of the RCMP regulations deal with RCMP members who are engaged pursuant to the RCMP Act for the purposes of law enforcement and who, as a consequence of their duties, have broad powers of discretion which have an impact on the general population.

The question is not whether the *Osborne* decision applies as such to members of the RCMP but whether sections 56 and 57 contravene the charter of rights and freedoms. The factual distinctions mentioned by the minister are obvious. It should be equally clear, however, that the reasoning of the supreme court in the *Osborne* decision is relevant to a determination of whether or not sections 56 and 57 of the regulations contravene the charter.

Section 33 of the Public Service Employment Act and sections 56 and 57 of the Royal Canadian Mounted Police Regulations, 1988, are both intended to promote a similar governmental objective: political neutrality of the persons to whom they are directed so as to maintain public confidence in public institutions.

In his reply, the minister also stated that initiative RCMP/93-9-L, which has been included in the federal regulatory plan every year since 1993, is intended to indicate that the RCMP is studying the best means possible to maintain the needed political neutrality of the force, that political neutrality being the objective of sections 56 and 57.

The force is examining whether there are alternatives to the current scheme of sections 56 and 57 which could permit more flexibility while continuing to safeguard the political neutrality of the force.

This statement is apparently meant to suggest that the relevant regulatory initiative should not be construed as an admission that the restrictions set out in sections 56 and 57 go beyond what is necessary to ensure that there is no political partisanship in the performance of police functions and duties and that this initiative is no more than a study or an examination of possible alternatives.

• (1015)

In this regard the committee notes that a federal regulatory plan is an annual listing of the government's anticipated regulatory activity for the coming year and that initiative RCMP/93-9-L clearly states that the RCMP regulations 1998 will be amended to reflect the extent and the conditions under which members of the Royal Canadian Mounted Police will be permitted to engage in political activities.

Considering the nature of the federal regulatory plans and the language used to describe initiative RCMP/93-9-L, it appears to the committee that this initiative states a clear intention to amend the existing regulations rather than merely an intent to undertake a general study of possible alternatives. As such, this initiative must reflect an official finding that the current level of restrictions is not necessary in order to secure the objective of political neutrality.

The committee observes that it also drew the attention of the solicitor general to the fact that the legislation governing police forces in other jurisdictions either does not contain any expressed restrictions on police activities or, if it does, such restrictions are far less severe than those found in sections 56 and 57. The committee asked the solicitor general to explain why sections 56 and 57 should be regarded as essential to the preservation of the political neutrality of a federal police force when lesser restrictions are considered sufficient to preserve the political neutrality of provincial police forces such as the Ontario Provincial Police or the Sûreté du Québec.

As already mentioned, it appears that an action has been initiated in the superior court for the district of Montreal in which the constitutional validity of section 57 being is challenged. This led the RCMP to suggest that the question of the constitutional validity

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of section 57 should not be dealt with by the committee. The committee does not believe that the fact that an action challenging the validity is before the courts does or should preclude Parliament from considering the same question.

Parliament and the courts both have a responsibility to ensure the constitutionality of legislation. Indeed, since it is a fountain head of all legislation, it may be thought that the responsibility of Parliament in this regard is pre-eminent. If legislation is unconstitutional Parliament may in some instances provide a more timely and cost efficient forum for resolution of the matter than the courts. In any event, Parliament exercises a jurisdiction that is completely distinct from that of the courts and the joint committee does not accept that it should refrain from exercising its statutory mandate on behalf of Parliament because the validity of a particular regulation is also being considered by the court.

The joint committee has examined the question of whether sections 56 and 57 of the regulations conform to the Canadian Charter of Rights and Freedoms and concludes that these sections should be revoked on the ground that they do not conform to the charter. In addition, the committee objects to these provisions on the grounds that they amount to the exercise of a substantive legislative power that is properly the subject of direct parliamentary enactment and that they trespass unduly on rights and liberties.

The committee wishes to make it clear that some restrictions on political activities of members of the RCMP are unquestionably necessary to maintain public confidence in fair and impartial enforcement of laws by the force. It may even be the case that the existing restrictions are constitutionally appropriate at certain levels of the RCMP or as they apply to officers occupying certain positions. On the other hand, the member's committee simply cannot do otherwise than conclude that the existing restrictions, involving as they do a near complete ban on participation in political activities, go beyond what is required in most cases.

Having considered the relevant case law, the joint committee has formed the opinion that sections 56 and 57 are inconsistent with the freedom of expression guaranteed by the Canadian Charter of Rights and Freedoms and that the restrictions imposed by these sections cannot demonstrably be justified in a free and democratic society. In addition, these sections may infringe on the freedom of association guaranteed by section 2(d), and the right to be qualified as a candidate guaranteed by section 3 of the charter.

• (1020)

Section 2(d) of the charter guarantees freedom of association. Is this freedom contravened by section 56 of the regulations which prohibits any public display of political partisanship or by section 57, prohibition against working for or on behalf of a political party? Freedom of association has been defined as including the freedom to establish, belong to and maintain an association. In the Osborne decision, the supreme court observed that a prohibition

against federal public servants working for or against any candidate or political party or standing as candidates appeared to constitute an infringement of section 2(d).

The situation in the present instance is similar. While it has been concluded that section 56 and 57 violate section 2(b) of the charter, there is also a strong case to be made that the provisions of the regulations in question infringe the freedom of association guaranteed by section 2(d).

The importance of governmental objectives that are served by sections 56 and 57 of the regulations cannot be denied. As the solicitor general wrote, political neutrality, which is the objective of the sections, is to ensure there is no political partisanship or perception of political partisanship in the performance of police duties and functions or law enforcement more generally.

In the Osborne case the supreme court had little difficulty in concluding that restrictions imposed on the political activities of public servants were clearly intended to further an important governmental objective, namely the preservation of neutrality of the public service. The same reasoning unquestionably applies in the case of sections 56 and 57.

The committee cannot but conclude that the prohibitions imposed by sections 56 and 57 of the regulations go beyond what is necessary to achieve the legitimate governmental objectives identified earlier. The provisions in question preclude a very wide range of political activities by members of the RCMP. For example, section 56 provides that a member shall not wear or display the emblem or insignia of any political party or display political partisanship in any other manner. This would, in effect, preclude a member from displaying a lawn sign in front of the member's home in support of a candidate in a municipal election, for example.

Section 57(1)(a) prohibits a member of the force from engaging in any work for, on behalf or against any person seeking election to the governing body of a municipality. Thus a member could not be seen to support a candidate in a municipal election who was campaigning for or against a particular local issue such as the widening of a bridge or the expansion of a shopping mall. Even an activity as innocuous and removed from the public eye as stuffing envelopes with campaign literature is prohibited.

In his letter of April 9, 1997, the solicitor general took pains to point out that he had not yet approved changes to sections 56 and 57 and that he had not submitted any such changes for the consideration of the governor in council. If the solicitor general had already approved changes to these sections and submitted them to the governor in council, there would be no need for the committee to recommend the revocation of sections 56 and 57. In that sense the minister is stating the obvious.

In view of the nature of the joint committee's objections to sections 56 and 57 of the Royal Canadian Mounted Police Regula-

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tions, 1988, in particular its belief that it is inappropriate for restrictions on freedoms and association as serious as those found in sections 56 and 57, to be enacted by way of regulation, the committee initially took the position that the disallowance of these sections by the House of Commons was the most suitable course of action.

Shortly before the committee was scheduled to consider a draft report containing a disallowance resolution, the solicitor general requested to appear before the joint committee. This appearance took place on April 24, 1997, almost a year ago. In the course of his testimony the minister reiterated that his position remained that sections 56 and 57 of the regulations are constitutional and do not infringe the charter of rights and freedoms:

If we look at the regulations strictly from a constitutional standpoint, they do meet the test and should not be revoked on the grounds that they are unconstitutional. If you are concerned that the regulations are overly restrictive compared to those of the Sûreté du Québec or the OPP, I assure you that we are working to bring them in line with the regulations of other police forces. However, we are not acting because the regulations are unconstitutional.

• (1025)

In light of the assurance that the current provisions would be revoked, the committee decided not to proceed with the disallowance of sections 56 and 57 of the Royal Canadian Mounted Police Regulations Act. Although a proposed revision was to be presented to the solicitor general in the fall, this did not occur.

The delay has led the committee to decide that this matter should be drawn to the attention of the Houses by means of this report. In particular, the committee wishes to highlight its recommendation that any limits on the constitutionally protected rights and freedoms ought to be decided by Parliament itself and not by a delegate in exercise of subordinate law making powers.

At the same time the immediate concern of the committee remains the continued existence of sections 56 and 57 of the regulations and should these provisions continue in existence much longer the committee is going to consider the possibility of invoking the disallowance procedure.

The committee wishes to make it very clear that is not impugning the legitimacy of the objectives of section 56 and 57 and it is not the role of the joint committee to define precisely which restrictions may be placed on the political activities of members of the RCMP so as to preserve the neutrality of the force while infringing the rights of members as little as is reasonably possible.

It is, however, the responsibility of the committee in cases where such measures are enacted in subordinate legislation to advise the Houses whether the means chosen to achieve certain objectives are proper and lawful. In this connection we would draw attention to

the House that the RCMP has had amendments to the impugned provisions under consideration for at least five years and it is presumably in a position to propose to Parliament through the responsible minister a new, less all encompassing regime in an expeditious manner.

The committee recommends that sections 56 and 57 of the Royal Canadian Mounted Police Regulations, 1988 be revoked without further delay, which in practical terms conveyed to the solicitor general by letter means by April 4, 1998.

I urge the government to act by April 4, thereby avoiding the embarrassment and inconvenience which could occur when the committee recommends disallowance to the House.

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the member has raised a very important topic and he has made some very interesting arguments. He knows and his party knows that the House of Commons does not launch into a debate on an important topic like this without consultation between the parties. The reason for that is quite simple. The member has obviously conducted a great deal of research and has developed his arguments extremely well. To appear in the House at a particular time unexpectedly to present an argument like this is unfair to his topic and to the other parties which have not had the time to prepare their arguments.

It concerns me greatly that the member would do a disservice to such an important topic by raising it in this way.

I move:

That the debate be now adjourned.

The Deputy Speaker: The hon. member cannot make a motion during questions or comments.

Mr. Ted White: Mr. Speaker, I would like to make it very clear that this is an initiative of the Standing Committee on Scrutiny of Regulations which is a joint committee of the House of Commons and the Senate. Its members consider the legality of regulations. It is not partisan in any manner.

• (1030)

A report was filed in the House at least two weeks ago. I gave notice of intention to raise this concurrence motion, I would say, seven to ten days ago. It has been on the order paper since that date.

Mr. Tom Wappel (Scarborough Southwest, Lib.): Mr. Speaker, I am a member of the Standing Joint Committee on the Scrutiny of Regulations and have been a member of that committee since 1989 without pause.

I came here this morning thinking that we would be discussing Bill C-28. I want to make a couple of comments and then ask the

member a question, because I know the member is also a member of the committee along with me and with others.

Everything he says is what the joint committee said in its report to the House of Commons. The joint committee made these comments unanimously, as far as I recall, both from representatives of all parties on that committee and senators representing both parties in the other place. That report draws to the attention of the House exactly what the hon. member brought to the attention of the House in his speech.

My problem is very similar to what the parliamentary secretary just said. This is an important topic because it deals with the primacy of parliament. It deals with the ability of parliament, when called upon to do so, to disallow regulations that have been put forward by various departments.

Because this is a power the committee very rarely recommends that parliament exercise, it is important that all members are apprised of upcoming debate so that they can prepare and consider the issue carefully.

In view of a unanimous report of a joint committee, it is important that members of Parliament take their positions advisedly after having read the report carefully, after having considered all points of view, whatever they may be.

What troubles me is that the joint committee has already agreed that we would wait until next Thursday before taking any further action, in the hope that the solicitor general's department would deal with the regulations prior to April 4. It is already on the agenda for April 4, at which time our committee would make a final decision as to whether or not to recommend disallowance.

My question for the hon. member is simple. Why would he bring this matter forth now as opposed to waiting until after the committee had dealt with it on April 4, the last day the committee was prepared to permit the solicitor general to delay?

Mr. Ted White: Mr. Speaker, I thank the member for pointing out that I was careful to reiterate only the material approved by the joint standing committee in its report and not to inject any type of personal or partisan material into my comments.

As pointed out by the member, this is such an important matter that it needed to be drawn to the attention of the House. Unfortunately most of the reports presented in this place are presented but nobody ever takes the time to read them to understand the serious nature of the contents.

I felt it was my duty to make sure that a substantial part of the report was read into the record today so that members present would be able to understand why the committee is treating this matter with such serious consideration. I personally would not have had an opportunity to move this concurrence motion next week. This was my final opportunity to do so.

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If it helps the people who find themselves in a restricted position because of sections 56 and 57 and if it helps the solicitor general to go ahead and make a prompt decision on this matter, I would say a lot has been achieved by reading this into the record this morning.

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I appreciate your guidance in this matter. Referring back to my own remarks and the remarks of the member of Scarborough Southwest, I move:

That the debate be now adjourned.

• (1035)

The Deputy Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

[*Translation*]

Mr. René Laurin (Joliette, BQ): Mr. Speaker, before I give consent, I would like to clarify whether this means the debate will be adjourned just on this motion or for the rest of the day.

What is the purpose of the proposed motion to adjourn?

The Deputy Speaker: To adjourn debate on the motion currently being debated.

Mr. Peter Adams: To adjourn this debate only.

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

Some hon. members: Agreed.

(Motion agreed to)

* * *

PETITIONS

ATLANTIC GROUND FISH STRATEGY

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, on behalf of the hon. member for Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, I am pleased to table a petition signed by more than 200 residents of the Gaspé and Magdalen Islands region, requesting that the Atlantic Groundfish Strategy be extended to ensure an adequate level of income for those affected, who have been hard hit by the federal government's ill-advised fisheries management policy in eastern Canada.

These 200 petitioners ask that the strategy be continued until the moratorium is lifted, as originally planned. They remind Parlia-

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ment that they should not be the victims of fisheries mismanagement.

[English]

DRUNK DRIVING

Mr. Randy White (Langley—Abbotsford, Ref.): I am pleased to table a petition in the House from constituents in my riding. It basically covers the issue of drunk driving.

Alcohol related motor vehicle accidents kill hundreds and injure thousands of Canadians each year and cause millions of dollars in property damage, medical expenses and insurance costs.

The petitioners ask parliament to amend section 255 of the criminal code as follows. Everyone who commits an offence under section 253 or 254 is guilty of an indictable offence or an offence punishable on summary conviction and is liable whether the offence is prosecuted by indictment or punishable on summary conviction to the following minimum punishments: for a first offence, imprisonment not less than 7 days; for a second offence, imprisonment for not less than 14 days; and for a third or each subsequent offence, imprisonment for not less than 90 days.

MAMMOGRAPHY

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Mr. Speaker, I am pleased to table a petition signed by over 2,500 residents of southwestern Ontario. They are calling for the establishment of mandatory quality assurance and quality control standards for mammography in Canada.

In so doing I would like to thank the Breast Cancer Society of Canada and its president Lawrence Greenaway for bringing this important issue to my attention.

MULTILATERAL AGREEMENT ON INVESTMENT

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I rise to present a petition on behalf of several of my constituents in Medicine Hat.

The undersigned citizens of Canada draw the attention of the House to the request that the federal government ensure there will be full and open debate in the House, including standing committee hearings, on the multilateral agreement on investment.

The Canadian government must maintain its full ability to promote comprehensive job creation strategies, develop and enhance social programs such as education and health care, achieve economic and environmental goals, and develop Canada's great natural resources.

Through this agreement the rights of Canadian citizens and the power of the Canadian government to make policy must not be superseded by those of foreign investors and multinational corporations.

CFB CHILLIWACK

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, I have several petitions today. The first one will be of interest to the President of the Treasury Board.

• (1040)

It is a petition requesting that the 338 homes in and around CFB Chilliwack, lands that he will be soon helping us to develop in some way, could in the meantime be utilized as low cost housing for the needy in the community. I am sure he will chase that one down.

SEXUAL OFFENCES

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, the second petition deals with petitioners requesting tougher sentences and tighter surveillance of those convicted of sexual offences against children.

MARRIAGE

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, I have another petition about the definition of marriage and wanting to maintain the current definition of marriage, the commonly known definition called the voluntary union for life of one man and one woman to each other to the exclusion of all others.

PORNOGRAPHY

Mr. Chuck Strahl (Fraser Valley, Ref.): There is another petition, Mr. Speaker, on regulation of pornography and the age of consent.

The petitioners request that parliament provide legislation to regulate pornography on the Internet and require classification stickers for videos that would make pornography obvious when people are renting that kind of material.

CRIMINAL CODE

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, I have another petition on the retention of section 43 of Canada's criminal code as it is currently worded which allows parents to raise children and discipline children in a responsible way.

AGE OF CONSENT

Mr. Chuck Strahl (Fraser Valley, Ref.): The last petition, Mr. Speaker, deals with the age of consent which calls upon parliament to amend the Criminal Code of Canada to raise the age of consent for sexual activity between a young person and an adult from 14 to 16 years of age.

PRESCRIPTION DRUGS

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I have a petition from the citizens of Peterborough riding who are concerned about the price of prescription drugs. They point out that Bill C-91 gives brand name multinational drug companies 20 years protection from competition and up to two and a half extra years with the notice of compliance regulation.

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The petitioners call upon 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.

* * *

[Translation]

QUESTIONS ON THE ORDER PAPER

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, Question No. 46 will be answered today.

[Text]

Question No. 46—**Mr. Mark Assad:**

With respect to the Canadian International Development Agency's microcredit programs, (a) do these distribute their more than \$1.7 million among the world's poorest families (b) if so, how was this figure calculated (c) how is this figure broken down by country and by financial middleman (d) how is it determined that the families who benefit are among the poorest and (e) how much did the government spend on microcredit in 1996-97 and 1997-98?

Hon. Diane Marleau (Minister for International Cooperation and Minister responsible for Francophonie, Lib.): The Government of Canada recognizes the importance of microcredit as a mechanism to help people, and especially very poor women, find a pathway out of poverty and to achieve dignity and self-sufficiency. CIDA has long been active in microenterprise/microfinance, ME/MF, development, and early on, supported institutions which are now regarded as leaders and innovators in the field.

The Microcredit Summit held in Washington D.C. in February 1997 pledged participants to reach 100 million of the poorest families with credit by 2005. The hon. member mentions \$1.7 million spent by CIDA in microcredit programs. We believe that this figure may have been taken from an article in *La Presse* by the hon. Minister for International Cooperation and Minister responsible for Francophonie in October 1997. The article actually refers to 1.7 million people, a calculation of the number of people CIDA as a bilateral donor would be expected to reach in the Microcredit Summit's campaign.

In fact, CIDA already would surpass this objective. But more importantly, as the minister's article also pointed out, the spirit of the summit lies not in detailed accounting, but in ensuring that we work together to create the structure, systems and viable institutions that can provide the services that are needed by people struggling to get out of poverty. CIDA, through membership in the

Microcredit Summit, the Consultative Group to Assist the Poorest CGAP, and other networks, is actively engaged in improving the quality of its microfinance programming and its collaboration with partners.

We do, however, acknowledge that we have shortcomings in our information on the amounts and breakdown of our support in this field. CIDA is not alone in lacking precise information. The microfinance industry is young, and the donor community is still in the process of agreeing on common definitions on what we are measuring. It is important to emphasize that donors' support is not always just directed at microcredit. For example, CIDA supports savings co-operatives. We also support policy change to create an institutional and regulatory environment that allows microfinance institutions to work effectively, and that allows businesses of all sizes to prosper. We support integrated programs in which credit is just one part. Our experience tells us that microcredit can be an even more powerful tool if complementary policies and systems are in place: adequate health care, good basic education, roads and infrastructure.

CIDA supports about 100 projects addressing microfinance/microenterprises in developing countries in Africa, Asia and the Americas. Our support for microfinance has three principal routes: bilateral projects, partnerships with non-governmental organizations NGOs, and contributions to multilateral organizations. As part of our institutional action plan, we will be developing an inventory of projects for each bilateral branch. These will be made available to all interested parties when completed. We are working closely with CGAP, a microfinance facility based at the World Bank on standard definitions, in order to ensure that donors' reporting is reliable and comparable.

In the longer term, the information renewal process currently under way in the agency will help us to get more timely and detailed pictures of the agency's activities in this and other areas. We recognize that our efforts to strengthen the overall quality of programming in microfinance requires that we have better information, where our resources are being spent.

CIDA also has been active in learning how to reach the poorest of the poor, understand their needs, and recognize and respect cultural, ethnic and religious diversity when designing and delivering services. While there are frequent claims that microfinance reaches the poorest, the evidence available goes both ways. Indeed, there are practitioners who believe that in some contexts, the poor may benefit from microfinance, but the poorest would be better off if they did not take on the debt represented by microcredit, and instead were reached by other interventions. Canada is chairing the CGAP Working Group on Poverty Yardsticks and Measurement Tools, which is seeking to refine our methods for having microfinance reach the poorest of the poor. Achieving this is a major challenge for the industry as a whole. Even if we can do so, it will

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not be the answer to all our problems. The roots of poverty are far too entrenched and complex to be overcome by any single development technique or strategy. The poor need access to many other things, and we need to recognize which interventions can be most catalytic for poverty reduction in given circumstances.

In addition to the issues raised in this question there is another vital point that must be added: While the amount of resources going to microcredit is important, the issue of quantity must not obscure the more important concerns surrounding quality. This more than any other point is the key shortcoming to just using numbers to represent achievements in programming. On this, there are two further issues that need to be mentioned:

(a) Absorptive capacity. Many microfinance practitioners feel that there is limited ability of microfinance institutions in the developing world to absorb significant quantities of new finance. Therefore, while the Microcredit Summit is to be commended for bringing attention to microcredit to a wider audience, it must be emphasized that we need to be cautious about pressuring our partners to expand their activities. We see that one key strategic role for CIDA in the field of microfinance is to strengthen viable institutions which already exist, helping them on the road to further success. Our second role is to fund innovative activities in the hopes that the lessons learned will contribute to advancing the frontiers of this field.

(b) Best practices and industry standards. The microfinance industry has been focusing a great deal of attention in developing guidelines for both sustainability and outreach of microfinance institutions. CGAP, mentioned earlier, is a key mechanism for donor collaboration on best practices. Canada has played an active role on CGAP, whose primary goals are to strengthen the quality of programming in microfinance and to improve donor coordination. Most donors, including the World Bank, still need further efforts to bring their microfinance portfolios up to these standards. CIDA is actively pursuing this quality issue in our own programming.

[Translation]

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

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

INCOME TAX AMENDMENTS ACT, 1997

Hon. Marcel Massé (for the Minister of Finance) moved that Bill C-28, an act to amend the Income Tax Act, the Income Tax

Application Rules, the Bankruptcy and Insolvency Act, the Canada Pension Plan, the Children's Special Allowances Act, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act, the Customs Act, the Customs Tariff, the Employment Insurance Act, the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Conventions Interpretation Act, the Old Age Security Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act, the Western Grain Transition Payments Act and certain acts related to the Income Tax Act, be read the third time and passed.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am pleased to support third reading and approval of Bill C-28, legislation with important elements that speak to national vision, national values and national leadership.

The true measure of real leadership is where a government places its priorities. Certainly the priorities of the government are clear and concrete as demonstrated in the bill before us and in fact in the federal budget.

As the Minister of Finance said in his budget speech, our goals remain what they were when Canadians elected us in 1993: first, to build a country of opportunity, a country of jobs and growth where every Canadian has equal access to the avenues of success and, second, to safeguard and strengthen a compassionate society.

Since 1994 we have followed a consistent and solid plan centred on a balanced approach. In fact it is paying off today. With the 1998 budget, for the first time in almost 30 years the books will be balanced. Again in 1998-99 and 1999-2000, our two year fiscal planning period, we are on a clear course to reduce the debt as well.

It also means that we are now in a position where we can make key social investments that respond directly to the concerns of Canadians. Just as important, we can make these investments without jeopardizing our continued advance to a balanced budget.

• (1045)

Health and education are issues that affect every Canadian in every region. They reflect key national values. It is proper that as our federal financial situation improves, our government has given first place to investing in these vital activities. It is this type of investment that all Canadians can appreciate. This is the sort of support for federal-provincial partnership all Canadians should endorse.

The most significant part of today's legislation clearly is the measure to increase the cash floor of funding to the provinces under the Canada health and social transfer. Bill C-28 increases this guaranteed amount of federal cash funding for health care, post-secondary education and social assistance and services. It increases it from \$11 billion to \$12.5 billion a year through to the

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year 2002-03. It starts applying this higher cash floor one year earlier than originally slated.

This means that the provinces will receive an extra \$7 billion in cold hard cash over six years. This is cash the provinces did not budget for. It is new money that the provinces can now include in their budgets and in their disbursements at the provincial level. That is by far the largest new spending commitment we have made since first coming to office.

It is important to remember that the cash portion of the CHST is only part of the total value of our federal support for provinces in the areas of health, education and social assistance. When tax points are included, the total funding to provinces provided under the CHST will exceed \$25 billion. That will grow to over \$28 billion in the years ahead.

Clearly the CHST measure represents by far the most financially substantive measure in this legislation. There are also other parts of this wide ranging bill that should be highlighted again.

A key theme of both our 1997 and 1998 budgets has been the critical importance to Canada's future and the future of Canadians themselves of enhancing skills and knowledge. Bill C-28 represents an important step in our journey to success in a new millennium. It follows through on our 1997 budget pledge to help and encourage Canadians to save for post-secondary education of their children. Under this legislation we are increasing the amount that Canadians can invest in a registered education savings plan from \$2,000 to \$4,000 a year for each student beneficiary.

As well Bill C-28 will allow someone who has contributed to an RESP but who then sees the intended student not go on to post-secondary education to transfer that income from the plan into an RRSP. This will reduce the risk and the disincentive previously facing parents. The problem was that the benefits of their RESP investment could be completely forfeited if their child chose not to pursue higher education. With Bill C-28 that investment in an RESP will continue to provide real value for families even if the child does not go on to post-secondary learning.

I would also like to remind the House that this legislation also takes important steps to encourage and support charitable giving by Canadians. In a global economy marked by rapid change and sometimes disturbing dislocation, Canada's charitable sector is a critical partner in meeting the needs of Canadians, especially the disadvantaged and those at risk.

Our government recognized the importance of giving charities the tools they need to accomplish their important work. This commitment reflects not only a social obligation but also economic common sense. Even though tax assistance for charitable giving entails a cost for governments, it is plainly a much lower cost than providing full support directly through public funds.

In each of the last three budgets the federal government has made it easier for Canadians to contribute to charities. These measures have been especially useful in encouraging donations from modest income donors for example by making a higher level of tax credit available for lower levels of giving.

• (1050)

Our 1997 budget proposed and this legislation will enact further measures to help all charities attract donations from modest income donors, notably by levelling the playing field between the crown and other kinds of charities. Bill C-28 increases the amount of donations for which charitable credit can generally be claimed to 75% of net income from the previous 50% mark. This 75% limit will apply equally to all charities, eliminating the previous advantage enjoyed by donations to the crown and crown foundations.

In addition to increasing gifts from modest income Canadians, it is important, as the charitable sector itself has made clear, to encourage larger gifts of capital from individuals and corporations.

Since Canada already has generous provisions for donations in cash, the most promising way to encourage new giving is to provide more generous treatment for gifts of appreciated capital property. This point is driven home by the fact that the U.S. tax system features significantly more generous incentives for gifts of capital assets than our own existing system. The result appears to be a much higher level of giving.

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

Both of these measures, those concerning the RESPs and charitable giving, touch on the tax system. There are certainly further elements of this legislation that also address tax matters with the general goal of improving clarity and fairness.

As I said at second reading, one of the foundations of a well-functioning economy is an effective, fair and transparent tax system, a system which allows companies and individuals to focus on the work of building and growing their companies or their personal endeavours through real value added, not through manipulation of the tax rules. This is why C-28 includes a range of technical tax measures which include the following.

The legislation includes rules relating to transfer pricing, rules that will ensure when goods are transferred between elements of a single multinational corporation the pricing involved is based on the principle of arm's length dealing. In other words, companies

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will not be able to avoid or manipulate taxes by setting a transfer price that is artificial or arbitrary.

There are also rules that restrict the transferability of business losses between affiliated persons, rules that apply when a corporation becomes or ceases to be exempt from income tax.

This legislation takes further action that stops bankrupt individuals from claiming a double deduction of personal tax credits, like the GST credit, in the year of bankruptcy.

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

I should again remind the House that these technical provisions of C-28 regarding taxation were certainly made public a long time ago through draft legislation and ways and means motions. As a result, they have been closely scrutinized by private sector experts. In fact some of the provisions respond directly to requests and suggestions from the private sector. That is why I am confident these sections of Bill C-28 carry the support and acceptance of the sectors involved and deserve the same support from this House.

To conclude, let me just briefly return to the subject of the Canada health and social transfer, the part of this legislation that touches most broadly on the public interest. It has been argued during the debate that Canada's provinces supposedly contributed an unfair share to the federal deficit reduction. The enrichment to the CHST has been described as only restoring some of the funds we had taken away to begin with.

• (1055)

Let us be clear. Reductions were made in transfers to provinces under the CHST when it took effect for 1996-97 but the action was not unfair and it was very necessary. The fact is that as we launched our deficit reduction strategy, a contribution from virtually all areas of federal spending was the only way to get Canada's financial house in order.

No objective observer can question what had to be done. The hard truth is provincial transfers represent about 20% of all our federal program spending. That is \$1 out of every \$5. There was simply no way we could meet our deficit without those reductions.

If we had not taken the tough action that we did, February's budget could easily have forced us to deliver further cuts in public spending rather than the historic announcement of balanced books. Because we did what had to be done when it had to be done, we have been able to help achieve the federal fiscal success that is

beginning to pay real dividends, dividends of solid benefit to each province and all Canadian citizens.

The deficit cutting exercise was transparent. It was done in consultation with Canadians and provincial governments. We gave the provinces a full year's notice of our plans so they too had time to adjust their own priorities and programs.

The bottom line is clear. Through the hard work and shared commitment of a vast majority of Canadians, we have eliminated the deficit for the first time in more than a quarter century. We have put ourselves in a position where we can renew responsible realistic investments in key social areas.

We are making those investments with a clear and considered philosophy. That philosophy is that it is only proper that our hard earned fiscal dividend goes to where it does the most good, helping the most Canadians. Surely the Canada health and social transfer honours that criteria. Just as surely Bill C-28 deserves the support of each and every hon. member of this House.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it is a pleasure to address Bill C-28, a bill which Reformers stand in opposition to. I will lay out a number of the reasons that we oppose this legislation.

This bill talks about taxes without talking about tax relief. In a country that has some of the highest taxes in the world, we need to have a bill that lowers our taxes. This bill talks about taxes without talking about tax simplification. As we approach the tax deadline, people preparing their taxes will come to understand how badly we need tax simplification.

This legislation leaves untouched clause 241, a clause we believe puts the finance minister in a conflict of interest position. We will say more about that later.

The legislation imposes a new round of taxes on municipalities and therefore ultimately on consumers themselves. We oppose it for that reason.

This legislation does nothing to prepare us for the impact of the Asian tsunami that will soon occur as a result of the meltdown in Asian markets.

We are concerned about this because it maintains the \$6 billion in cuts to the Canada health and social transfer after the government specifically promised it would not cut transfers to the provinces.

This bill does nothing to lighten the load of ordinary Canadians who do so much to move the country forward yet get precious little in the form of any kind of award or acknowledgement from the government.

Those are the various and sundry reasons we oppose this legislation. I will speak to them in more detail shortly.

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I draw attention to the language that has come from the government over the past several days since the budget presentation, in particular how government members speak about some of the things that are occurring in Canada. I hope we can uncover what is really going on.

● (1100)

They speak of the Canada Health and Social Transfer, but we find out that they did not cut as much as they said they were going to cut. They said they were going to cut \$7.5 billion. Now they are only cutting \$6 billion. They call that an increase. When they only slow down the growth of the rise in taxes in this country they call that tax relief. When they do not add to our already staggering high debt they call that debt reduction.

It is important to uncover and expose this because if these things are repeated often enough people may be deceived into believing that the country is moving forward in a meaningful way. We do not want to leave that false impression.

In 1993, in the leaders' debate, the current Prime Minister promised the leader of the Reform Party that he would not cut transfers to the provinces, but he did. He eviscerated health care and higher education in this country, cutting transfers by what amounts to about \$6 billion. It is the largest cut to health care in the history of the country. I would argue that this government shut down more hospital beds than any provincial government in this country, probably more than all the provincial governments combined. We need to draw attention to that.

My friends across the way talk about the tax relief of \$7 billion that was introduced in the budget. What they do not talk about are the huge increases in taxes that more than offset that \$7 billion. A taxpayer earning about \$50,000 would be in the top 10% in this country. The top 10% of taxpayers pay almost 50% of the taxes. People who earn \$50,000 or more are in the top 10%. Accordingly, the taxpayer will save about \$219 in 1999 because of the government's phase out of the 3% surtax. However, the same taxpayer will pay an extra \$330 in CPP premiums in 2000, for a net increase of \$111. That person's taxes will go up by \$111. Let us not be deceived. My friends across the way can talk all they want about tax relief, but it simply is not so.

Jeff Rubin, the chief economist for Wood Gundy said that "for all the Budget's gestures at tax cuts, Canadians' tax bill next year will be some \$6 billion higher as a result of the cumulative impact of the last five Liberal budgets". Yet the minister continues to boast about reduced taxes. It is outrageous.

Finally, I will touch on the issue of debt reduction. We have heard members of the House talk about the government's plan for debt reduction. We oppose this on two separate grounds. They say

that the debt to GDP ratio will go down even if not one cent is put toward the debt. In fact that is true, but what does debt to GDP ratio mean to an ordinary taxpaying Canadian? It means virtually nothing. The average family today pays \$6,000 in taxes just to pay the interest on the debt. Allowing the debt to diminish as a percentage of the size of the economy will not impact that at all. They will still pay \$6,000 a year in taxes just to pay the interest on the debt, so that does no good.

My opponents across the way will say they have a contingency fund of \$3 billion which they will use to pay down the debt. Let us assume for a moment that the government does use the contingency fund to pay down the debt. We have a debt in this country of \$583.2 billion. It would take 200 years to pay down the debt at that rate and that is only if they do use the contingency fund for that. We have already seen in this year's budget that they blew the contingency fund on new spending. Therefore there is no guarantee that we will ever see that contingency fund used for something as important as paying down the debt.

Why is it important to pay down the debt?

● (1105)

I will simply point out, first of all, that we pay in this country about \$45 billion a year in interest payments toward servicing the debt. That is by far the largest cheque that the finance minister writes every year.

Unfortunately, a big chunk of that \$45 billion in interest payments goes to bankers from around the world. It does not even stay in this country. It goes to foreign debt holders.

That cannot be good. We oppose that. We want to see more of that money remain in the country. Let us start to pay down the debt.

I think even more important right now is that when we have a debt which is this high we are extraordinarily vulnerable to not just international shocks, but also domestic ones.

The other day I had an analyst in my office from Wall Street. He came to Canada specifically because he goes to countries around the world to check out the financial situation and then he sells the information to people who invest, to brokerage houses and that sort of thing.

This man informed me that he was extraordinarily concerned about Canada's current situation. He pointed out that with a debt of \$583 billion, with a current account deficit which will soon become a big deficit, and with a dollar that is very, very vulnerable, Canada is in a precarious position, especially with the pending Asian tsunami about to hit. Those were his words "the Asian tsunami".

He left me with a document and I want to quote it. This is the forecast that he is giving to his clients. It reads:

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Last week there was a batch of economic news from around the world highlighting that the Asian flu is impacting. Because they are much closer to the core Pac Rim turmoil, we are watching Japanese and Australian news particularly closely for early clues as to what will eventually show up here, admittedly with less force.

1. Due to the Asian crisis, Mitsubishi Motors tripled its forecasted loss.
2. Due to collapsing exports to Asia, Australian business confidence plunged to a 2 year low.
3. Due to the Asian crisis, Mexico's pricing power is under pressure.
4. Due to the Asian crisis, U.S. small business confidence has declined.
5. Italy's exports have declined at a 21% annual rate over the past three months.
6. China's production has declined at a 16% annual rate over the past three months.
7. U.S. pricing power declined further—

It goes on and, rather obviously, this country, as well as the world, is really not out of the woods. When we have a debt that is second only to that of Italy in terms of its size, we are very, very vulnerable.

We witnessed, when the Asian crisis first hit, a flight to quality. Where did all the money go that was seeking a safe haven from the turmoil in the world? It did not come to Canada. It went to the United States. There is a very good reason for that. The U.S. debt compared to GDP is about 40% less than ours and they are not as concerned about the situation in the U.S. That is a very good reason why Canada should start the process of paying down the debt.

As I mentioned at the outset there are a number of reasons why Reformers oppose Bill C-28.

I want to talk for a moment about something my friends in the Bloc are very interested in, an issue which they have pushed a lot, and that is, clause 241.

Clause 241 essentially is a clause in this legislation, which was initially sponsored by the finance minister, that would allow changes in the structure of shipping companies that hold assets offshore, which potentially could allow somebody like the finance minister who owns assets offshore, to benefit.

I believe this was done unintentionally. I do not, for a moment, believe that the finance minister or finance department officials were trying to pull a fast one. However, I believe that it raises questions and it should be addressed more seriously than the government has addressed it.

Even more important from my standpoint is that we have a finance minister who has been driven to shelter much of his income offshore because of the high level of taxes in this country. That is what is germane in this issue.

I do not begrudge it for a moment. I know my friends in the NDP were concerned about this matter the other day, but we would point out that it is perfectly legal, that everything the minister is doing is within the bounds of the law. It is not a problem that way.

● (1110)

However, we do think it sends a pretty important message about the kind of trouble this country is in when we have the finance minister of the country who has to shelter assets offshore because taxes in Canada are too high and, as I pointed out a minute ago, are going higher, the government's recent tax relief package notwithstanding. It simply did not come anywhere near to making up for all the tax increases that the government has brought in.

Now we are in a situation where people who have money to invest are sheltering income offshore. I think that really raises some important questions. We need to ask ourselves why we have arrived at a point in this country where people who live in this country have to take their assets offshore to shield the interest income from the high taxes we have in this country.

It does not just end with the finance minister. As I pointed out to colleagues, we have a number of members in this House who have had family members flee the country as economic refugees because they not only cannot find jobs here but, even if they do find a job here, the taxes are so much higher than in a similar job in another country. Many of us have seen friends go to the United States where it has taxes that are about one-third less than what we have in Canada.

I again point to the Nesbitt Burns report which showed that we have all kinds of professionals coming into this country, but for as many professionals that we have coming in we probably have three or four times as many leaving, in part because of the high taxes. I would say it is almost completely because of the high taxes.

I believe high taxes impact the ability not only of people to be able to afford a lifestyle that they would like to have, but also high taxes leave less opportunity and less jobs. Often people graduate from school and then end up having to leave Canada to go to another country where they can find work. Therefore, we have all kinds of professionals fleeing Canada.

Any of us who are from a small town can testify personally to how many doctors we have seen leave the country to go to the United States in particular. We see now in the Nesbitt Burns report that nurses are mentioned. It also deals with teachers. I think that is a new trend. I do not recall teachers having to leave the country before to find jobs and take advantage of the tax regime that the United States has. However, this seems to be the new trend that is happening now according to the Nesbitt Burns report. We also see it with engineers and computer scientists.

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Not long ago I was talking to somebody who sits on the board of Waterloo University. They spoke to me very frankly about the newspaper article concerning one-third of the graduating class at Waterloo University being sopped up by Microsoft and going off to Seattle because that was where the opportunity was. This is a serious problem.

I do not believe the government has done anything in Bill C-28 or in any other legislation to seriously address what has become an extraordinarily serious problem.

I also want to talk about some of the smaller but very important provisions of Bill C-28. One thing that galls me is that the government is proposing to introduce new taxes on municipally owned subsidiaries, particularly utilities. We will have one level of government taxing another level of government, something that by tradition we do not do in this country.

Ultimately, I point out to my friends across the way who trumpet their new found belief in tax relief, this is going to be a tax on ordinary consumers. If people are barely making it today in their homes, wherever they live in the country, and they do not have anywhere to cut back, but all of a sudden they face an increase in their utility costs because this government is now going to start taxing those utilities, they have nowhere to take it from. If they have to pay for their natural gas or electricity it means it can only come out of the food budget. If someone is on a fixed income that is the only place it can come from.

My friends across the way, who have made a career and a history in this country of talking about their deep compassion for people, in effect are going to be punishing those people who are most vulnerable amongst us by imposing these new taxes on municipal utilities. There is a history behind this too. I point out that in the 1995 budget the government removed the PUITTA, the Public Utility Income Tax Transfer Act. It essentially provided a rebate to private utilities so they would be on a level playing field with public utilities. The government removed it. It cost the Government of Alberta approximately \$250 million, impacting Alberta the most.

• (1115)

Now to level the playing field in a perverse way, I guess, it has decided to start taxing publicly owned utilities. That is ridiculous. Why not just leave it the way it was? The only reason for it obviously is to get more money out of taxpayer pockets. It is another sneaky backdoor tax increase. I object to it. I think it is wrong and I think this government has overstepped its bounds. It has stepped into territory that previously has been almost sacred. It has started to tax another level of government.

I want to talk for a moment about the reference in Bill C-28 to the government's alleged increase in transfers to the provinces. I

will do that by referring first of all to a quote from the 1993 election campaign. It was actually the leaders debate and it occurred when the leader of the Reform Party asked the current Prime Minister a question: "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 answered: "I said yesterday in replying to Mr. Bouchard that I promise they will not go down and I hope we will be able to increase them".

Not only did the Liberals not increase them, not only did they not maintain them, they cut them by initially \$7.5 billion. That is an absolute blatant breaking of a promise in the 1993 election campaign. A scant two years later they were cutting the heart out of health care.

My friends argue that in Bill C-28 we are actually increasing transfers to the provinces for health care. That is not so. All they are doing is not cutting as much as they said they would. They are still breaking the promise of the 1993 election campaign by \$6 billion. What has been the consequence of that? For the first time I think in the history of the country we have seen Canadians' confidence shaken in their health care system like it has never been shaken before.

We have seen protests on the lawns of provincial legislatures. We have seen people threatening to strike, doctors leaving, nurses leaving. We have seen waiting lists skyrocket. Dr. Judith Kazimirs-ki, past president of the Canadian Medical Association, appeared before the finance committee, where I sit as a member, and told us about how waiting lists had become longer and longer for things like prostrate cancer and breast cancer. When you are sitting on a waiting list awaiting surgery for prostrate cancer and breast cancer, I can guarantee you those illnesses do not stop doing what they do, ravaging the bodies of their victims, simply because the government cannot find a way to get them surgery or get them treatment. They continue to do their damage.

This government has blatantly broken its promise and it should pay a price for that. Please, I say to colleagues around the House and to people who are watching on television, do not accept for a moment that this government somehow cares about health care. It is the architect of the great slashing that has gone on. It is the Dr. Kavorkian of health care in this country.

Let us not accept for a moment what is asserted by colleagues across the way that Bill C-28 comes anywhere close to repairing the damage it has done to health care in this country.

I will conclude simply by urging colleagues to consider that there are many priorities Canadians have today. We are a country that has massive levels of debt, second only to Italy in the world for the debt we carry. It is somewhere close to 100% if we include the levels of debt that the provinces have accumulated, 100% of GDP.

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It is a staggering amount of money. As a result of that we have economic uncertainty. We have countries not wanting to invest here.

My friend from Peace River, the international trade critic for the Reform Party, pointed out the other day that Canada, for the first time ever, has had more money invested outside of the country than people have been investing in Canada. Canada is no longer the shining example, the great place to invest that it once was.

• (1120)

We point out that taxes in this country are just too high. They are staggering. Often in this place we have read letters into the record laying out the human tragedy of high taxes from people who cannot find any place from which to take money to pay the tax bill.

I remember reading a letter from a lady in Quesnel, Margaret Snell. Her son wanted to play baseball and have swimming lessons. She could not find the money because CPP tax hikes were coming along. This is a social tragedy. I urge my friends to remember that while the government is bringing in legislation like this there are huge issues that need to be addressed.

I point to the staggering levels of unemployment. I point to the dramatic jump in unemployment in British Columbia, a province which was first in growth not very long ago and has now fallen to 10th. While friends across in the Liberal Party were patting themselves on the back at the Liberal convention on the weekend talking about the wonderful job they have done with the economy they forgot about British Columbia which is suffering unbelievably these days.

Somehow, even though several cabinet ministers are from British Columbia, British Columbia is completely ignored and the very legitimate concerns of the people of British Columbia never do get addressed by the government even though members in the Reform Party raise them over and over again. We raised the issue of the fishery, for instance. It is just never dealt with. We see Americans vacuuming the sea. Again, the government does not deal with it. When it could be dealing with issues like that we see legislation like this.

There are a number of reasons why we oppose this legislation. I encourage members around the House to search their hearts and ask themselves if there is not a better approach to dealing with the problems of the country, an approach that would secure opportunity for Canadians by lowering taxes, by paying down debt, by providing essential services for people through government without building up a big government again. We do not need that.

I encourage friends to consider the message I have given today. I speak on behalf of many Canadians. I urge them to consider it and in doing so I hope they will be convinced they should not support Bill C-28.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I am pleased to address Bill C-28 at third reading. This is a 464-page omnibus bill which includes various measures to implement the recent budget tabled by the Minister of Finance, along with some tax changes that were announced a few years ago, but died on the *Order Paper* before the federal election. This is why these provisions are included in the omnibus bill.

On February 23, the Minister of Finance had Bill C-28, of which he is the sponsor, introduced in the House of Commons. In addition to various amendments to our tax legislation, including the Income Tax Act as it applies to corporations and individuals, and to certain measures relating to the minister's recent budget, the bill includes about 14 lines, two small paragraphs, hidden somewhere in these 464 pages, that deal exclusively with international shipping.

As we all know, and as government members have told us again and again, the Minister of Finance is also a shipowner. He owns a fleet of ships abroad, and he is active in the international shipping sector. The minister owns a shipping holding company.

• (1125)

His holding corporation owns shares in companies that are actively involved in international shipping and that are based in Bermuda, Liberia and Barbados, among other countries.

These 14 lines in Bill C-28—which, again, is 464 pages long—are found in clause 241—formerly section 250 of the Income Tax Act and dealing with the tax provisions applying to international shipping companies—and seek to expand the scope of these provisions to corporations that are related to shipping holding companies.

The clause provides that, subject to certain conditions and structures, these international shipping companies will get preferential treatment from Revenue Canada. They will be sheltered from paying any taxes on profits, and now from any taxes on dividends received by the holding companies.

When we look at these 14 lines, the first thing that comes to mind—I repeat this for the benefit of those listening—is how can a finance minister, who is also a shipowner in the international shipping sector, sponsor a bill that could affect his personal interests? That is the first question that springs to mind.

Is he allowed to do that? Did the Minister of Finance act within his authority, in compliance with the government's code of ethics, introduced by the Prime Minister himself and passed in June 1994? Did he act within his authority in introducing a bill, clause 241 of which proposes tax changes that could be advantageous for his offshore shipping companies in Bermuda, Liberia and Barbados?

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Answering the first question—because there will be a second—could hardly be easier: we will take a copy of the document called “Conflict of Interest and Post-Employment Code for Public Office Holders”. We will look at the provisions concerning the principles that should guide ministers, senior officials, and chairs of commissions and public and parapublic corporations.

We will take them one by one and try to see whether, in this case, the case of a bill containing these 14 lines, two little paragraphs about international shipping tucked away in a 464-page bill, the Minister of Finance did the right thing in sponsoring this bill.

On page 2 of the ministerial code of ethics, we read the following:

Every public office holder shall conform to the following principles:

This is followed by various headings. The first one is “Ethical Standards”. The passage in question reads as follows:

(1) Public office holders shall act with honesty and uphold the highest ethical standards so that public confidence and trust in the integrity, objectivity and impartiality of government are conserved and enhanced.

I would like, if I may, to take a look at this first principle, which is very important. How, from the point of view of the government’s integrity, objectivity and impartiality, are we to interpret the fact that, although we have been asking the government for a month and a half now to strike a special committee to look at the scope of clause 241 and the process whereby it was included in Bill C-28, the government has not explained the finance minister’s apparent conflict of interest?

Why did the government refuse to reveal all each time we requested it to? At first, we were alone, but then we received the support of the Progressive Conservative Party, the Reform Party and the NDP.

With it systematically refusing to shed any light on this matter, how can we consider the government honest, objective and impartial with nothing to hide? It is already walking all over the first principle of the code of ethics.

• (1130)

The second principle involves public scrutiny. It provides that “Public office holders”—in this case the Minister of Finance—have an obligation to perform their official duties and arrange their private affairs in a manner that will bear the closest public scrutiny, an obligation that is not fully discharged by simply acting within the law”.

With the minister sponsoring a bill that could apply to his private companies, how can we be expected to consider his action so far beyond reproach as to bear the closest public scrutiny when we

know that this concerns only international shipping companies? It does not concern engineering firms, for example. It does not apply to oil exploration companies and it does not apply to just any economic sector. It applies only to the international shipping sector.

Not only that, but clause 241 applies particularly to the holdings of shipping companies operating abroad. The Minister of Finance has a holding of shipping companies operating abroad.

This second principle of the code of ethics talks of “bearing the closest public scrutiny”. This does not. The government’s claim that this clause is not a tax amendment made to measure for the Minister of Finance does not bear the closest public scrutiny.

The third basic principle in the code of ethics concerns private interests. It states as follows:

Public office holders shall not have private interests, other than those permitted pursuant to this Code, that would be affected particularly or significantly by government actions in which they participate.

Those in which he participates as Minister of Finance, therefore.

An examination of clause 241 of the bill sponsored by the Minister of Finance indicates that this principle of the conflict of interest code is being ridden roughshod over. The Minister of Finance is a legislator and therefore has definite influence over legislation concerning international shipping, the area in which he is involved. He can influence government activities for the benefit of his shipping companies, and this is what he has done with clause 241 of Bill C-28. Clause 241 will impact upon the financial performance of his companies.

This principle, adopted in June 1994 as part of the government’s conflict of interest guidelines, has already gone by the board.

The final principle is public interest. It states the following:

On appointment to office, and thereafter, public office holders shall arrange their private affairs in a manner that will prevent real, potential or apparent conflicts of interest from arising—the conflict shall be resolved in favour of the public interest.

Not only do we believe that there is, at the very least, an apparent conflict of interest, which is serious according to the code, because it speaks not only of real or potential conflict of interest, but also of apparent conflict of interest. We are not the only ones to believe there is, at the very least, an apparent conflict of interest. Even the person responsible for ethics, Mr. Wilson, the governmental ethics adviser, ministerial even, one might say because, in our opinion, his evaluations are somewhat biased—he is paid by the people he has to defend—has appeared before the finance committee, has even prepared and submitted a report, and admits there could be an apparent conflict of interest.

He has said that, had he been consulted as ethics adviser, the bill would have been introduced differently than it was by the Minister

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of Finance. The Prime Minister, the Deputy Prime Minister, the Minister of Finance, all the government members, have told us "Go consult Mr. Wilson, and he will tell you there is no problem". Yet even Mr. Wilson says "There was, at the very least, an apparent conflict of interest. The process was flawed and things ought not to have been done that way". This has happened more than once, moreover.

The Prime Minister boasted that he had seen nothing two years ago. Sometimes the Prime Minister is really funny. He sometimes has a really funny way of reasoning.

• (1135)

Two years ago, a bill was introduced, which contained a provision similar to clause 241, but it eventually died on the *Order Paper* when the election was called. We did not notice it at the time, probably because nobody felt like reading through the 464 pages of an omnibus bill, but the second time around, we did.

The Prime Minister bragged about it on two separate occasions. First, he said there was no ambiguity because the bill was introduced by the Minister of Finance himself. Not only did he sponsor it, he introduced it. And, again the other day, the Prime Minister said they had done the same thing two years ago and "the opposition did not even notice it". Great philosophy, great moral and political ethics.

So, coming back to the ethics counsellor, in his evidence before the Standing Committee on Finance, Mr. Wilson told us there was indeed an apparent conflict of interest. What happens when four out of the five principles supposed to govern the Conflict of Interest and Post-Employment Code for Public Office Holders are trampled on as I have just demonstrated? One must refer to page 16 of the code.

What does it say on page 16? It states that "Where a public office holder does not comply with Part II, the office holder is subject to such appropriate measures as may be determined by the Prime Minister, including, where applicable, discharge or termination of appointment". None of this has ever happened.

We are not asking for the minister's resignation, at least not yet. But we are running out of patience. It is really hard to hold back. The government's refusal to shed light on these very important questions and the Prime Minister's hypocritical suggestion in the House that we should seek an answer from the Standing Committee on Finance, where we are being gagged, are starting to get to us.

We are asking the government to shed light on this matter. We have just demonstrated, by quoting directly from the code of conduct without any interpretation, that four out of five principles have been trampled by the finance minister's sponsoring of Bill

C-28 and that clause 241 might give an unfair advantage to the shipping companies he owns.

Howard Wilson has recognized, at least once in writing, that there was a problem, an apparent conflict of interest. He may not have said it again, but as we have seen in the past, he is more of an elastic counsellor than an ethics counsellor. He gives a very broad and very flexible interpretation of the code of ethics when his boss, the Prime Minister, asks him to save the neck of one of his ministers.

There are precedents. We found a few. There are precedents where a public office holder, a finance minister or other public office holder, was forced to resign over a lesser matter than this, over situations that were less obvious and less worrisome from a conflict of interest point of view.

In 1985, a case was raised by the Prime Minister, then the member for Shawinigan, who was then in opposition. He asked the Prime Minister of the day, Mr. Mulroney, for the head of the Minister of Finance, Michael Wilson, who he said was in conflict of interest, one of his brothers-in-law having been awarded a \$240,000 contract, something that was ultimately never proved.

He cited the example of an Ontario finance minister who, in the 1980s, had resigned immediately after revelations that he had allegedly relaxed the normal rules in granting a permit for a company owned by his family. And the minister had never seen this permit. He had never had anything to do with granting this permit.

But, as this finance minister, Darcy McKeough, had recognized, a finance minister's performance is subject to criteria of very high integrity—not just integrity, but very high integrity—because of the nature of his duties. He had therefore preferred to hand in his resignation immediately to avoid any further doubts about his government's and his own integrity.

• (1140)

I will describe the case again. It was something very simple and not serious in itself. A company owned by an Ontario Minister of Finance was issued a permit. The minister had never seen the file, nor was he the one to sign the permit. The Minister, not wishing to place anyone in his government in an awkward position, and not wishing any doubt to be cast on his integrity, immediately resigned.

There is a more recent case, this time in defence. Everyone will recall that the Minister of Defence was obliged to step down in March 1996, not because he was a bad minister—although at the time we felt he was and we were calling for his head—but because he had written to the Immigration and Refugee Board—

Some hon. members: Oh, oh.

Mr. Yvan Loubier: Hearing the truth gets them riled up over there, but I will continue to tell the truth. I am too attached to my

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principles. It is their own business on the other side if they want to say any old thing, but I am going to tell the truth, whether they like it or not.

So, the former Minister of Defence wrote the chair of the Immigration and Refugee Board to get an immigration case fast-tracked. The case involved a Canadian citizen who was very ill and wanted her husband to be allowed to come here to look after her. Because of that,

For a humanitarian cause, the Minister of Defence of the time wrote in his capacity as an MP to the chair of the Immigration and Refugee Board in order to get the case of the unfortunate sick lady who wanted her husband here to take care of her speeded up. Because this action by an MP, especially by a government MP, that is trying to influence the decision of a quasi-judicial board, is unacceptable from an ethical standpoint, the Minister of Defence of the time resigned. And this was over a humanitarian case.

When we see all that and then we see the scope of the action taken by the Minister of Finance in creating for himself clause 241, which favours his offshore shipping companies, which favours his shipping holding companies and protects them from all claims by Revenue Canada, we say to ourselves "How come there is a double standard?"

How is it that, when the Prime Minister was in opposition, he cited a case that was far less serious than this one, and now there are no more problems? How could he accept the resignation of his Minister of National Defence in 1996 for having behaved in a humanitarian case contrary to the code of ethics? He would not consider any other course of action than to accept the resignation of the minister of defence.

Why is the Prime Minister now, in the more serious case before us, considering it reasonable for a Minister of Finance to table a bill with 14 lines hidden in 464 pages that could give an advantage to his shipping companies and that do favour offshore shipping companies.

There seems to be a bit of a problem. In fact it is a big problem when the government refuses to come clean and orders the chair of the Standing Committee on Finance to reject all requests for witnesses, specialists and ethics counsellors, other than the one paid by the government, who, in passing, is more of an elastic counsellor than an ethics counsellor, in our opinion. The problem is twofold and that becomes serious.

A second issue arose throughout all this, which was refuted, but not argued, by the Minister of Finance when he sputtered out the first day the Bloc Quebecois mentioned this rather interesting discovery about the provisions of clause 241. They objected that "The Minister of Finance's shipping companies will not benefit from the new provisions".

In fact, three versions were given. In the first, the Minister of Finance said his companies would not be affected because they were Canadian. We wondered why he used that argument and why—with the code of ethics, he had no business discussing this bill or sponsoring it either, and then he goes before the cameras and says that he will analyze it. Already, the minister was violating the government's code of ethics. He was saying that it was a Canadian corporation, that we were totally mistaken, etc.

• (1145)

The vice-president of Canada Steamship Lines—the shipping company owned by the Minister of Finance—said "Maybe they apply to us, but we will not use these provisions. We do not intend to use these new clauses". The mere fact they were saying they did not intend to use the provisions implied that they had the right to use them and that these provisions could apply to the Minister of Finance's shipping corporations.

Within a day, there was a reversal, a new version was different. And that was just the next day. First, the Minister of Finance said "These provisions do not apply to us, you do not get it at all". Then the vice-president of Canada Steamship Lines said "We do not intend to use these provisions", thus implying that the minister's companies could do so and that those provisions did indeed apply to them.

The third version was given to us by Len Farber. It was in reply to the second question which was "Could the minister benefit from the provisions that he is getting passed in the House, yes or no?" Len Farber appeared before the Standing Committee on Finance. At the finance minister's invitation, I met with Mr. Farber in my office the day after our revelations. Far from convincing us, Mr. Farber gave us more reasons to believe that there was indeed a problem.

I met with Mr. Farber in my office, and then he appeared at a finance committee meeting, which was a public meeting, a few days later. We asked him questions, we showed him a corporate organization chart and we told him "Look, we have companies with offices in Montreal, for example, with subsidiaries in various places that are actively involved in international shipping, that also have holdings, that own shares in shipping corporations directly involved in international shipping. Could the provisions of clause 241 of Bill C-28 apply to such corporations?" Mr. Farber did not say yes right away. He is a friend of the Minister of Finance and he is his principal adviser. It was the minister himself who had told us "Go talk to Farber, he will tell you what is going on. You do not understand anything".

We realized that we understood everything. That was a good start. In the end, to the questions asked by the Bloc Quebecois, Mr. Farber simply responded that, yes, it could apply to businesses like those owned by the Minister of Finance.

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From the outset, it was illogical to have an arrangement like clause 241 to attract foreign shipowners operating abroad in international shipping to open up offices in Canada, to offer them tax benefits, to provide them with tax savings, while our own Canadian companies operating elsewhere in competition with these foreign companies coming to set up operations in Canada cannot take advantage of the same arrangements. This is not logical. It takes a really twisted logic to tell us that these clauses did not apply to foreign companies operating in international shipping, but only to foreign companies which we wanted to attract into Canada.

If there are tax advantages to attract foreign shipbuilders, there must also be tax advantages to keep our shipbuilders here in Canada. Logic must come before anything else.

When we questioned Mr. Farber, logic won out. He indicated to us that, yes indeed, it would be possible, it would be necessary to look at the structure of Canadian businesses, where the decisions are made and so on.

The other part of the response came to us two days later. We were not expecting additional arguments for our thesis from the Parliamentary Secretary to the Minister of Finance, the hon. member for Stoney Creek. I will quote the hon. member for Stoney Creek if I may. He might gain something from listening to me this morning. With some of his revelations, he is adding to our arguments rather than defending his minister.

● (1150)

On March 23, two days ago, the member for Stoney Creek said as follows:

Around 1990 some foreign shippers, especially in Asia, wanted to open offices in Canada that would create jobs and economic activity.

These foreign shippers were concerned that the 1920s tax rule—we are talking about a tax saving for these companies—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.

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.

He is talking about the old 1991 provision. What clause 241 does is not just exempt international shipping companies from taxes, but it also exempts international shipping companies holding shares in offshore shipping companies from paying taxes on dividends.

If everything the parliamentary secretary told us on March 23 is true, why would it not be true in the case of Canada Steamship Lines and Passage Holdings, the blind trust for the Minister of Finance's companies?

We are told that, in 1994, the Minister of Finance put all his assets in a blind trust. The company now managing these assets is Canada Trust, based in Montreal. Canada Trust—as for any offshore shipping company that has just opened offices here—contributes to the economy, creates jobs, and so on. Canada Trust manages shipping and holding companies owned by the Minister of Finance, including Canada Steamship Lines here in Canada and offshore holding companies in Liberia, Bermuda, Barbados, and so on.

What difference is there between the example given by the member for Stoney Creek, parliamentary secretary to the finance minister, and the situation of the finance minister's companies? There is none. Both have an office in Canada, operate in international shipping, have offshore holding companies, and enjoy tax exemptions. Now, their holding companies are going to enjoy exactly the same advantages because of clause 241.

The parliamentary secretary gave us a description of foreign businesses to attract here. The foreign businesses wanting to start up initially in Vancouver, for example, are exactly the same and have the same structure as the businesses and holdings of the Minister of Finance.

There is a problem with these provisions, with the process surrounding the introduction of the bill and with clause 241. There is definitely the appearance of a conflict of interest and I would even go so far as to say there is a real conflict of interest.

The attitude of the government adds to our doubts about its integrity and that of the Minister of Finance. The recent responses by the Prime Minister are very demagogic in this regard.

I asked him a question a couple of weeks ago about his intention to respond to the four opposition parties and requested he establish a special committee of inquiry on the Minister of Finance, on clause 241, on the appearance of a conflict of interest and on the entire process leading to the introduction of a bill. He answered saying, and I quote to be sure I have it right:

The hon. member attends sittings of the Standing Committee on Finance. I suggest he uses that venue to ask whatever questions he may have.

And by the hon. member, he meant me, the member for Saint-Hyacinthe—Bagot.

● (1155)

We can ask questions, but anyone with a modicum of intelligence needs someone to ask question to, someone to answer them. We can ask all the questions we like, but if there is no one to answer them we look rather stupid.

That is what is happening in the finance committee. The bill was introduced on February 23. A few days later, as the representative of the Bloc, I personally tabled four motions with the finance committee.

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The first motion called for the government ethics counsellor to appear before the Standing Committee on Finance. The Liberal majority supported this motion as did the opposition parties. But when I asked that the Minister of Finance appear before the Standing Committee on Finance to provide explanations, it did not work. The Liberal majority systematically refused and voted against my motion. I got the support of the Progressive Conservative Party, the Reform Party and the New Democratic Party, but I did not get the support of the Liberal majority.

The result was the same when I tabled my third motion, asking that the committee invite members of the board of Canada Steamship Lines, which has been wholly owned by the Minister of Finance since 1988. The Liberal majority voted against the motion. Liberal members were under so much pressure from the Prime Minister's office that if they could have voted three times against the motion, they would have done so.

When I tabled the other motion, in which I asked that the directors of Passage Holdings Inc.—that is the directors of Canada Trust—appear before the Standing Committee on Finance, even behind closed doors, it was the same thing. The Liberal majority said “No way, we do not want to have witnesses shed light on this bill”. But I did get the support of the three opposition parties.

In order to test the democratic sense of the Liberal majority and their desire to shed light on such an apparent conflict of interest, I even tabled a general motion asking that the Standing Committee on Finance invite any witness who could shed light on Bill C-28 and on clause 241.

I was not asking for specific individuals, but for any witness. It could have been a senior official from Revenue Canada, from the Department of Finance, or someone from outside the public service. We voted against it. I had the support of the three other opposition parties, but the government members decided no witnesses would be heard in an attempt to shed light on Bill C-28 and clause 241.

When the Prime Minister stands up in the House and says “The hon. member sometimes attends sittings of the Standing Committee on Finance. I suggest he uses that venue to ask whatever questions he may have”, he is laughing at us. He is laughing at the people. The fact of the matter is that he does not want witnesses to be called. He does not want to get to the bottom of this apparent or real conflict of interest involving his finance minister.

He has the nerve to stand up in the House and tell us to go and ask any question we may have to the finance committee. But they do not want us to call any witnesses to answer our questions.

That is not all. We—and by “we” I mean the Bloc Quebecois, the Progressive Conservative Party, the Reform Party and the New Democratic Party—have sent the chair of the finance committee a

joint letter asking that a special committee be struck. This letter was sent more than a month ago, with certified copies to the Prime Minister, the Minister of Finance, the Deputy Prime Minister and everyone who is anyone in government. We are still waiting for an answer.

A week and a half ago, I sent another letter to the Prime Minister, a letter directly addressed to him, asking that, as suggested by him on February 19, a special committee or a subcommittee of the finance committee be put in charge of shedding light on this matter of conflict or apparent conflict of interest involving the Minister of Finance, and that all the witnesses who could help clarify the matter be called. I am still waiting for an answer.

To me, it is pure hypocrisy to take such an approach, to object to our getting to the bottom of what I consider to be a very serious matter, which puts into question the finance minister's integrity and that of the Prime Minister as well.

Many aspects remain to be clarified in this whole matter. All sorts of contradictory statements were made after the Bloc Quebecois revealed the existence of a certain 14-line provision of Bill C-28 concerning international shipping companies, including the one owned by the Minister of Finance. Many conflicting statements were made by various people.

• (1200)

There has also been much confusion in the reactions of government representatives. One thing is certain, and that is that we are not satisfied with the answers we have been given as to the process, content and real impact of clause 241 because they are completely illogical.

The Minister of Finance and the government have friends all over the place, and the government awards contracts to companies of tax experts. Has anyone heard a tax expert from outside the government—not Len Farber, the finance minister's hatchet man, but an outside expert—say that there is no real or potential problem with clause 241, which amends section 250 of the Income Tax Act regarding international shipping? Has anyone heard a single tax expert express such an opinion since this saga first started?

We have been talking about it since February 23. Not a single tax expert has dared to put his credibility on the line publicly and say that the Minister of Finance was not in apparent or outright conflict of interest and that the structure of his companies was not such as to provide him with undue advantages or tax savings related to clause 241. Not one. This creates even more doubts.

I was waiting to raise this point, but when the Prime Minister himself or the Deputy Prime Minister jump to the defence of the Minister of Finance, a well known member of the government, on a particular matter, it seems to me we might have expected a tax expert somewhere, a friend of the Liberal Party, to come forward

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and state publicly that there is no problem. Why has this not happened? Because there is indeed a problem.

And it is not the only problem. This bill does not just apply to international shipping. The Minister of Finance has managed to alienate many people in other sectors of activity who would like to be in the same boat as he is, but who are unable to take advantage of the tax savings available to him for his own companies.

That having been said, I would like to move the following amendment at third reading, seconded by my colleague, the member for Châteauguay. I move:

That the motion be amended by deleting all the words after the word "That" and substituting the following:

"Bill C-28, Income Tax Amendments Act 1997, be not now read a third time but be referred back to the Standing Committee on Finance for the purpose of reconsidering Clause 241."

If the Prime Minister asks his members to vote against this amendment, he will be contradicting himself, because he told us in the House that the Standing Committee on Finance would be able to shed light on the issue and answer our questions. That is what he told us. His handling of this amendment will tell us what kind of Prime Minister he is and whether he is as full of integrity as he claims to be.

[English]

Ms. Libby Davies (Vancouver East, NDP): Madam Speaker, I am very happy to have the opportunity today to speak on behalf of the NDP on third reading of Bill C-28. I will first comment on the format of the bill.

I am the NDP member on the human resources development committee. I recall that at one of the first meetings of the committee, a government representative attended and told us about the various provisions available on websites and government publications that were designed to make government more understandable to people.

• (1205)

Certainly as a new member of the House trying to wade through various bills and motions and understand the complexity of the issues before us, I certainly concurred with the government representative. I saw it as a positive step that the various government departments were interested and intent on trying to make government more understandable to ordinary Canadians.

Then along comes Bill C-28. Looking at the volume of this bill, more than 400 pages to be precise, there is no question that this bill and how it has been drafted takes us in exactly the opposite direction to what the government states is its goal in terms of making legislation more understandable to Canadians.

In actual fact, Bill C-28 is very technical legislation. It deals with income tax measures from the February 1997 budget and many technical amendments to a whole variety of acts, including the Income Tax Act as originally outlined in Bill C-69.

This needs to be said before we get into the substance of the bill. It has already been debated by some members that because of the format in which this bill came forward, its complexity and the technicalities it contains, it is ridiculous to expect that Parliament would deal with such a complex bill. I would suggest that the language in the bill and the way it is presented would be incomprehensible even to the most highly paid tax experts. They would certainly have difficulty in deciphering this bill.

The bill is simply anti-democratic because of its format and its language, but most important because of its content. It is wrong for a government to present legislation that is steeped in such isolating language and expect not only parliamentarians but ordinary Canadians to understand and to be informed about what the government is doing.

I wanted to make that comment at the beginning because as a new member of the House it is something I am interested in. It was curious to me that we have been told efforts are being made to make the language more understandable but this bill certainly takes us in a different direction.

I would like to focus some of my comments on Bill C-28 in terms of what it proposes or purports to do in increasing the Canada health and social transfer.

In Bill C-28 we are told that the Canada health and social transfer will be "increased" from \$11 billion to \$12.5 billion. This is not something new. In fact we heard the announcement not only by government members during the federal election campaign in May 1997 but also in the budget which came before the House for the next fiscal year.

It is very interesting that we are told repeatedly that Canadians can expect to see an increase in the Canada health and social transfer. The government is putting forward the message in that way, that it is an increase. The reality is that this is not an increase at all.

It is simply the government making a decision because of enormous public pressure from opposition parties, from provincial governments and most of all from Canadians who have told the government that they are suffering from the impact of massive cutbacks in the Canada health and social transfer. What has the government decided to do? Rather than provide an increase, it simply is not continuing with another round of cuts that it had previously announced. That in reality is what the so-called increase to the Canada health and social transfer is all about.

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It is regrettable there are not any government members present in the House today to hear that because this is something which sorely touches every Canadian. We can look at the polls. Concerns have been expressed about the cutbacks in health care, in social services, in social assistance and in education. It is a very critical point to look at the main mechanism by which the federal government uses revenues from Canadian taxpayers and transfers them to provinces to build and create social programs in our country.

• (1210)

We in the NDP find it shocking and outrageous that the government would put forward this bill and include in it a supposed increase in the Canada health and social transfer when in actual fact it is not an increase at all. Indeed cash transfers to the provinces for health care, education and social assistance have not increased by one penny. That is the reality of what has happened.

I would like to continue on this point and refer to some material that has been prepared by the National Anti-Poverty Organization, NAPO. This group has done extensive research to assess and analyse the impact of the devastating cuts in the Canada health and social transfer, particularly on low income Canadians. This is very important, valuable work.

On one side of the House we hear from government members that we should not worry about what is going on, that in fact they are there to defend the interests of poor Canadians, that they are there to defend the interests of poor children. I can say that this organization, an independent anti-poverty advocacy organization, comes to a very different conclusion.

The organization released a report entitled "Government Expenditure Cuts to Health Care and Post-Secondary Education: Impacts on Low Income Canadians". That report documents that cuts in government funding of social programs have not only led to increasing inequality in money income, but rapidly growing inequities in access to both health care and post-secondary education.

It is pointed out in the report that federal cash transfers to the provinces under the Canada health and social transfer for health care, post-secondary education and social assistance were cut. Here again is where we hear the real story. Not an increase as the government is telling us, but a cut from \$18.2 billion to \$12.5 billion over the past two fiscal years.

What is very interesting about the report is it goes on to analyse what this means in real per capita terms, that is taking into account the effects of population growth and inflation. If we look at it from that point of view, then the federal cash transfers for social programs fell by more than 40% between 1993 and 1997.

Initially this came about as a result of the freeze on spending under the Canada assistance plan and the established programs

financing. Of course since 1996 that cut of more than 40% has come about because of the deep cuts that have been made to the Canada health and social transfer.

That is what has actually happened in this country. It is not what government members have told us and certainly is not what is contained in Bill C-28.

It is very important that we consider the real impact and consequences of these cuts. It has meant in Canada that there is growing inequality and there is increasing poverty. Since 1989 the tragic situation in Canada is that 538,000 more children now live in poverty. To read those statistics does not give a real sense of the tragedy involved in terms of young Canadians, poor Canadians and poor families. These people historically have relied upon federal programs, on the co-operation between federal and provincial governments on transfer payments, for example for social welfare. These things traditionally have had great meaning and value particularly for poor and low income Canadians.

Now that we are witnessing the deep cuts in the Canada health and social transfer, we can see that poverty in this country has actually grown. Indeed the number of low income persons in 1996 was 40% higher than it was in 1989. In 1996 is when the Canada health and social transfer began to kick in. These are real statistics and something that cannot be denied by the government.

• (1215)

The other consequence that is very evident to local communities is high unemployment that has resulted from the massive cutbacks by the federal government. Again, this bill before us today, Bill C-28, will do absolutely nothing to reverse that, nor will the recent federal budget that came before this House. The reality is there is very high continuing unemployment in Canada that is simply a national tragedy.

Those of us in the NDP believe that it is the first priority of the federal government to attack and deal with this issue of high unemployment and to bring in real programs and targets to reduce unemployment. We have heard a lot from the finance minister about his targets to cut the deficit. But where have the targets been to reduce unemployment? Where have the targets been to reduce poverty in this country? They simply do not exist. I think that is a crying shame and the government should be ashamed of its record on that score.

In my riding of Vancouver East, probably the lowest income urban community in Canada, which includes the downtown east side, the impact of these policies and the impact of the measures that are contained in Bill C-28 is very visible already. In looking through this bill I had to ask myself is there anything in this bill that would improve the lives of people in my riding, in particular unemployed people and single parents who are struggling below

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the poverty line, who cannot find access to child care, who cannot find adequate housing.

Having looked at Bill C-28 and trying to make sense even of what it contains because the language is so difficult to deal with I and others in my party have come to the conclusion that there is nothing in this bill that will improve the lives of ordinary Canadians.

Will it improve housing or are there any tax measures that will improve the situation for low income Canadians to find affordable housing which is a very basic human need, the provision and security of shelter? There is nothing that will deal with that.

Will this bill improve access to health care? Regrettably the answer to that question as well is no.

Recently in my riding I organized a number of round table discussions with young people. Some of them were street people. Some of them were service providers working with young people who are unemployed and having difficulty finding work or having difficulty accessing post-secondary education. These round table discussions were very informative for me as the local member because they really brought home to me the stark reality that is faced by young people in this country. What these young people said to me is they know they have a very bleak and dismal future and the prospect for them to find long term secure employment that is not part time, that is not low wage, was increasingly diminishing.

When I look at the impact of this bill on my local riding and when I hear from my constituents, in particular young people who are unemployed, they tell me they are very fearful about their lack of access to post-secondary education. That is even in a province like British Columbia where we have been very fortunate to have a provincial government that has shown leadership and has frozen tuition fees three years in a row in order to ensure that there is some measure of accessibility.

B.C. has led the way in that regard, but even so it is very difficult for young poor Canadians to get into a university, a community college or a technical school simply because the tuition fees are so incredibly high. We have to ask ourselves why are those tuition fees so high. It is because of \$2.1 billion which has been cut from education in the Canada health and social transfer that will not be reversed in this bill before us today, despite the claims from the federal government that it is increasing the Canada health and social transfer.

• (1220)

My constituents who are trying to get into community college, university or technical school know what the reality is trying to go through the door, trying to get into those schools and realizing that tuition fees are too high. Even if they are successful in going through the entrance, what are they then faced with? The next barrier is a massive student debt.

The average student debt a few years ago was around \$13,000. Today the average student debtload is \$25,000. Why is that? We can relate it directly back to the federal government which has shirked its responsibility to provide adequate funding for post-secondary education.

In the last month we have heard a lot about the millennium fund and how this will answer all our problems and needs. As the millennium fund begins to unfold and as students, young people and Canadians begin to understand what the millennium fund is all about people will realize it will not even come close to compensating for the massive cuts we have faced in post-secondary education.

What the government chose to do was rather than increasing its support to public post-secondary education that could have been contained in Bill C-28, it provided a scholarship grant program through a private foundation that only begins in the year 2000. Students will still be facing very high tuition fees because universities and colleges are forced to raise tuition fees to compensate for the decreasing funds from the federal government.

The impact of the bill, the lack of funding and the cutbacks in the Canada health and social transfer are not just felt in my riding, they are felt right across the country. Even here in Ottawa there was a very interesting situation yesterday where students at Carleton University organized a vote on several key questions involving post-secondary education because they are so concerned with what is going on in their own educational environment.

To refer to the material they have distributed to students in that facility, they said that recent decisions by the provincial government give the board of governors and the management of Carleton University the power to raise tuition fees for undergraduate students up to 20% over the next two years and to deregulate tuition fees for graduate students.

The students say about the putting out of this material that they need to ask themselves who sets tuition rates and how. Ask the federal government which jettisoned national standards by ending direct funding for education in 1996 and it will say it is the provinces' responsibility. Ask provincial governments whose main response to decreased federal government was to make it easier for universities to raise tuition fees and they will refer you to the universities. Ask Carleton management and it blames both governments for cutting education funding. Who is telling the truth?

In a sense the responsibility for tuition fees has become of-flooded to everybody and nobody. That is what students at Carleton University are facing as they put forward the questions in a vote that was held on the campus yesterday. The questions they posed to students at that facility are as follows. "Do you think the board of governors and the university management should freeze tuition for the next two academic years, 1998-99 and 1999-2000 at current

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levels, yes or no? Do you think Carleton should honour its obligations to tenured faculty and students when making decisions about closing programs, yes or no?"

The full results have not yet come out but I know from speaking to members at the university that they have had a very high vote and they expect a very high, resounding yes in answer to these questions.

In closing, this bill contains nothing of real measure to help Canadians.

• (1225)

[*Translation*]

Mr. René Laurin (Joliette, BQ): Madam Speaker, further to the remarks by my colleague from British Columbia, I note she has acknowledged that the millennium scholarships, among other things, will not, as she puts it, really serve the students in her province.

We in Quebec have noted the same thing. We are saying that education needs are not necessarily the ones targeted by the federal government and we think the Province of Quebec is in a better position to know what the real needs are, to establish its own priorities and to invest where the needs are the greatest.

I would like to ask my colleague from British Columbia if she does not think that education would be better served if it were administered provincially, if the Province of British Columbia had this money as compensation and could distribute it for educational purposes, invest it where it considered such investment a priority and where it would best serve students in need.

Does she consider the provinces are in a better position than the government to assess educational priorities? I would like her opinion on the matter.

[*English*]

Ms. Libby Davies: Madam Speaker, I agree with the member that the role of provincial governments in establishing educational priorities is critical and is a prime responsibility of the provincial governments whether in Quebec or British Columbia.

However, I and my party think it is very important for the federal government to be involved in establishing a national standard around accessibility for post-secondary education. We also believe that the federal government must provide adequate funding for post-secondary education, which I am sure the member would agree with.

The federal government should sit down at the table with provincial governments to ensure those funds are directed to support public facilities and support students in need through a national grants program. That is what we stand for and what we

believe in. We believe the students in Quebec would benefit from that as well.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, once again the member opposite fails to mention the importance of the value of tax points for the provinces as part of the overall federal transfer payments.

What we have done in Bill C-28 is increased the cash floor now that our fiscal situation has allowed us to do that. I would hope that she would be applauding the government for actually increasing the amount of money in the cash floor.

The question I would ask the hon. member is whether the constituents of Vancouver East would benefit from the increase in the cash floor to the provinces. If the member is suggesting they will not and this money is being transferred to the province of British Columbia, then she is further suggesting that the government should go directly to Canadians, Vancouverites, the constituents of Vancouver East. Will not the improvement in the tax system for donations, which is part of Bill C-28, help those charitable organizations that are in her constituencies?

The changes in this tax system will allow for a more generous treatment of donations and a better write-off for donors to charitable organizations, which I am sure plays a very large role in the constituency of Vancouver East.

The member also discussed the millennium fund, as did the member for Joliette. The millennium fund is part of Bill C-36. I would only hope we would talk about the context of this bill.

However, I also want to remind the hon. member that it has always been a joint jurisdiction. I agree with the member for Vancouver East that the federal government needs to play a role in access to higher education. At least on that point we agree.

I also ask the hon. member if she can respond to some of these quotations like the following: "We are trying to get a balanced approach which involves debt management, the enhancement of programs and, when we can do it, tax reductions. We need to look at selective tax reductions in order to promote jobs and economic development. When we cut those taxes is when we can afford to cut those taxes. As long as I am premier, our fiscal integrity will never be compromised". These are not my words or the words of any member of this government. These are the words of NDP Premier Roy Romanow. Would the hon. member comment? I do not understand whether she is in complete disagreement with what the NDP Premier of Saskatchewan is saying.

• (1230)

Ms. Libby Davies: Madam Speaker, I would be delighted to respond to the member's comments though I doubt I can respond to all of them.

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I would like the member to show me the increase in the cash floor. Unfortunately the member was not present when I made my comments. I went to great lengths to point out that there was actually no increase in the Canada health and social transfer. Not one new dime is going to the provinces. Would the member dispute that? Is that not the case? The government is not going ahead with a previous cutback. No new money is going to the provinces.

In terms of the bill and its provisions for donations it is very nice that big corporations can get a bigger write-off for making donations. We need to ask ourselves why we are now in a situation where organizations and community programs are forced to rely on a very Victorian notion of charity from big corporations so that they can get a tax break to help some poor person in my riding in the downtown east side.

I do not call that equality. That is more inequality from the government. It is another benefit to big business under the guise of making donations to help low income Canadians. If the government were truly concerned about those people it would ensure a real increase in the cash floor of the Canada health and social transfer.

Ms. Bev Desjarlais (Churchill, NDP): Madam Speaker, I thank my hon. colleague for her comments.

The hon. member mentioned how the government had not put one additional cent back into the payments. The government cuts off one's leg and plans on cutting off the other one next year but then decides not to cut it off. This is supposed to make people feel good, that they are doing well and getting something back. If we want to make it obvious for the government, maybe it should look at it in that sense. To a lot of people that is what we are talking about. We are talking about their lives and their personal well-being.

The government says that it is doing things for education. There are RESPs where money can be invested. However I see the bottom line in my riding. For example, students employed by Inco, the major employer in the community, receive \$1,500 in educational assistance from the employer if they have to continue their education outside the community.

In the past the students would claim the \$1,500 as income or in some way, shape or form through the income tax process. In most cases students are not doing very. The government does not make a lot of money in tax dollars from students, so it decided that parents must claim the \$1,500 of income instead of the students. It is trying to make a buck and bleed dry ordinary Canadians instead of addressing the real problem, the need for a total reform of the tax system.

Does the member have any comments about that? Does it identify what she has been saying?

Ms. Libby Davies: Madam Speaker, I thank the hon. member for her comments. The analogy that she used to describe the cutbacks in the Canada health and social transfer was very vivid and aptly described the situation before us as opposed to how the government tries to manage a shell game about the Canada health and social transfer.

The example provided about the change in tax laws reminded me of what the government did with bankruptcy laws. It changed the laws to make it more difficult for students to declare bankruptcy. Both examples serve to show that on the one hand the government is saying it is helping students but on the other hand it is actually making it more difficult.

• (1235)

Mr. Scott Brison (Kings—Hants, PC): Madam Speaker, it is with pleasure that I rise in the House today to speak to Bill C-28 which offers a wide range of tax related measures, most of which have been discussed at great length in the House by myself and other members.

The bill demonstrates the Liberal philosophy to governing our country: government by knee jerk reaction, crisis management and economic tinkering. Liberal governments do not plan to fail but quite frequently they fail to plan.

Effective economic policy needs to be consistent and the vagaries of politics cannot interfere with the economic direction of the country. In the Liberal war of politics versus economics politics always wins. Unfortunately Canadians frequently lose. That goes back to 1974 with wage and price controls, the 18 cents per gallon tax, the budget of Joe Clark and the Liberals' flip flop on that, their flip flop on the Pearson airport deal, helicopters, GST and free trade.

However, I am pleased that at least they have maintained the policies of the previous government to the extent that those policies have been largely responsible for the government's ability to reduce the deficit. The types of policies I am speaking of are free trade, GST, deregulation of financial services, transportation and energy. Those were the policies of the previous Conservative government which provided the government with an opportunity to make some choices for the future of Canadians. I say with great confidence that not a member on the government side of the House today would disagree that their previous policies are clearly failing ordinary Canadians.

In Bill C-28 the finance minister tinkered with several areas to provide minimal targeted tax relief. He complicated a tax code which is already far too complex. Canadians should not need tax accountants or even tax lawyers to deal with their governments. Even the Americans are moving toward streamlining their tax measures when the Canadian tax code is far more complicated.

The targeted education tax measures in terms of basic direction and intent are very strong. We suggested as part of our prebudget

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position that the government move toward providing better incentives for investments in RESPs and providing more flexibility for Canadians to invest in their futures and the education of their children.

However, this type of stop gap, one off, cobbled approach to education will not be effective without a holistic approach to economic public policy. Public policy should be designed to provide opportunities for young Canadians in Canada not only to obtain an education but also after their education.

The recent government budget announcement relative to RESP changes follows on the heels of the proposed changes in the bill. If we look at tomorrow's edition of *Investor's Digest* we see an article by Brenda Robertson which reads:

My problem with the RESPs is that they're already too complicated for investors. The new grants—will probably create more confusion.

This case in point is from the mouth of a tax accountant who probably prefers a complex tax code at some level. She is saying that it is actually getting too complicated for the ordinary Canadian to benefit from.

In the PC plan for growth we call for government to allow Canadians to have more flexibility with their RESP contributions and transfers from their RRSPs, but only as part of a holistic policy toward economic growth, one that combines tax relief, lower income taxes, lower payroll taxes, greater opportunities for jobs and growth in Canada that would keep young people here where they belong.

Let us look at what the government's policies have done to higher education in Canada. We can start with Nova Scotia, the cradle of higher education in Canada, and the immediate situation of the faculty strike at Dalhousie University. Dalhousie is my alma mater. Its students felt that their concerns were being overlooked in the recent election by the two levels of government, both the provincial Liberals and the federal Liberals. The Dalhousie students union spent \$40,000 to buy television advertising to make sure Nova Scotia voters were reminded of the education crisis which was looming because of federal cuts to health and social transfers to the provinces.

• (1240)

The student debt load has grown in recent years by 280%. The debt load at the completion of a four year degree now averages \$25,000. In 1993 only eight students in the maritime provinces had debts exceeding \$30,000 after their four year programs. In 1997 there were over 900. The number increased from 8 to 900 in that short period of time.

Why is student debt load ballooning out of control? It is partially because of the cuts to transfers but also because of the general unemployment situation. Tuition has only increased by 110% but student debt has increased by 280%. The disproportionate growth

in student debt is due to the general unemployment situation. Students are competing with graduates for jobs that were previously within the exclusive domain of students.

It is ludicrous to address the issue of student debt load without addressing the issue of general unemployment. That is why we need to address the issues of reducing taxes, growing the economy and providing an economy that creates jobs and provides a better opportunity for young people to work, provide for themselves and supplement their incomes while going to university.

Acadia University is in my riding. Its students just went through a near crisis because of a strike that loomed for several months. Uncertainty was created. Many of those students who were having difficulties came to my office to seek advice. They were not finished their degrees. They were faced with a faculty strike and already had \$30,000 in student debts. What a great way to start their careers.

The chain of events since 1993 on both the federal scene and the provincial scene in Nova Scotia has been unfortunate for the Liberal Party of Canada and its cousins in Nova Scotia. For the first time in Nova Scotia's history a governing party has failed to win its successive second term.

The legacy of Russell MacLellan, who called the federal budget an excellent budget for Canadians and for Nova Scotians, is that the Liberal Party lost 20 seats. The Liberals went from 39 to 19 seats in Nova Scotia. Russell MacLellan is kicking himself today for not speaking up when he was in Ottawa and for not speaking up in previous budget debates when the government was adamant that health care and education would be cut to the bone.

National leadership is required at all levels to ensure young Canadians receive the best education in the world to get the best jobs in the world. Leadership is not about federal or provincial jurisdiction. It is about federal and provincial co-operation. The struggle to raise the living standards of a nation is inextricably linked to the quality of its education system in a knowledge based society.

While we need a strong education policy we also need to address tax policy. We need tax relief to keep our best and brightest in Canada and to stop the brain drain that is sapping the lifeblood from Canada's future. Sherry Cooper from Nesbitt Burns stated that the government's changes or lack thereof to education and tax policy will turn Canada's brain drain into a brain train to the United States.

Once our students leave school the economic outlook for them in Canada is very bleak. Canada continues to have a youth unemployment rate of over 17%. Highly educated and motivated Canadians are being forced to leave the country in search of work. As an Atlantic Canadian, I have seen the brain drain issue for a number

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of years. For over 30 years families have watched their young people leaving Atlantic Canada and going to central Canada to seek opportunity. Unfortunately it is now an issue with which all of Canada is familiar. Across Canada young people are leaving and families are watching their children leave Canada to go to the U.S.

Every year 80% of Waterloo computer science graduates go to the U.S. The combination of higher income and lower taxes in the U.S. is too seductive to walk away from. Canadians need bold action from the Minister of Finance to reverse this exodus. Yet the Liberal policy is to maintain high payroll taxes and the highest income taxes in the G-7. These policies run counter to the most basic of free market logic.

Bill C-28 epitomizes this Liberal philosophy. Instead of making substantive changes to initiate growth in the economy the minister has nickelled and dimed the Canadian people by offering targeted tax cuts in politically palatable areas. If the PC Party plan for growth were implemented we would see the basic personal exemption increased to \$10,000. That would take two million low income Canadians off the tax rolls. Instead the Canadian government offered Canadians a stop gap solution, an increase of \$500.

• (1245)

In fact the tax relief for a Canadian making \$10,000 per year in this budget works out to \$80 per year. That is an insult. There is no member on the government side of the House here with me today who would disagree that it is an insult.

The fact is that \$80 per year amounts to one cup of coffee per week at Tim Horton's, one cup of coffee per month at Starbucks.

It is unacceptable, frankly, that this government has balanced the budget on the backs of ordinary Canadians and now refuses to provide any benefits back to the ordinary Canadian taxpayer.

My Liberal colleagues told this House about the marvellous tax relief and what they have provided for Canadians, and clearly that is not the case. In fact, again, I urge members to pick up a copy of tomorrow's *Investor's Digest*. In terms of tax relief it states, "What's going to happen when we head into the next recession with nine per cent unemployment, crippling taxes, massive debt and a weak dollar? Presumably, having spent the fiscal dividend on education the Finance Minister will have little recourse but to renew deficits as income slows".

Again, this government is making the wrong choices. It fails to deliver the opportunity to average Canadians to make their own choices as to what to do with their fiscal dividend. This government may have moved into the black, but Canadians are still running in the red. Personal debt is at an all time high in this country.

Bill C-28 makes 15 small and favourable changes, arguably, to the tax code for selective groups, but again this is not sound economic policy. It further complicates the tax code. Certainly we would prefer to see some tax breaks for some Canadians as opposed to no tax breaks at all. But what about really addressing the issue of the egregiously complicated and not user friendly Canadian tax code and making it easier for average Canadians to deal with their own government?

Canadians have not experienced a real after tax pay increase since the early 1980s. Personal disposable income has dropped by 6% since 1991. In Canada the Liberals have maintained high payroll taxes and they continue to believe that we can create a growth economy with a high tax economy. It is not possible and we are going to continue seeing a gap in the standard of living between Canadians and Americans.

If we look at Bill C-28 and the revisions to the CHST, the Canada health and social transfer, the CHST helps the provinces pay for health, education and welfare. In the Atlantic provinces where the local tax base is not as strong as it may be in some parts of the country to pick up the slack when these cuts are particularly draconian, the effects of changes and cuts to the CHST are dramatic and the impact is devastating.

The government talks about having established a cash floor for the CHST funding. The fact is that the cash floor is established on a national level. The fact is that seven of the ten provinces will continue to receive less money every year for the next four years, including provinces like Nova Scotia.

When the government talks about cash floors it should realize that health and education spending in many provinces is not a matter of having a floor. It is subterranean. It is not up to the national standards and the Liberal answer is to cut further the cash transfers to the provinces in those areas.

Our platform would call for a provincially reached cash floor level that would truly establish the long term stability of social investment in each province of Canada. We need a plan that ensures equity and equality of opportunity for all Canadians.

This Minister of Finance would like Canadians to believe him when he says in a press release that "Governing is about choices, priorities and values. Our choice is clear. Health care is a priority for this government".

• (1250)

Based on the Liberal convention of last weekend and the outcry of Liberal delegates from across Canada for this government to start investing more in health care and to start dealing more with the health care crisis of this country, obviously health care may be a priority for the Liberal Party at a grassroots level but it is not a priority of this government.

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I said a few minutes ago that there was not one government member on this side of the House who would disagree with me when I say that the government's policies are clearly missing the mark. There may be one now.

We will continue to offer our positions and our beliefs which represent our unwavering belief in the free enterprise system. The free enterprise system is the best system to provide all Canadians the opportunity to succeed and prosper in this country.

We also believe that the free enterprise system is only going to be successful and sustainable if all Canadians have access to the levers of the free enterprise system and to the levers of growth to bootstrap themselves and their families.

We need a government that is prepared to commit to sound strategic social investment in areas that will include the competitiveness of Canadians in a global environment as we enter the 21st century, as well as a government that will couple this investment with tax reduction and provide Canadians the types of opportunities they need and deserve right here in Canada.

Canadians need a plan for growth. That is what the PC party is offering Canadians. It is not offering a stopgap, one-off approach to economic policy but a holistic economic policy that will provide Canadians with a plan that will work and will put more Canadians back to work.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, the hon. member said something along the lines that the government spent the fiscal dividend on education, that the economy is going to decline, that it will go into a downturn and then we will be back into deficit financing.

I am sure the hon. member was here when the budget was put forward. The finance minister said that we would balance the books this year, next year and the year after that for the first time in a very, very long time.

In fact, if we look back to 1993 we have not missed a target. We have always bettered the target. I am not sure whether the hon. member really has his facts right. He should probably clarify that.

On the other point, the hon. member talked about the transfers and the importance of transfers to the provinces. I agree with him that transfers are important to the provinces. However, I also want to remind the hon. member that during the 1997 election his party was promoting the fact that we should eliminate all cash transfers and just deal with tax points; in effect, eliminate the federal role in transfers to the provinces completely.

I am sure that is something members of the Bloc Quebecois would agree with, but I am not sure it is something that the hon.

member wants to stand to defend, that being the elimination of the federal presence in transfer payments to the provinces.

I ask the hon. member, when he speaks about transfers, whether he would pay some attention to the tax points portion of the transfers and the fact that equalization payments to the provinces in Atlantic Canada were not in any way affected. Those provinces require assistance and this government did in fact make those changes in consultation with the provinces.

I ask the hon. member whether he is prepared to stand to defend the fact that his party wants to eliminate the federal presence in transfers to the provinces.

Mr. Scott Brison: Madam Speaker, I thank the hon. member for his question. When he quoted me, in fact, I was quoting Brenda Robertson who writes for *Investor's Digest*. I urge the member to pick up a copy. It comes out tomorrow.

Mr. Tony Valeri: Do you agree with her?

Mr. Scott Brison: Yes, I do agree with her when she says that what is going to happen when we head into the next recession with 9% unemployment, crippling taxes, a massive debt and a weak dollar is that we are going to have to spend and, after having spent the fiscal dividend, we will have little recourse but to run renewed deficits as income slows. That is a basic argument of mathematics.

• (1255)

The hon. member and his government are actually content with spending money without providing any meaningful tax relief to Canadians.

Let us hear what Sherry Cooper of Nesbitt Burns says. She says we are pouring all this money into education and scholarships and then the better and brighter will go straight to the U.S. where taxes are massively lower.

This member stands behind a millennium scholarship fund which does not kick in for two years. This fund will cost \$2.5 billion and will help only 7% of students seeking higher education. It is appalling that he would be proud of it.

In 1984 when a Conservative government was elected the deficit as a percentage of GDP was 9%. We reduced that to 4% by 1993.

His government maintained our policies, including free trade and the GST. We deregulated the national energy program, which I hope my colleagues in the Reform Party have some appreciation for.

An hon. member: Two years too late.

Mr. Scott Brison: An hon. member opposite said it was two years too late. It was a heck of a lot faster than the previous government.

We deregulated financial services, energy and transportation. Those policies helped this government. They helped lay the groundwork for this government to continue to eliminate the

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deficit. In fact, we could say that this Liberal government is a government of sound and original ideas. Unfortunately its original ideas are not sound and its sound ideas are never original.

The hon. member talks about the CHST transfers and the fact that our party espoused a tax point solution to this issue. How can the member say that transferring greater authority to the provinces to determine the future of their health and social spending is a bad thing when he is part of a government that has reduced health and social spending by 35% over four years? How can he say that the federal government can be trusted with that responsibility when there are a lot of provincial governments out there which are fearful of further draconian cuts in the future from a federal government that is as heavy-handed as this one has been?

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Madam Speaker, can this member explain to Canadians why his government, in the nine years that it was in power, did not get rid of the deficit when the economy was in a growth situation and would have allowed it to reduce the deficit? Can he explain to Canadians why the Conservative Government between 1984 and 1993 allowed the deficit to reach \$42 billion and allowed the national debt to more than double?

Mr. Scott Brison: Madam Speaker, obviously the hon. member was not so disenchanted in 1988 with the Conservative government's policies that it prevented her from running as a candidate.

Obviously she felt quite comfortable in the Conservative Party's policies between—

Ms. Val Meredith: Madam Speaker, as a point of order, I should advise the House and Canadians that I did run in 1988 as a Reformer because I was terribly distressed with what the Tories were doing as a government.

Mr. Scott Brison: Madam Speaker, I seem to have struck a chord.

In any case, the economic policies and the mess the government of Brian Mulroney inherited dictated that we had to reduce by 15% per year program spending growth. We reduced it to zero by the time we left office. Beyond that we were able to not only reduce program spending, which was out of control at that time, but we were also able to reduce the deficit as a percentage of GDP.

We were also able to implement policies which have been absolutely essential in reducing the deficit, including the GST, which is a consumption tax that is a heck of a lot better than the manufacturers' sales tax which it replaced.

Then we implemented the free trade agreement.

• (1300)

We were the party that supported free trade before the members on the government side had ever supported it. Those are the types of difficult innovative policy decisions which have provided to Canadians today a fiscal dividend. The fact is those were the right policies then and are the right policies now.

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Madam Speaker, I just had one comment on the member's speech.

The European model puts a lot more emphasis on trades people. When people are educated in that way it tends to lead to the quicker creation of jobs. These people finish their courses within six months to two years as opposed to university classes which take two to six years. This gives them a chance to get something on their resume. They can always go back for further education.

Does the member see that type of program working for Canadians?

Mr. Scott Brison: Madam Speaker, I thank the hon. member for a very good question. There is a tremendous amount of duplication of efforts between provincial and federal governments in Canada.

If we look at the education system and training in Canada, we see that part of the problem is that there are so many programs which are not tied together that we do need a more cohesive approach to training, education and more research into apprenticeship programs. I think there is a significant amount of potential, especially in the areas of tying education to the jobs of tomorrow.

I believe governments have to look ahead to see where the employment trends are going and then federal and provincial governments should be compelled to work together to ensure, either through apprenticeship programs or through a better secondary and post-secondary education system, that our young people are provided with the skills and tools they need to survive and prosper here in Canada.

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Madam Speaker, I will be sharing my time with the member for Calgary West.

As we debate this bill and some of the amendments this afternoon, I cannot shake the belief that the governments that introduce these massive omnibus bills can only have one of two motives in mind. The first motive, I would think, is that they are probably in a desperate hurry or, second, that they have something to hide.

Let us look at the first case scenario. Is this Liberal administration in any sort of a hurry? I cannot see why. The Prime Minister has spent this past weekend shortcutting democracy by laying claim to future mandates with his millennium scholarship fund and prebooking dollars for future programs.

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Along with his lack of vision, I cannot see any reason why he would see a difference between 1968 or 1998 let alone the next millennium where he has already committed such a large chunk of our money.

Maybe we can find a sense of urgency in the office of the prime minister in waiting, formerly known as the finance minister. He is so eager to put his stamp on the economy that he has created this 464 page rubber stamp to enshrine Liberal tax policy in a never-never land of complexity, manipulation and government interference and intrusion into other government jurisdictions.

This Liberal government is asking Canadian taxpayers to think happy thoughts and fly straight on and never think of their income as their own, never believe one can make personal choices without first filtering the money through massive bureaucratic programs.

However, since this has been a feature of Liberal tax policy for the last three decades, we cannot see why anybody would be in a hurry. What can I conclude? This government has something to hide. What does it have to hide? We are told that this government is so open and transparent that it is now telling us what it is going to do with our tax dollars years from now.

Somehow taxpayers who are looking at another four years of diminishing net incomes and the next generations faced with paying off this massive debt we have accumulated, almost \$600 billion, big government debt cannot find as much cause for celebration as members opposite would like us to believe.

Part of what the Liberals are trying to hide is the fact that they have completely ignored the wishes of the Canadian people, all those people who came to the finance committee last fall making presentations.

At this time of the year when millions of people are tied up trying to figure out their complex tax forms, this government offers nothing to simplify that process. On the finance committee we heard those witnesses last fall testifying that payroll tax cuts were essential to promote further prosperity and spin the economy in this country.

The finance minister offers us 10 cents off the EI premium while jacking CPP premiums through the roof. What is he up to with those excess premiums?

• (1305)

As it turns out they look real good when placed on the asset side of the ledger. They go to pay down the deficit, not to provide the training or the employment benefits this country so badly needs.

It turns out that the public pension surpluses also serve to make the government look good. No one on the government side wants all this to be as open to the public as they claim they do. Perhaps it is not that the Liberals have something to hide but something they want to protect. From what this bill contains I would have to

conclude that they want to protect their ability to intrude in and control every aspect of Canadian economics and governance. Taxing municipalities that are only trying to pay for the downloading of services that was begun by the present finance minister is ridiculous. Where do the Liberals believe these profits are going? We should be encouraging cities and towns to be more flexible, not less flexible.

As for the perceived conflict of interest by the finance minister on clause 241, much has already been said. I want to offer my support to my colleagues on this side of the House.

I will not support Motion No. 3 because it simply adds to the bureaucracy of administration and it does so in the area of the provincial jurisdiction. What we are looking for is simplicity in the tax code and a vision from this government that recognizes that money left in the hands of those who produce it is much more effective than all the tinkering with an outdated tax code that only gets more incomprehensible and complex to those of us who are forced to use it.

Mr. Rob Anders (Calgary West, Ref.): Madam Speaker, I challenge the member here to tell Canadian taxpayers, because he has talked about tax increase after tax increase, how many tax increases this Liberal government has introduced since it became government? That is the challenge I lay to him.

Mr. Gerry Ritz: Madam Speaker, it is a very in-depth question and I am not sure anyone has a complete handle as to all the insidious tax bites that we have seen throughout the country. I believe the number is somewhere around 37.

Most people have no concept of where that tax bite is getting them other than when they look in their wallets at the end of the month. The month drags out to 30 or 31 days and their wallets are only good for about 20 or 21 days. We are seeing that shortfall in revenue, disposable income, taxes that show the average family of four paying out \$21,000 for income tax and only having \$17,000 of its incoming going to food, shelter and clothing. It is creating a generation of have nots in this country.

On top of that, these are the same people who are being asked to finance the increase in CPP. They are the same people who are being asked to finance the paying down of the debt that we have seen accumulate over the past 30 years. It is quite a challenge to most people out there to make both ends meet and still come up to the tax levels that have been created for them in this country.

As other speakers have indicated, it creates tremendous brain drains. We see people educated here who cannot afford to work here leave the country. That is revenue that is lost to this country for generations to come. It is a shame. We have to stem that tide. We look to this government to give us the leadership and the direction to slow that tide down, turn it around and get those people staying at home working where they should.

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Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, the hon. member talked about laying claim to future governments. Then he criticizes the government with the millennium scholarship fund. I would offer to the member the explanation that what this government is doing is not laying claim, we are paying for programs rather than shifting the burden to future governments.

We are being criticized by the Reform Party for actually paying for something that has been announced and is quite transparent. He knows where the \$2.5 billion is going. He keeps standing up in this House and telling people. That is fine.

I have a question about the comment he made about taxing municipalities. If he votes against Bill C-28 and wants to eliminate that provision he is referring to, has he talked to corporations and told them that the Reform Party is in favour of allowing municipalities to compete tax free with private corporations? Is that what the Reform Party is in favour of? If he votes against Bill C-28 and that provision is removed that is what he would be allowing.

• (1310)

Mr. Gerry Ritz: Mr. Speaker, I thank the parliamentary secretary for his question.

It is quite an in-depth study that needs to be done in all areas of the country. He asked me to say that municipalities would be in direct contradiction to private corporations in that they are tax free. The one program that pops to mind is the infrastructure program which hit municipalities using their own resources against private corporations in order to qualify for the infrastructure money. Towns and villages were doing their own sewer and water to make that program go further and not go to private contractors. There are several instances of that in my riding.

The member talked about corporations being in competition with government. Canada Post is a prime example. People in my riding are forced by law to charge three times the rate that Canada Post charges for the same service. That is a direct contradiction to what the member is trying to get across.

The member brings up the millennium scholarship, an intrusion into provincial jurisdictions. The members for the Bloc made that very clear. I hear that from home as well. We are booking money out for future generations to pay for. It does not kick in soon enough. It does not cover enough people. The representations on the finance committee from students from the Canadian Association of Students said they want that needs base. Let us have the money working for us today, not further down the road. It does not go far enough fast enough.

Mr. Rob Anders (Calgary West, Ref.): Madam Speaker, I would like to boil this down for the taxpayers watching at home.

This is Bill C-28. See how thick it is. That is what the Liberals call a neutral tax or something that is a tax simplification or tax relief. That is what they call tax relief. It is a telephone book. A telephone book means that taxes are becoming more complex. It is not as though we were not complex already. Walter Robinson of the Canadian Taxpayers' Federation sent a survey to all the members in the House of Commons and asked whether MPs do their own taxes. A large portion of MPs do not actually do their own taxes.

We are the people who pass the laws in this country. We are the ones who create taxes or change taxes. A Reform government would provide tax relief. Nonetheless, many of us as law makers do not do our own taxes because they have become so complex. Tax accountants and tax lawyers making their living doing taxes advocate that taxes should be made simpler and less complex. They as well as the taxpayers are crying out for help.

I see something as large as a telephone book. Members across the way in the Liberal government are the architects of the slash and burn in health care and the architects of tax increases. They tell us this is a good change to the taxes. Shame on them. How can they continue to justify Bill C-28 and its myriad of tax changes and tax increases as something that is good for the country?

There is no tax relief here. During the last election I do not believe the Liberals advocated increasing taxes when going door to door. Yet they have increased taxes twice since the last election and 36 times during the 35th Parliament. I bet any money that at any door they went to not a single taxpayer begged to have their taxes raised. Yet the Liberals have so willingly fulfilled that task and filled their pockets.

Disposable incomes have continued to decline since 1987. I know that the Tory across the way likes to quote from 1991 onward, but the fact is that real disposable incomes have continued to decline since 1987. Taxpayers need a break. They can only go so long. They can only suffer much.

There is no tax simplification by introducing something that looks like a telephone book. Nobody can pull the wool over my eyes and those of the taxpayers by telling us that there is tax simplification going on here. Indeed this bill is adding more regulation on top of regulation.

• (1315)

Number three, there are new taxes on municipal utilities. One government is taxing another level of government. It is bad enough when the government taxes the citizenry, the businesses, the employees and employers, but when it starts taxing other levels of government, indeed the desperation is thick.

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Number four, this bill returns nothing to the health and social transfer. There were promises made by the Liberals in the last two elections.

In the election for the 35th Parliament in 1993 the Liberals said "Make us the government and we will guarantee the funding for health care and education and guarantee the health and social transfers". What actually happened? The Liberals cut \$6 billion out of the health and social transfers.

What has that meant? That has meant that the federal government is responsible for the hospital closures in this country. That is what it means. It is the federal Liberals passing the buck on to their provincial counterparts which is closing hospitals across this land. Their broken promises in 1993 and their broken promises in 1997 are closing hospital beds in this country.

The Liberals have cut the heart out of health care and they have the audacity to stand in the House and have their minister say that they are the friends of health care, when indeed waiting lists have grown longer and doctors and nurses are leaving this country. The Liberals are the architects of the slash and burn policies in health care.

The Liberals say one thing in the election but then deliver a far harsher stroke when it comes to their cuts in these areas. They download on the provinces. Shame on them.

The tax bill in this country is going to go up by \$6 billion this year. That is not tax relief. That is more money coming from the pockets and the wallets of the taxpayers and going into the government coffers. It is a tax increase. Six billion dollars more are being taken from taxpayers this year than last year.

What does it mean in terms of this whole debt situation? We have all heard about these huge numbers in the debt but I am going to boil it down. Six thousand dollars out of the average taxpayer's salary goes to paying just the interest on the debt. That is \$6,000 that could be allocated to a whole host of other things. The average taxpaying family is spending \$6,000 just to pay the interest on the debt which this government and its past incarnations helped to create.

What about the contingency funds the government talks about? It would take 200 years to pay down the national debt by using these \$3 billion contingency funds. The real travesty is that the Liberals are not even moving along that track because the contingency funds are being used to fund new program spending. That is exactly what they are doing. That amounts to a \$45 billion payment we have to make every year just to pay the interest on the debt. As I said, that \$45 billion translates into \$6,000 for every family in this country.

I have been attacking the government. I have been attacking the Liberals for what they have done on taxes, but I am going to speak to the poor suffering some of the Liberals have undergone.

I speak of the poor finance minister. Yes, he is a millionaire. Yes, he is involved and owns through various arm's length relationships the Canada Steamship Lines. The poor finance minister has had to take his money and shelter it. He has had to put his assets offshore because taxes are too high in this country and he does not want his companies to pay tax in this country.

Do you know what? I feel for him. The hearts and the minds of this country's taxpayers bleed for our finance minister because while he recognizes that taxes are too high and while he does not want his own companies paying those high taxes, he has raised taxes on the rest of Canadians 38 times since the government has been in power and since he has been finance minister. Yet he shelters his own money offshore.

I feel for him because he has to fly Bahamian flags and not those of his native Canada. I feel for him because he likes the Netherlands Antilles with a 15% withholding tax as opposed to a 25% withholding tax. It works very conveniently into his trusts and his arm's length relationships. Shame on him. He should be paying tax in this country. If he is raising taxes on Canadians, he should have the decency to pay taxes in this country while Canadians suffer those bills. I feel for the finance minister.

• (1320)

High taxes have created a brain drain. Young professionals, people with a good university education, or any level of education, they do not even have to have a high school education, are leaving this country to go to other places with lower taxes.

I want to mention some of the 38 tax increases the Liberal government has brought in since it has been in power. It went ahead and changed the tax treatment of securities. It taxed dividends. It taxed insurance companies. It accelerated capital cost allowances. It increased excise taxes on gasoline and tobacco. It restricted the tax assistance of RRSPs and reduced the RRSP withdrawal age to 69. It increased EI premiums. CPP premiums will go from 5.2% to 5.4% to 5.6% to 6.0% to 6.4% during the government's term. Shame on the Liberal government for all its tax increases and the complications.

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I listened and I am almost stunned at what I heard. The member went through a litany of points. It makes me wonder how Canadians feel when they hear information which is conflicting with fact. How do they feel when they know that information given in the House of Commons is just wrong? Do they wonder whether or not the member is somehow trying to make a point by hoping somebody would not understand that there are reasons for things and that representations are somehow relevant?

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The member talked about personal income taxes and made some comments about how people do not do their own tax returns. This year taxpayers can actually file their income tax returns over the telephone with a touchtone phone. It takes less than 10 minutes because the vast majority of taxpayers have very straightforward tax returns and they can get quick returns.

The member went on to say that the Income Tax Act is the size of a telephone book. The member has implied somehow that the Income Tax Act which individuals have to deal with is as thick as a telephone book and they have to know everything that is in it. What the member did not say is that the Income Tax Act of Canada includes corporate income taxes which is the vast majority of the tax act. It also includes interpretation bulletins, information circulars and regulations which guide the Income Tax Act when people are interested in what is in it.

The member implied that the tax relationship with the Netherlands Antilles somehow had something to do with the current finance minister, that he was somehow getting around something. That is to suggest there is something wrong. We have tax treaties with countries around the world. We have those treaties so we can promote bilateral trade and cultural exchange. Those are good for Canadians because 40% of our GDP is export oriented.

The member has given information which is incorrect. He has given information which is not in keeping with the facts. I really am very sorry that Canadians have to bear some of this stuff, even when it gets down to that somehow the terrible government has restricted RRSPs.

The current RRSP limit for Canadian taxpayers is \$13,500 per year. A person has to make \$75,000 a year to be able to reach that maximum. That means 5% of Canadians cannot put in more because they have more income. He is talking about less than 5% of the income earners of Canada. The member is somehow suggesting to all Canadians that this is unfair.

• (1325)

The issue is that the member has put a bunch of information on the table which he knows is incorrect. Canadians deserve an apology for the incorrect information which was suggested as the truth by the member.

Mr. Rob Anders: Madam Speaker, words spoken like only a tax and spend Liberal could speak them.

The fact is that in 1996 the average family paid \$21,242 in taxes and spent \$17,415 on food, shelter and clothing combined. According to the Fraser Institute the average family paid \$27,000 in 1997. Under this Liberal regime, the gap continues to widen between what people pay in taxes and what they spend on food, clothing and shelter. That is a fact.

A Liberal bragging about how electronic filing is saving the government money in terms of getting people's taxpayer dollars to them more quickly and easily is like someone plucking feathers out of a goose and saying he can get the feathers out of the goose with the least amount of squawking. He can take money with the fewest complaints. How dare he? And he is defending the complexity of the tax code?

[Translation]

Mr. Odina Desrochers (Lothinière, BQ): Madam Speaker, we are now at the final stage of Bill C-28, a bill that has been widely talked about this past month.

While this bill is just hours from being passed, the persistent doubt the people of Quebec and Canada have concerning clause 241, which would place the current Minister of Finance in an apparent conflict of interest situation, has still not been dissipated.

In spite of the dozens of questions asked by the Bloc Québécois and the other opposition parties, the Prime Minister and his Deputy Prime Minister have been passing the buck to each other in this House, systematically refusing to provide answers to the opposition, which wants this matter clarified once and for all.

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 to say that there was an apparent conflict of interest.

In this respect, while the Liberals are doing their very best to protect their finance minister's image, I will take a moment today to quote exactly what the ethics counsellor said in his testimony before the finance committee; incidentally, he was one of the very few witnesses allowed to testify before the committee.

We will share with you what we have heard Harold Wilson himself say. On the subject of whether the Minister of Finance may receive information on his holdings placed in trust, he stated that all ministers "may receive is periodic information on the overall value but not the composition of their holdings, as well as data sufficient for the purposes of filing their taxes".

He stated further "A blind trust agreement was not appropriate, however, in Mr. Martin's situation, since his holdings are not publicly traded. In this type of situation, my office requires the establishment and disclosure of a blind management agreement. This places in the hands of the supervisors or trustees the assets held by Mr. Martin in Passage Holdings. Mr. Martin is obviously completely aware of the nature of his private interests".

No wonder the Minister of Finance is tempted to hide in Bill C-28 a clause which would benefit his little ships.

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Mr. Wilson also argued that certain provisions of Bill C-28 were in fact dealt with by the secretary of state so that his boss, the finance minister, would not be put in an awkward position.

• (1330)

Mr. Wilson was clear on this. He said “It is the secretary of state who made all the decisions. Therefore, there was no real conflict of interest. Still, Mr. Martin sponsored the bill and some members were of the opinion that this in itself is an apparent conflict of interest”.

Mr. Wilson added “If I had been informed ahead of time, before the bill was introduced, discussions would have taken place on how to best proceed to introduce the bill on behalf of the Minister of Finance, who is responsible for all tax legislation”.

The Prime Minister and the Deputy Prime Minister continue to deny these facts. Why? As we know, the Liberals were told to keep their mouths shut on this issue. It is clear. The gag order given by the Prime Minister to his caucus has been complied with ever since the whole thing came up in the House.

Since February 5, when the Bloc Quebecois showed what is really behind Bill C-28, the opposition has had to deal with a gag order co-ordinated by the Prime Minister’s office. Why do the Prime Minister and his government stubbornly refuse to give answers to the opposition on this issue? Why? Because they are embarrassed. They are trying to hide the truth regarding this issue.

Let us not forget that the ethics counsellor clearly said in his testimony that the bill had not been drafted in according with the rules and that, if this had to be done again, some specific measures would have to be taken to avoid a repeat of this situation.

Mr. Wilson is the Prime Minister’s ethics counsellor. He is not an independent counsellor, he is paid by the Prime Minister. A historic precedent took place when representatives of the four opposition parties held a joint press conference to ask the government to get to the bottom of the issue. Again, the Prime Minister said no. He did not want to comply with the opposition’s request. The Liberals stubbornly refuse to shed light on this very suspicious matter.

Early in the week, in order to solve this impasse, which is totally the doing of the Prime Minister, the Bloc Quebecois proposed a reasonable solution: to take clause 241 out of the bill. Again, the Liberals said no. When the vote was taken last evening in this very House, the Minister of Finance, the Prime Minister and the Deputy Prime Minister were all conspicuously absent. Pure coincidence? No, rather part of the Prime Minister’s day-to-day plan to continue to protect the image of the Minister of Finance in this case.

A few minutes ago, my colleague from Saint-Hyacinthe—Bagot introduced another amendment to refer Bill C-28 back to the Standing Committee on Finance. That would enable us to question witnesses so as to clarify the situation for once and for all. I therefore wish to state that I fully endorse the amendment proposed by my colleague for Saint-Hyacinthe—Bagot, which in my opinion reflects the numerous opposition interventions over the past month or more.

Moreover, it is in the same vein as the proposal made in this House by the Prime Minister. When he was being questioned about Bill C-28, he said: “If you are not satisfied with the answers, use the Standing Committee on Finance to ask all the questions you want to ask”.

That is what we are calling for today. We are asking the Prime Minister to move the debate back to the Standing Committee on Finance. We will see then who is right.

• (1335)

Allow me to add that, if the Prime Minister and his government refuse this new request from our party as well, they will have to face negative public opinion.

I hardly need point out that the position of Minister of Finance in a Parliament like ours is a vital one, and its incumbent cannot draw even a hint of suspicion. He must have the full confidence of the public, particularly since we are well aware that this particular finance minister aspires to be Prime Minister some day. He would have no problem following in the footsteps of our present Prime Minister, mind you, since the PM contradicts himself continually in his statements in this House, except in the case of Bill C-28. That is another matter. He is protecting his Minister of Finance.

The Prime Minister has an opportunity to rebuild his credibility in the matter. He must accede to our latest request, otherwise we will continue our research. And so long as we have not obtained what we are after on behalf of the people, we will keep digging.

I would also like to raise other important points in this bill, including the points concerning transfer payments to the provinces. This government is stubbornly maintaining its planned cuts to the provinces. What the Prime Minister is trying to get us to swallow is twisted.

In fact, the Prime Minister is saying simply that the planned cuts of approximately \$48 billion have been reduced to \$42 billion. That means that the provinces and the people will have to face \$30 billion in cuts, \$12 billion of which will be in Quebec alone.

The additional billion and a half dollars announced by the Prime Minister and his Minister of Finance represents nothing more than a purely vote getting move. Who is going to pay the social costs of the budget policies of the present Liberal government? The sick, the unemployed and society’s most disadvantaged. These are the

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people who are the true artisans of the balanced budget delivered last month by the Minister of Finance, not the Prime Minister or the Minister of Finance. The people are doing the work.

This new social injustice is unacceptable, and the Bloc Quebecois will vote against Bill C-28. We already know the Liberal reaction: the opposition will vote against a budget that gives more than planned to the provinces. We are familiar with it, the demagoguery of the current Prime Minister.

The truth is that this government refuses to admit to its responsibility for the state of health care services. When a government like the Liberal one cannot even acknowledge a poor choice in its latest budget, when we see the federal Liberals encouraging the government to debate a matter of provincial jurisdiction, we begin to understand why this government and its disastrous Prime Minister are trying to hide the truth in the Minister of Finance's apparent conflict of interest in Bill C-28.

In closing, if the Prime Minister really wants to show his good faith in this matter, he should return Bill C-28 to the Standing Committee on Finance, enabling this Parliament and the people to see the situation in its entirety.

[*English*]

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I have a comment but I do not think there is anything I want to actually ask the member about. I want to clarify some comments the hon. member made which were not correct. I would like to ensure that the record shows the correct information.

The hon. member made reference to the ethics counsellor, that the ethics counsellor found the appearance of a conflict of interest on the part of the Minister of Finance. Both the member and I were at the meeting and the answer the ethics counsellor provided was that there was no conflict of interest and no appearance of a conflict of interest.

• (1340)

To go further, the member stated there was some doubt as to whether the Minister of Finance acted properly. In fact the minister quite rightly did not act at all. All decisions and discussions were held by the secretary of state.

The Bloc Quebecois keeps moving on this issue. It started by hurling accusations that the FAPI rules were in jeopardy. Then the Bloc members said that the clause would benefit the minister. Now the assertion is that there is an apparent conflict of interest.

In fact the answer given to the members of the Bloc, the members of this House, was that there is no apparent conflict of interest. There is no conflict of interest. The Minister of Finance will not in any way benefit from this bill. It has been said over and

over again but those members continue on this track. Those who make this charge knowing full well that it is false demean this institution and demean public life. Pure and simple they are engaging in the most cynical kind of politics. It is something Canadians will not stand for.

I would hope the hon. member has the courage, if he feels so strongly about this, to go outside and make those accusations. But he knows that what he is saying is false and is pure politics. There is no room in this House for that kind of politics.

[*Translation*]

Mr. Odina Desrochers: Madam Speaker, I have here Mr. Wilson's statement. On page 7, he says "Nonetheless, Mr. Martin sponsored this bill and certain members—"

The Acting Speaker (Ms. Thibeault): I must remind the hon. member that he may not identify a minister by name, but must use his title.

Mr. Odina Desrochers: Madam Speaker, I was reading from a text. That is why I departed from the rule. "Nonetheless, the Minister of Finance sponsored this bill and certain members have expressed the view that this constitutes an apparent conflict of interest".

The hon. member opposite is not reading the same documents we read on February 17, 1998. If the Parliamentary Secretary to the Minister of Finance is so certain that the minister is not in conflict of interest, why, when we asked the Standing Committee on Finance to hear witnesses on this state of affairs, was our request to hear from the ethics counsellor, Howard Wilson, the only one granted, but all our other requests turned down?

This is why we in the Bloc Quebecois and the opposition parties are once again raising the issue, because we feel that the word has gone out across the way not to shed light on this matter. A finance minister in a situation such as this must tell the truth.

[*English*]

Mr. Gordon Earle (Halifax West, NDP): Madam Speaker, the hon. member mentioned in his remarks the fact that the federal cutbacks to provinces lead to social injustices. I would like to underscore that comment. I agree 100% that is the case.

As we talk about taxes, we cannot help but be drawn to the serious problems of the health care system, unemployment and the economic opportunities within our small communities.

I think in particular of some small communities in Nova Scotia where small businesses are finding it very difficult to operate because of a business occupancy tax that is being levied upon them by the municipality. It is so serious that many of these small businesses are reaching the point of closing out due to this unfair tax system.

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I would like to underscore that it is very important as we deal with taxation, whether it be income tax or other types of taxes, we always keep in mind the citizens who are going to be affected by the changes we make.

[*Translation*]

Mr. Odina Desrochers: Madam Speaker, the problems mentioned by the NDP member from Nova Scotia are quite similar to the ones we have in Quebec. My riding is also very regional; we have small and medium size businesses and we also have social problems. The government is not making any effort to reduce the tax burden of individuals and of small and medium size businesses, with the result that these people and businesses have a hard time being competitive.

In the context of globalization and free trade, the federal government should be more receptive to ordinary people, but I doubt it will be.

• (1345)

[*English*]

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Madam Speaker, before the last referendum the Parti Québécois commissioned a study on the economic impact of separation on the people of Quebec. It was done by somebody in the Parti Québécois and was tossed under the carpet.

I would like ask my hon. friend from the Bloc Québécois two questions. First, why was the report, which was a damning report on the economic impact on Quebec if Quebec were to separate, tossed under the carpet? Second, in the event of separation, would the manufacturers of Quebec be doing their business with the Americans in French or in English?

[*Translation*]

Mr. Odina Desrochers: Madam Speaker, I heard about this document but, unfortunately, I did not have time to find out what happened to it.

However, I want to reassure the Reform Party member that, regardless of the language we speak, we are in a global market. We are in the process of signing all sorts of agreements with various countries, and I cannot see why Canada would refuse a business partnership with a sovereign Quebec.

All this is academic, but one thing is sure: when we have all the necessary levers, we will be able to negotiate on behalf of a sovereign Quebec, and the rest of Canada will also benefit from this new Quebec-Canada structure.

[*English*]

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Madam Speaker, I am pleased to have the opportunity to express in very clear terms the opposition of the New Democratic Party to Bill C-28. The reasons for our opposition are many, but there is one

overriding concern that must be dealt with very clearly in this debate.

In the process of expressing our opposition to the bill, let me say how concerned we are to find once again the government of the day wielding the heavy hand of time allocation and bringing in closure on a very important debate before us and the Canadian people.

The most critical, the most controversial aspect of Bill C-28 is the section that applies to health care financing and specifically amends the financing arrangements for health care under the Canada health and social transfer. We are dealing with, as we have done on many occasions, a government that is prepared to delve into illusory politics, to act like the great pretender and to imply that it is doing some great service for health care when all along it is a misrepresentation.

We have heard time and time again from the government that it is investing new money in health care. That is a galling statement when we consider the fact that we are not dealing with any new moneys for health care. We are dealing simply with a cancelled cut and the legislation before us verifies the fact that is all the government is prepared to do at a time when health care is in crisis.

This is also an opportunity to talk about our visions for health care. We are all asking what is the vision of the Liberal government when it comes to medicare. We have not heard any plan from the government. We are still waiting to see when the millennium health care budget will happen. We are still waiting to get details from the government on how it will deal with the health care crisis.

At the same time we are dealing with a very serious situation, pronouncements from the Reform Party about the kind of health care system it would like to see. That in itself should speak to the Liberal government and remind it of the urgency. I certainly hope the Liberal government is vehemently opposed to the kind of proposal being advanced by the Reform Party.

• (1350)

I remind members of the vision of the Reform Party on health care. Within the past two weeks the member for North Vancouver suggested to the House that we needed more competition in our health care system. He said that he received better health care in Florida than he has received under socialized medicine in Canada. We have not heard such regressive, reactionary comments in the last 30 years. All of a sudden they are appearing at a time when we need leadership and not reactionary statements like that one.

The member for Esquimalt—Juan de Fuca told us over the past few days about his vision and Reform's vision for health care. On behalf of the Reform Party he advanced a parallel system of health care: one for the rich and one for the poor. That is the antithesis of everything that has shaped the country including the medicare we have today. It is absolute Americanization and privatization of our health care system, the absolute opposite of what Canadians want

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to see from this place and from their government. That is why this debate is so critical.

With one voice we need to tell the government to preserve medicare. Canadians want medicare preserved. That means a genuine reinvestment to make up for the tremendous amount of money that has been chopped out of this system over the last number of years, in particular during the time the federal Liberal government has been in power.

I will put the chronology of events on record to point out the seriousness of the situation. We need not forget that the whole erosion of medicare began under the Mulroney Conservative government with several pieces of legislation that changed a funding formula that made sense and that ensured federal cash transfers to the provinces would grow as the economy and the population grew. The Mulroney government changed that formula over several years to ensure that growth in health care transfer payments would end. We realized at that point that under that formula cash transfer payments to the provinces would dwindle to zero in short order if that were allowed to continue.

An hon. member: Who stopped it? We did.

Ms. Judy Wasylycia-Leis: The question is who stopped it. The Liberals would like to pretend they stopped it. I will put the facts on the record. The Liberals came into office in 1993 with the promise to address this critical situation, to restore funds for health care and to restore confidence in medicare.

What did they do in 1995? They introduced the Canada health and social transfer, the most regressive social policy in the country. In one fell swoop they took \$6.8 billion out of programs for health, education and social assistance. They eliminated the requirement that provinces live up to expenditures in those specific areas. They completely abdicated responsibility in terms of ensuring a viable health care system, quality public education and any semblance of a Canada assistance plan.

In taking that huge chunk out of transfer payments to the provinces, the Liberal government put medicare on very weak ground. As a result of the failure to maintain its commitment, to keep its promise to Canadians, we are dealing with the health care crisis we have today.

We have gone from the days when funding for health care was done on a 50:50 basis to where today the federal government at the very best is responsible for 20%. We have gone from 50:50 to 80:20. That is even stretching it. If we look only at the cash portion of the transfer payment the federal contribution is down to 10% or 13%. With that kind of loss in federal support, with that kind of abdication of responsibility, with a total lack of federal leadership, we have a very serious situation.

We now have a government that is prepared to pretend its cancelled cut will save the day, but it fails to tell Canadians that it is

still a \$6.8 billion cut. We have a government that does not have the wherewithal to enforce the principles of the Canada Health Act.

• (1355)

We have a government that has basically thrown up its hands and said "Let whatever happens happen. We are not responsible". That is contrary to the traditions of the country. It is contrary to the vision of the pioneers of medicare. It is contrary to the intentions of the Canadian people.

Let me remind the Liberal government and the Reform members that Canadians have a very clear idea of what they want in terms of health care. They want a single payer, universally accessible, publicly administered health care system. They do not want the two tier health system being proposed by the Reform. They do not want the federal government to abdicate from its responsibility. They want a partnership, which is all we are talking about in our opposition to the bill.

We presented an amendment to the bill that would have allowed the government at least to show some good faith and report back to parliament about the adequacy of cash transfers to the health care system to enforce the principles of the Canada Health Act.

Did the government accept that amendment? Did the Reform Party accept that amendment? No. They would not even agree to a simple official process for accounting back to parliament and to the Canadian people. Where is their support for medicare? Where is their vision for the country? It was a small gesture to be made and they could not even go that far.

We know there are difficulties surrounding this issue on the Liberal benches. We know that there is clearly a battle going on between the Minister of Finance and the Minister of Health. We know there is a battle going on between the Minister of Health and the Minister of Industry.

Why else would we end up with the most unusual situation of the Minister of Health going on national radio and saying what he said? He said:

But on that point, let me say that, you know, in Ottawa now, as you mentioned at the top, we just balanced the budget. We're entering sort of a new and unprecedented area where we're going to have a debate like we haven't had in memory about what to do with the surplus. And people are going to be arguing, for example, that the surplus should be used for tax cuts; others will argue that it should be for other programming. Health is going to be contending with other priorities for the available dollars. So if, as you said, Canadians support increased investment in health care, then I think that we should make it clear that those who want to see surpluses go to health should let their voices be heard.

I have not seen anything this unusual in the whole time that I have been in politics. It is absolutely incredible to have a minister of health stand publicly, dissociate himself with the government policies of the day and ask for Canadians to support him in his efforts to advocate for health care. I think that says it all and why we need—

S. O. 31

The Speaker: It is almost two o'clock. The member still has 10 minutes left in her time and will be the first speaker when we resume debate.

Let the people decide for in the end
They don't want the Prime Minister's friends
Then the senator's guiding path
Will not be the public's wrath!

* * *

STATEMENTS BY MEMBERS

[*English*]

ASIA PACIFIC HALL

Mr. Rey D. Pagtakhan (Winnipeg North—St. Paul, Lib.): Mr. Speaker, British Columbia is Canada's gateway to the Asia Pacific, home to about half of the world's total population, production and total consumption.

In the words of the Prime Minister "Canada knows that Asia Pacific is the future". Hence Canada launched the Year of Asia Pacific on January 8, 1997 in Vancouver.

The year succeeded in firmly establishing Canada's credentials as a Pacific nation, forging stronger and more numerous human and economic links between Canada and its partners in the region.

To sustain this legacy, the Prime Minister announced last November Canada's contribution of \$4 million toward the establishment of the Centre for Dialogue at Simon Fraser University. This state of the art conference facility, the first of its kind in North America, shall be named Asia Pacific Hall.

Indeed British Columbia can take pride in providing the home for this enduring legacy of Canada's Year of Asia Pacific.

* * *

THE SENATE

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker,
There is a place where members are appointed
You'd think that they had been annoyed
As citizens toil, these members sleep
They rake in the benefits while taxpayers weep

It does not have to be that way
They should work hard to receive pay
We could choose them by election
Not by the Prime Minister's selection

Account to the people on promises kept
Duties and responsibilities met
Vacations more like normal folk
Then that place would not be a joke

Is this a dream, could it be real?
Ottawa in touch with what citizens feel?
The only way that we will know
Give the Senate election a go!

• (1400)

[*Translation*]

TECHNOLOGICAL DEVELOPMENT

Mr. Claude Drouin (Beauce, Lib.): Mr. Speaker, I would like to share with this House an excellent government initiative to promote the growth of the small business sector in eastern Quebec and on the North Shore.

Indeed, on March 3, the hon. secretary of state responsible for Canada Economic Development announced a \$529,500 contribution to the corporation providing support for technological development. This assistance is designed mainly to support small businesses in eastern Quebec and on the North Shore, which hire science and engineering students from Université du Québec in Rimouski.

This is phase II of a project to promote the development of innovation and technology in the small business sector by facilitating the integration of future graduates into small and medium size businesses in these two regions.

Our government is especially proud of having been associated with this initiative from the start. This is a promising project, which is focused on youth and will have a positive effect on the growth of small and medium size businesses in eastern Quebec and the North Shore for the benefit of all of Canada.

* * *

AGRICULTURAL SECTOR

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, the Minister of Human Resources Development is persecuting Quebec farmers, particularly those in eastern Quebec.

Each time family farm operators hire a son, daughter, spouse or relative, they are harassed by Revenue or Employment Canada officials.

They are practically treated like criminals. Officials almost automatically suspect them of trying to defraud the system. If a farming operation is recognized by Revenue Canada, why do HRDC officials hound its owner?

I find this attitude unacceptable and ask that the minister give the necessary instructions to put an immediate stop to this demoralizing practice.

S. O. 31

[English]

• (1405)

REFORM PARTY OF CANADA

Mrs. Judi Longfield (Whitby—Ajax, Lib.): Mr. Speaker, it must be tough to be a B.C. Reform member these days. It has been a long cold winter in Ottawa and I have heard that being shut in behind the walls of Stornoway without bingo makes one a little crazy.

While British Columbians expect their MPs to debate the budget, Reformers take flag waving joy rides around Parliament Hill. While this government works for lower taxes, a reduced debt and improved health care, Reformers devote their time in question period to mud slinging at the Prime Minister. While this government is acting on recommendations put forward by the national forum on health, Reformers dance to a mariachi band outside the other place.

It is clear that Reform has lost touch with the people of B.C. and that is why constituents of B.C. are turning to Liberals like Lou Sekora in Port Moody—Coquitlam for leadership. Lou knows that tax relief, debt reduction, more and better jobs and preserving key social programs are what people are really concerned about. Reform is out of touch with British Columbians—

The Speaker: The hon. member for Dufferin—Peel—Wellington—Grey.

* * *

BRITISH COLUMBIA

Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.): Mr. Speaker, along the same line there has been plenty of rhetoric from the Reform Party about B.C. Let us look at some of the facts.

In 1998-99 transfers to British Columbia by the federal government will exceed \$3.3 billion. This will account for 16% of B.C.'s estimated revenues. That works out to \$825 per person.

The lowest interest rates in years means that B.C. has saved \$340 million over the last three years. By increasing the cash floor component to the Canada health and social transfer, B.C. will get an additional \$920 million over six years. On the infrastructure program, \$277 million for B.C.

British Columbia needs more Liberal MPs, people who understand local issues, people—

The Speaker: The hon. member for Edmonton East.

HONG KONG VETERANS

Mr. Peter Goldring (Edmonton East, Ref.): Mr. Speaker:
Shells rained down and brave men died,
Canadians stood their ground.
Their ranks finally broke,
From the weight of superior force.

Interned in cells of true hell,
Rotting flesh, disease and death abound.
Convention was not a word Japan understood.
Slavery for Hong Kong war prisoners was.

Four long years,
Our soldiers were forced,
To endure unspeakable horrors,
And to slave at unbelievable tasks.

Sixty years hence nothing has changed.
Japan and Canada have failed in their part,
To compensate our brave Hong Kong veterans.

Questioned in this House November last,
Committee resolve of December past,
Both should have caused result
Bud did not.

So I ask now
When will government do honour to the task
As the sands of time slip from our Hong Kong veterans' lives?

* * *

IMMIGRATION

Ms. Maria Minna (Beaches—East York, Lib.): Mr. Speaker, I wish to clarify the position of this government once again with regard to the recommendations made to the honourable Minister of Citizenship and Immigration.

The minister has stated on several occasions, as I have in this House, that the recommendations made by the review committee are simply recommendations. They were not made by the government and are not carved in stone. The minister took these recommendations straight to Canadians herself to get a firsthand account of their concerns and views.

I remind this House this is the first time a minister has conducted her own consultations and involved the public to such a degree. After consulting with Canadians the minister reiterated that we are not bound by any of the 172 recommendations, that language requirement is too excessive and we will not go that route.

I have spoken with constituents in my twin riding of North Vancouver and they have clearly stated that although our system of immigration does need changes, installing the suggested language recommendation is not one of them. I do not believe we can be any clearer on this issue.

S. O. 31

REFORM PARTY OF CANADA

Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Mr. Speaker, the Reform Party is out of touch with the real concerns of the people of British Columbia. This party came to Ottawa promising to be constructive and to do politics differently. Instead, it has engaged in negative, divisive antics that have nothing to do with helping average Canadians. Canadians in British Columbia and elsewhere are concerned with maintaining and improving our health care system while Reformers worry about whether or not they can have a flag on their desk.

While this government sets the course for lower taxes, reduced debt and improved social programs, Reformers spend their time in Ottawa trying to start fist fights in the Chamber and slinging mud at the Prime Minister during their time in question period.

British Columbians want more than pandering to cheap politics from their representatives. They want someone who will bring jobs to their communities and someone who reflects their daily concerns. Subsequently I urge British Columbians to remember this when they cast their ballot next week—

The Speaker: The hon. member for Souris—Moose Mountain.

* * *

TAXATION

Mr. Roy Bailey (Souris—Moose Mountain, Ref.): Mr. Speaker, all Canadian families need tax relief. However, the government's tax credits discriminate against some families. The government will only give certain tax credits to families with both parents working outside the home. Is this fair?

I represent a rural riding where a third of the farms have both husband and wife running the operation. Statistics Canada says 42% of women provide their own child care. Interestingly enough, a recent poll said 77% of parents would prefer to have provided parental care instead of day care if they could do it all over again.

The Reform Party's family friendly budget would increase family wealth and it would allow parents the freedom to raise their family the way they chose.

* * *

REFORM PARTY OF CANADA

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, who speaks for British Columbia? Not the 24 B.C. Reform members. They would rather spend their time in this Chamber making accusations about the Prime Minister that they dare not repeat outside the Chamber and riding around in a car that is painted like a flag in the middle of winter pretending to be more Canadian than anyone else.

Yet again the task of speaking out for the real interests of British Columbians falls to the province's Liberal members. Together they worked for measures in this last budget that directly benefited the provinces such as tax relief that will benefit over 92% of all B.C. taxpayers.

• (1410)

The millennium scholarship fund will give money directly to students. We are providing an annual grant of up to \$400 to parents who are saving for their children's education through RESPs. That is what politics is all about.

* * *

MEMBER FOR SHERBROOKE

Hon. Lorne Nystrom (Qu'Appelle, NDP): Mr. Speaker, later in the day Jean Charest, the leader of the Conservative Party of Canada, will announce he is going to be a—

The Speaker: We should not use each other's names in the House as long as we are here.

Hon. Lorne Nystrom: Mr. Speaker, later in the day the leader of the Conservative Party will announce he will be a candidate for the leadership of the Quebec Liberal Party and the leader of the federalist force in the province of Quebec. We wish him well in his endeavours.

The response of the Reform Party has been a partisan call to unite the right in this country. Instead of a call to unite the right it should be a call to unite federalist parties and unite this country around common goals that all Canadians can feel at home in Canada. That should be the goal.

I call on all our colleagues to work toward that common ground for all Canadian people.

[Translation]

At the provincial level, there is already a process under way to ensure Canadian unity that led to the Calgary declaration. Public hearings were held and they were well attended.

It is high time Parliament took its responsibility. The time has come to act.

* * *

WORLD POVERTY

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, in 1998, 1.3 billion people in the developing countries, or one-third of their population, are barely surviving, on less than a dollar a day. Every day, 34,000 children die of malnutrition and disease.

In light of these statistics, and in order to eradicate poverty, the Canadian Council for International Cooperation, in conjunction with some 100 organizations working in this area, has launched a campaign under the theme "In common". The goal of the cam-

Oral Questions

paign is to enhance the political and public desire to eradicate poverty in the world.

When will the Minister of International Co-operation take some notice of this human distress? Instead of cutting funding for international aid, as was done in the latest budget, the government ought to be following the example of the CCIC and its partners.

Our congratulations to the Canadian Council for International Co-operation and its partners for this fine, and constructive, initiative.

* * *

OLD AGE SECURITY

Mr. André Harvey (Chicoutimi, PC): Mr. Speaker, the bill transforming the present old age pension into the seniors benefit will bring about a drop in available income for most retired persons and a loss of ground for women. What is more, 40% of workers have only public pension plans when they retire.

The AFEAS has been stoutly defending women seniors so as to ensure them of a decent retirement and to enable them to retain what they have acquired after many a long struggle. The public pension plans are essential if the majority of women are to enjoy a decent retirement.

The AFEAS is calling for the principle of individuality to be respected, for there to be a universal basic benefit and tax measures to enhance available income for the least well-off and to provide a tax break for the middle class, which has been crushed by the present government's taxation policies.

The AFEAS is therefore calling upon the Minister of Finance to reflect its recommendations in this new bill.

* * *

[English]

REFORM PARTY OF CANADA

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Mr. Speaker, it seems that Reform MPs from B.C. have been so star struck by the paparazzi and glamour surrounding the visit of Prince Charles and his sons to B.C. that the usual political hyperbole has risen to new hysterical heights.

Yesterday in his statement in the House the member for Esquimalt—Juan de Fuca said the government uses health care as a political football to look good instead of putting patients first and giving politics a back seat.

The fact is the first reinvestment we made when our books were in reasonable order was in health care, raising the cash floor on transfers by \$1.5 billion. As well, this last budget made real commitments in the areas of home care and medical research. That is what leadership is all about.

To date the people of British Columbia await one concrete suggestion from B.C. Reformers that would actually help them in terms of the health care system.

I have one thing to say. Go, Lou, go.

ORAL QUESTION PERIOD

• (1415)

[English]

HEALTH

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, on the issue of compensation for hepatitis C victims, I would like to quote what the Minister of Health said. "I do not think victims' claims should be bogged down for 10, 12 or 15 years before the courts." That is exactly what the Liberal compensation plan is going to do.

I would like one of the Liberal members who is proud of this record to stand and tell me why Liberals are going to let half the victims go through the courts for fair justice.

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, no arrangement has been announced as yet for compensation of hepatitis C victims. An announcement will be made very soon.

What will be announced I understand will be in co-operation and through an agreement with the provinces. I am sure that what will be announced is intended to be fair and reasonable. I ask my hon. friend to wait until the announcement is made. Then he will have something to talk about. Right now he is just blowing smoke.

[Translation]

Mr. Grant Hill (Macleod, Ref.): Neylan Dallie, of Pointe-Claire, Quebec, received a transfusion of contaminated blood in 1981 during childbirth. This made her so ill that she underwent a liver transplant in 1994. Since then, the public system has abandoned her.

Why is the government now abandoning her as well, without compensation?

[English]

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, the Government of Canada is abandoning no one. As the Deputy Prime Minister has just indicated, there is communication between the Minister of Health and his counterparts at the provincial level in order to come together with a package that will address all of the issues associated with hepatitis C and the contamination, the unfortunate incidents that happened in the last decade.

We are very serious about the way we are approaching this matter. We are very concerned about all of the factors that are part of it. I urge the member to wait until tomorrow when the announcement—

Oral Questions

The Speaker: The hon. member for Macleod.

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, just prior to 1986 Ron Smith of Calgary was involved in a major car accident. He had multiple transfusions. He is so ill today that he cannot even play with his four children. Ill not from his car accident but from contaminated blood and hepatitis C.

Why has the Prime Minister not forced the uncaring health minister to provide compensation for every single victim?

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, as recently as a year ago this matter, regrettable as it is, was not even on the table. The Minister of Health made it his personal objective to ensure that the issue of hepatitis C contamination was brought on the table with his counterparts at the provincial level. They are working together on a package that deals with the issues on the medical side as well as all other issues.

I do not think it is fair for any member of the House to play on the emotions of people who have suffered this terrible tragedy. We are engaging in a resolution that we hope will solve all the problems.

Mr. Reed Elley (Nanaimo—Cowichan, Ref.): Mr. Speaker, it is clear that the treatment of victims in Canada's blood scandal by the government has been unequalled. All hepatitis C sufferers in this tragedy deserve equal treatment with the HIV or AIDS victims who suffered the same fate.

Why is the minister discriminating against those who contracted hepatitis C before 1986? Why will he not agree to compensate them too?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, it is expected that as early as tomorrow there will be a package for hepatitis C victims announced on behalf of the federal, provincial and territorial governments.

I suggest that the hon. member wait until tomorrow. Then he can raise questions based on the actual program. Right now he is taking up the time of the House on matters we are not in a position to talk about.

Mr. Reed Elley (Nanaimo—Cowichan, Ref.): Mr. Speaker, I do not think the people who sent letters to me about this issue will accept the minister's response at all. This could be a scandal as great as the tainted blood scandal itself.

I have received numerous letters from people who are in this situation. Why are they to be denied compensation, a chance for a better life from this government which refuses to abide by the very recommendations of its own report?

• (1420)

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, at the risk of sounding repetitive, the negotiations are still ongoing. The announcement has not been made.

I think it is pretty shoddy politics to try to pit one group of sufferers against another. The government is trying to resolve an issue that has been longstanding. I urge the member to be patient and to address the issues to the House tomorrow. As they come up with specific questions, they will get specific answers.

* * *

[*Translation*]

MULTILATERAL AGREEMENT ON INVESTMENT

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, a number of the provisions of the multilateral agreement on investment, more commonly known as the MAI, impact directly on provincial jurisdictions.

I am thinking of the clauses on social matters, labour standards, the environmental clauses and the cultural exemption, all of which are areas of exclusively provincial jurisdiction, or in some cases shared jurisdiction at most.

Under the circumstances, will the Prime Minister make a formal commitment to call a conference of the premiers as soon as possible, before he proceeds any further?

[*English*]

Mr. Julian Reed (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, as my hon. friend knows, the negotiators are constantly in touch with every province apprising them each time a set of negotiations takes place. The province of Quebec has equal access to all the information, as does every other province in Canada.

I understand that a statement was made in Quebec today. We are not yet in possession of the text. When we are, we will be able to comment on it more fully.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, nothing my hon. colleague has said prevents a first ministers' conference from being held, and in my opinion the situation demands it.

During the NAFTA debate, the Liberals, in opposition at the time, demanded a major debate in this House in order to discuss all matters relating to that agreement. I am not speaking of an opposition day, but rather a debate on the government's position if there is such a thing.

Could the Prime Minister or the parliamentary secretary commit to a real debate in this House on all the implications of the MAI?

*Oral Questions**[English]*

Mr. Julian Reed (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, as far back as February 19, the federal and provincial trade ministers met for a third discussion of Canada's objectives and the bottom lines for the MAI. The positions advanced by Canada in the MAI negotiations reflect the discussions that took place at that time.

[Translation]

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, my question is for the Minister for International Trade.

International concern over the MAI is growing.

In this context, will the Minister for International Trade not recognize that this agreement concocted by the OECD, the club for rich countries, is very likely to penalize the poorest countries and that it would be better therefore to start negotiations afresh under the auspices of the World Trade Organization?

[English]

Mr. Julian Reed (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, there is an ancient Chinese saying which says that the journey of a thousand miles begins with the first step.

We began with international investment agreements through NAFTA and we have that in existence at the present time. Right now we are trying to get 29 countries to sing out of the same hymn book. Once we do that, we will take it to the WTO where over 100 countries will be able to participate in the same agreement.

[Translation]

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, the agreement provides that a sector will automatically be covered, unless it is expressly excluded.

Does the minister not think a provision like this should not be in an agreement of such importance?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, there is no agreement. Canada has signed no agreement on this matter. Negotiations are continuing, and if there is no agreement that represents our interests, there will be no signature by the Government of Canada.

* * *

*[English]***NATIONAL UNITY**

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, federalists cannot simply wish the Conservative leader well in his mission and then set aside the Canadian unity file, nor should Canadians be sidetracked by unite the right hoopla. What is really needed is leadership, leadership to unite the country.

• (1425)

Will the Deputy Prime Minister give an undertaking to this House today to urge the Prime Minister to convene a meeting bringing federalist leaders together in this House to build a common agenda for a united Canada?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the Prime Minister has been giving leadership in maintaining the unity of this country. I am confident he will continue to do so with great success.

[Translation]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, national unity needs leadership.

The Conservative leader is demonstrating his leadership by making the leap to provincial politics. The Prime Minister should also demonstrate his leadership for Canada.

What does the Prime Minister intend to do to get the federalist parties in this House to work together to build this country's future?

[English]

Will he urge the Prime Minister to convene such a meeting among federalist leaders before the Easter recess?

[Translation]

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, Canadian unity is progressing nicely. Support for it is increasing, while support for the Bloc is in free fall. Things are going well.

We now have the opportunity to have a leader in Quebec who is popular for various reasons, including the fact that he can be both a Quebecker and a Canadian. My door is always open to the leader of the NDP. All suggestions on national unity are welcome.

* * *

*[English]***HEALTH**

Mr. Greg Thompson (Charlotte, PC): Mr. Speaker, Justice Krever recommended that all victims of tainted blood be compensated. Now we in this House know that the government will exclude the victims outside the timeframe of 1986 to 1990.

I ask the government, does the Deputy Prime Minister support a compensation package that will exclude 40,000 Canadians, innocent Canadians of a tainted—

The Speaker: The hon. Parliamentary Secretary to the Minister of Health.

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, the member probably heard me respond earlier to a question that was similar in nature.

Oral Questions

The member's question is based on reports in the press today, reports that are not substantiated by the meetings that are currently being held by the Minister of Health and his counterparts. I might add that all of these men and women are at the table in an effort to resolve an outstanding issue of a tragic period in Canadian blood agency history.

Mr. Greg Thompson (Charlotte, PC): Mr. Speaker, I am going to hold the government to its very words in this House today in regard to this issue. Previous members on this side of the House have asked the same question and have had the same nonsense from the government. It knows today what is in that package.

I ask the minister, will the government stand true to its words today in this House and if that package does not include those innocent victims, will the government make sure that that happens?

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, the member opposite might gain some comfort in the knowledge that all the people he thinks he speaks for are the ones that are being dealt with today by the Minister of Health and his counterparts at the provincial level.

Under no circumstances would we engage in the kind of politics we are seeing today, which is pitting the emotions of one group of victims against another. It is shameful.

* * *

ABORIGINAL AFFAIRS

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, our whole nation is grieving over the deaths of Connie and Ty Jacobs on the Tsuu T'ina reserve in Alberta.

Alberta has called for a public inquiry into that tragic shooting which might shed some light on how to improve the RCMP conditions there. That inquiry only looks into the shooting itself. Grassroots aboriginals know that this was just a symptom of much larger, more serious problems.

Will the Minister of Indian Affairs and Northern Development appoint a judge to look into the economic, social and democratic problems on the Tsuu T'ina reserve?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I have said all along that the lives of aboriginal people in this country are dramatically different from the lives many of us have. They are not as good.

• (1430)

Over the last five years the largest public inquiry into the very root causes of the issues that the hon. member makes reference to, the Royal Commission on Aboriginal Peoples, has been completed.

On January 7 this government provided a significant and historic response to that piece of research and focused on building plans—

The Speaker: The hon. member for Edmonton North.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, the royal commission is not solving the problems there, right now today, which they are facing. There are terrible inequities on that reserve. As we saw on TV last night, there are haves and have-nots on that reserve. That is exactly the issue that Bruce Starlight, from that very same reserve, brought forward to the minister's attention and the very chief who got that information back and is now suing him.

This is not being solved and I am going to ask the minister one more time: Will she appoint a judge to look into the economic, social and democratic disasters that are happening on the Tsuu T'ina Reserve today?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, again I would point out that the work of the royal commission encouraged us and advised us to look at these very issues.

If the hon. member would take time to look at the response of this government to those very issues she will see that we are committed to building a strong relationship with the aboriginal peoples from coast to coast to coast, to building and supporting transparent and accountable First Nations government and Inuit government.

Members will see that we are committed to building modern fiscal relationships, all with the intention of ensuring that we build healthy, secure—

* * *

[Translation]

MILLENNIUMSCHOLARSHIPS

Mr. René Laurin (Joliette, BQ): Mr. Speaker, Part III of the finance minister's estimates confirms an additional cut of \$430 million in transfers to the provinces. The government has managed, however, to find \$2.5 billion for its millennium "flub".

How can the minister explain to the public that he does not have the money for transfers to the provinces that are used for hospitals and universities, but that his cup overflows when it comes to new programs carrying the mark of the maple leaf?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, at the same time as we had to cut some of the transfer payments, the value of tax points went up by \$700 million, there was an increase in equalization payments, and the drop in interest rates produced big savings for the Province of Quebec.

It should also be pointed out that, while our cuts were in the order of 2.5%, the Quebec government imposed cuts that were twice as high on its municipalities.

Oral Questions

Mr. René Laurin (Joliette, BQ): Mr. Speaker, it is very simple. The government says to the provinces "We have no money. We are therefore cutting \$430 million from your payments". It then turns around and tells the public "We could care less about the problems our cuts are causing in the health sector. We prefer to create millennium scholarships. They are much more visible".

Does the minister not realize that, in the meantime, there are real people suffering, while the federal government wages its war of visibility against the provinces?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I wonder why the hon. member and his party are against a good education for the young people of Quebec and the rest of the country.

* * *

[English]

DEPARTMENT OF FISHERIES AND OCEANS

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the fisheries minister says if you want to unload oil in Cornwall, Ontario, it is going to cost you \$1.85 a tonne in taxes. But 60 miles down the river in Montreal it is only 44 cents. It is the same oil, four times the tax.

Two years ago the minister's own independent inquiry of experts told him that this practice was discriminatory. They said that the tax should be the same everywhere.

Why is the fisheries minister ignoring his own experts and continuing this discrimination against Ontario businesses and consumers?

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, as I explained yesterday we have a series of regional response organizations in Canada. These are private sector organizations which make contracts with the various shippers of oil. We insist upon having this system so we have the maximum protection of the environment.

What I hear from the official opposition time after time is that they do not care about that protection and they do not care about the private sector relationship.

• (1435)

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the minister is not listening to his own experts and is kowtowing to different oil companies simply because he does not have the courage to stand up to them.

In a February 12 letter to the minister, the Liberal member for Scarborough—Rouge River said "it is economically and politically unwise to maintain a fee in Ontario which is four times higher than

that of fees established in Quebec. This creates an economic disadvantage for Ontario industry".

If the minister will not listen to the experts will he listen to his backbenchers? Why is the minister taxing Ontario at four times the rate of Quebec?

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, time after time I have to point out to this hon. member that a private contract between companies is not a tax of the Government of Canada. He tends to suggest that we in the government should take over private relationships, smother the system that we have in place and of course substitute our decision.

What I will tell him is that we have in place a regionalized system. The differences in price are related to the different volumes that are carried and the different requirements for the response equipment that is necessary to have on hand. It is an insurance policy. To get the insurance one has to buy in.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, the budget confirms that the accumulated surplus in the employment insurance fund will be close to \$20 billion next year.

The only argument used by the government to justify this outrageous surplus is that it must save money for the next recession, again at the expense of the unemployed.

With so much money available, how can the government refuse to shore up the transitional job creation fund and provide a decent income to the unemployed?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, when we came to office, employment insurance contributions stood at \$3.07 and were going up to \$3.30. We have already reduced these contributions five times, and they now stand at \$2.70.

Thanks to our initiatives, Canadians have saved \$7.1 billion since we took office.

* * *

FISHERIES

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, instead of playing an old tape, I will ask a brand new question to the Minister of Fisheries and Oceans.

Given the \$20 billion surplus in the employment insurance fund, what is the minister waiting for to implement a true groundfish strategy and provide tools to the 22,000 fishers and plant workers

Oral Questions

who are waiting? There are \$20 billion in the fund, but the minister is still waiting.

[English]

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the response assistance for displaced fisheries will be put forward, as has been said many times in this House, in due course once decisions are made by the government.

The issue that we are facing is that the plan will expire in August. We are trying to put in place other measures which we believe will be helpful, first, by removing people from the industry so we do not continually have this problem, but also of course to assist them in the interim.

* * *

YOUNG OFFENDERS ACT

Mr. Chuck Cadman (Surrey North, Ref.): Mr. Speaker, the Minister of Justice has been promising for months to amend the young offenders legislation. Many of the provinces have already indicated exasperation over the delay.

Last June the minister informed Canadians that young offender legislation was her top priority. Eight months. Some priority.

When can we expect the long overdue fulfilment of her promise? The minister often uses the word "timely". Canadians deserve and expect better than that.

Ms. Eleni Bakopanos (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, as the minister has said in this House, and if hon. members on the other side of the House will wait, she will be bringing back her response in legislation. Be patient, it will come.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, unlike the justice minister, I do not have a team of lawyers and bureaucrats, yet six months ago I tabled a very complex bill to amend the Young Offenders Act in this House.

Who is causing the delay over there on the justice minister's side? Is it her team or is it her bleeding heart caucus which still feels that coddling violent young offenders is the way to go? Who is causing the delay over there?

Ms. Eleni Bakopanos (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I do not think the hon. member heard me. I just said that the minister will be, if he will be patient, tabling our response to the committee's report.

• (1440)

[Translation]

MILLENNIUM BUG

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, my question is for the Prime Minister.

The more experts look at the so-called millennium bug, the more they realize the magnitude of the problem, the uncertainty of the results and, consequently, the urgency to act.

Can the Prime Minister confirm that he just wrote to all his ministers to tell them that the year 2000 computer bug is now the government's top priority and that it takes precedence over everything else?

[English]

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, the hon. member knows very well that a number of reports on the year 2000 problem have been submitted to the industry committee. She knows that the industry minister started the research program with Jean Monty as chair to alert people about the year 2000 problem.

The government has a program in place. This has been reported to the industry committee. The next report on the government's progress with respect to the year 2000 problem will be coming in September.

We really need everyone in the House to publicize the importance of the year 2000 problem to everyone in their—

* * *

STATUS OF WOMEN

Ms. Sophia Leung (Vancouver Kingsway, Lib.): Mr. Speaker, my question is for the Secretary of State for the Status of Women. I campaigned in Port Moody, B.C., over the past few weekends. I heard from many women who are concerned about poverty, education and their children's futures. What measures does the government have to help women and children?

Hon. Hedy Fry (Secretary of State (Multiculturalism)(Status of Women), Lib.): Mr. Speaker, the hon. member has hit it right on the head. There are women living in poverty in many of the ridings we represent in Vancouver. There are single women who need education. A \$3,000 a year grant will be given to women in financial hardship who have dependants so they can go to school and upgrade their training. This will be very important for some of the women in Vancouver East, in my riding, in the riding of the hon. member and in the riding she is talking about.

We are also talking about money for women entrepreneurs—

Oral Questions

The Speaker: The hon. member for Okanagan—Shuswap.

* * *

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, unsettled native land claims and the supreme court's Delgamuutw decision are making land tenure in B.C. extremely uncertain. Mining and forestry jobs are disappearing for both natives and non-natives. How many more thousands of jobs must B.C. lose before the federal government addresses this burning issue?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, we are there in partnership with the province, First Nations and third parties to deal with a long outstanding issue.

For the sake of the House, members may not understand that in the province of British Columbia we do not have treaties with our First Nations.

I applaud the people of British Columbia for understanding the importance of negotiating treaties with the First Nations in that province. It will bring certainty not only to the third parties referred to by the hon. member but to First Nations as well.

* * *

ENDANGERED SPECIES

Mr. Rick Casson (Lethbridge, Ref.): Mr. Speaker, in the last Parliament endangered species legislation died on the Order Paper because Canadians could not accept it. There was no public consultation and no respect for individual property rights. The environment minister has indicated that this heavy-handed legislation is about to reappear. Will the environment minister tell Canadians what steps she will take to protect individual property rights while endangered species are being protected?

Hon. Christine Stewart (Minister of the Environment, Lib.): Mr. Speaker, this government has made a commitment to re-table our endangered species protection legislation and we will do so. Before doing so, I am in the process of consulting with the different sectors that may be implicated or impacted by this legislation. I believe we are coming to a consensus about a good piece of legislation to protect endangered species.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, according to the estimates tabled yesterday, the employment insurance surplus will be \$19.6 billion next year.

• (1445)

The President of the Treasury Board thinks a huge surplus is essential in case we fall upon more difficult economic times in the future. But Canadian workers, from Kamloops to Caraquet to St. John's, Newfoundland, are already going through tough times as a result of the changes to employment insurance.

My question is for the President of the Treasury Board. Instead of letting people suffer, is the government prepared to immediately use the surplus in the employment insurance fund to help all the unemployed from coast to coast?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, as everyone knows, the amount of the surplus from contributions is set on a yearly basis by the commission. We must ensure that there will be enough for the economic cycle.

An hon. member: My eye. Liar.

Hon. Jim Peterson: We have already cut employment insurance premiums by more than \$7 billion based on past economic conditions.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, when will this government start working for the people of this country and deal with issues of concern to all Canadians, such as job creation and a health system that meets everyone's needs? Does this government think that having 1.4 million unemployed people in Canada is acceptable?

My question is for the Prime Minister. Will the government keep its promise to Canadian voters to create jobs? Is it prepared to implement a full employment strategy and to set job creation targets?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, last year, the Canadian economy generated 372,000 jobs. Since we have been in office, the economy has generated more than 1 million jobs.

It is not enough, but we will carry on with our economic policies to ensure that the progress made so far continues to generate numerous jobs.

* * *

[English]

HEPATITIS C

Mr. Gilles Bernier (Tobique—Mactaquac, PC): Mr. Speaker, reports published today indicate that the Minister of Health has put together a compensation package which offers a one time payment of \$22,000 to \$30,000 to victims of tainted blood who contracted hepatitis C between 1986 and 1990.

Could the minister confirm this? Does he feel that this is just compensation for hepatitis C victims?

Oral Questions

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, what I can confirm is what I said earlier. The issue is on the table. It is being discussed as we speak with our colleagues at the provincial level.

When the compensation package is revealed in its entirety tomorrow we will know the specifics. At that time he will be able to judge better whether or not this is proper.

[*Translation*]

Mr. Gilles Bernier (Tobique—Mactaquac, PC): Mr. Speaker, there are provinces that disagree with the federal government on the matter of compensation.

Justice Krever, who was appointed by the federal government to conduct the inquiry, also seems to disagree. In his final report, he indicated that, in his opinion, providing compensation to some victims but not to others would be unjustifiable.

Is the Minister of Health prepared to defend the federal government's position, which neither the provinces nor Justice Krever support?

[*English*]

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, I remind the hon. member that when Judge Krever submitted his interim report the federal government acted swiftly, immediately, to implement all the recommendations that applied to the Government of Canada and to Health Canada.

The Minister of Health has moved with the same alacrity to ensure that this issue is dealt with honourably and justly so that all affected could be dealt with in the appropriate manner.

I ask him to be patient and to wait until the announcement comes tomorrow so that we can deal with the specifics of the matter.

* * *

WESTERN ECONOMIC DIVERSIFICATION

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, my question is for the Secretary of State for Western Economic Diversification.

Contrary to what the opposition believes, British Columbia has many friends on this side of the House. There is always room for one or many more.

The central ingredient for economic prosperity being participation in emerging technologies, will the minister tell the House what the government has done and is doing to help support high technology in B.C.?

Hon. Ronald J. Duhamel (Secretary of State (Science, Research and Development)(Western Economic Diversification), Lib.): Mr. Speaker, high technology investments in British Columbia have been significant. I want to give two examples.

The Canadian Space Agency announced a contract to MacDonald Dettwiler of \$225 million for an earth observation system securing 300 jobs.

• (1450)

Besides that, Technology Partnerships Canada has invested roughly \$58 million for the creation of 4,800 jobs in British Columbia. Ballard Power Systems has received \$29.3 million for the creation of 2,200 jobs and Western Star Trucks, \$8.9 million for over 1,000 jobs.

* * *

IMMIGRATION REVIEW BOARD

Mr. Grant McNally (Dewdney—Alouette, Ref.): Mr. Speaker, I hate to break from the theme of today, but I think we will have to do that.

Today there was a recent IRB appointee, Anna Terrana, who appeared before the Standing Committee on Citizenship and Immigration to be asked about her competence and qualifications. When asked about her appointment she said that others had applied for the position who had equal, if not better, qualifications.

Will the minister admit that the factor that tipped the scales in Anna Terrana's favour was the fact that she is—

The Speaker: The hon. Deputy Prime Minister.

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, will the hon. member admit that when Jack Frazer, a former Reform member, was appointed to the Veterans' Appeal and Review Board it was on the basis of competence? That is the case with the former Liberal member who the hon. member unworthily attempted to slur.

* * *

[*Translation*]

DREDGING OF ST. LAWRENCE

Mr. Yves Rochelleau (Trois-Rivières, BQ): Mr. Speaker, my question is for the Minister of the Environment.

The federal government is preparing to give its approval, without public hearings, for the St. Lawrence River to be dredged in order to meet Port of Montreal requirements.

Before giving the go-ahead, does the federal government intend to follow up on the request from the Government of Quebec and environmental groups that public hearings be held on this proposal in accordance with the Canadian Environmental Protection Act?

[*English*]

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the dredging of the St. Lawrence to which the

Oral Questions

hon. member makes reference was proposed. An exhaustive environmental hearing took place in which the provincial government of the province of Quebec took part.

Recently it sent a communication which appears to be in some respects not entirely on all fours with its previous position. I will look at that closely and we will re-examine this question in the light of their presentation.

* * *

HEPATITIS C

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, the Parliamentary Secretary to the Minister of Health should understand that it is precisely because we do not want to pit one group of hepatitis C victims against another that we are asking these questions.

Could the parliamentary secretary assure Canadians that the government will show leadership and compassion to all those affected with hepatitis C, will adopt Justice Krever's recommendations and will implement a compensation package that includes everyone who contracted hepatitis C through the blood system?

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, this question is no different from any other. I am glad the hon. member opposite recognizes that the initiatives of the Minister of Health and the Government of Canada, in trying to come up with a compensation package, demonstrate precisely the type of concern and compassion she attributes to all members of the House but in particular in this instance, if I might say so, to the Government of Canada.

* * *

MILLENNIUMSCHOLARSHIP FUND

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, yesterday the Minister of Finance said that if the auditor general would like to have access to the millennium fund books it would be arranged. Yet the Budget Implementation Act does not give the auditor general any right of access to the books of the foundation. In fact the legislation calls for the millennium fund to have its own auditor.

Based on the minister's commitment yesterday, will he amend the legislation to ensure access for the auditor general and eliminate the provision for a separate auditor?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we have created a foundation that will be independent and at arm's length from government. As such it will have its own auditor but its books will be deposited before parliament. They will be open to public scrutiny including the scrutiny of the auditor general.

I suggest that we cannot have it both ways. Either we have a foundation which is independent and at arm's length from govern-

ment or we have one that is run like government is with all the regulations, et cetera. That is not what we have chosen to do.

* * *

● (1455)

IMMIGRATION

Mr. Brent St. Denis (Algoma—Manitoulin, Lib.): Mr. Speaker, my question is for the Parliamentary Secretary to the Minister of Foreign Affairs.

If recent reports are any indication there appears to be a crackdown on Canadians entering the United States. In British Columbia we have a very important gateway between Canada and the U.S., one that is very important to the B.C. economy.

What efforts are being made to ensure that Canadians continue to enjoy a friendly reception at the U.S. border?

Some hon. members: Oh, oh.

The Speaker: I think many of us are having difficulty hearing the questions and the answers. I appeal to members to listen to the questions and answers.

Mr. Ted McWhinney (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, the government is seeking an amendment to section 110 of the U.S. Immigration Act. We are asking for a complete exemption of Canadians from the proposed draconian border controls.

I personally have been in touch with all the U.S. senators and congressmen from Washington and Oregon states and asked for their co-operation. The chairman of the U.S. Senate Committee on Immigration, Senator Abraham, has assured us of his full support. A bill to that effect will be debated by the U.S. Congress in the next few weeks.

* * *

FISHERIES

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, since the government has been in power, west coast salmon species have become extinct, west coast communities have become extinct, DFO scientific research has been swept under the carpet and scientists gagged. What has been the minister's response? "Let us study the situation".

British Columbians want to know what this minister will do to prevent an east coast disaster on the west coast.

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, first, we have to start with accurate information. The member states that the west coast salmon species are extinct. This is not so. Last year was a better than average year for the commercial fishing fleet in British Columbia in terms of the number of fish.

Business of the House

We have some serious problems with coho, steelhead and chinook stocks. These are stocks we are doing our very best to protect, but the first thing to do is to get accurate information so we can make decisions thereafter to protect them. The approach that will not work—

* * *

[Translation]

POSTAL OUTLETS

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, my question is for the minister responsible for Canada Post Corporation.

The vicious policy of closing post offices ended with the moratorium. Rural municipalities who lost their post office, however, are gradually seeing their retail postal outlets shut down. By capping the guaranteed revenue at \$4,200, Canada Post Corporation may well end up closing them all.

Will the minister responsible for Canada Post intercede with the corporation in order to prevent the closing of these postal outlets?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I thank the member for her question, which will give me an opportunity to say in the House to all Canadians that, in 1994, the government decided not to shut down any rural post offices. Naturally, we are also going to keep retail postal outlets open.

I know that some villages are having problems, but discussions are now under way with local authorities in order to find ways of keeping postal outlets open. A way must also be found to increase revenue. We are holding discussions now. I know that colleagues are aware of this, because we have a particular case in—

The Speaker: I am sorry to interrupt the hon. minister. The hon. member for Churchill.

* * *

[English]

EDUCATION

Ms. Bev Desjarlais (Churchill, NDP): Mr. Speaker, despite Canada's high unemployment rate we are experiencing shortages of qualified computer professionals and medical personnel. We have a shortage of experienced truck drivers. We do not have enough qualified marine inspectors to meet our present and future needs. We turn to other countries to fill these jobs.

The government is failing Canadians by not providing affordable access to education and training. When will the government provide better training opportunities for Canadians so companies are not forced to recruit from abroad?

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, this gives me an opportunity to remind the hon. member that just this last year and a half we have signed 11 labour market agreements with the provinces of Canada.

● (1500)

In those agreements provinces were given the flexibility, because they are closer to the people, to put in training and education programs that will meet the needs of their regions.

I suggest very strongly that the member talk to the Manitoba government and make sure that it puts in the kind of training that she would like.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of Mr. Lorne Taylor, Minister of Science, Research and Information Technology for the Government of Alberta.

Some hon. members: Hear, hear.

* * *

BUSINESS OF THE HOUSE

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, it is not often that a minister from Alberta likes to come and listen to all this across the way.

My questions for Thursday is to the government House leader. We would like to know the nature of the business for the remainder of this week and for all of next week leading up to the break in the House of Commons.

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the minister from Alberta must have been tired of listening to the heckling from across.

Today we will hopefully complete the CHST bill, Bill C-28, to increase the transfers to the provinces. The backup items are Bill S-4, the marine liabilities legislation; Bill C-12, the RCMP super-annuation amendments; and Bill S-3, the pension benefit standards bill.

Tomorrow we shall consider second reading of Bill C-26, the Canadian grain legislation.

On Monday we hope to complete second reading of Bill C-25, the defence legislation. This would be followed by Bill C-37, the Judges Act amendment.

On Tuesday we will complete second reading of Bill C-36, the budget implementation bill. Next Wednesday we shall call legisla-

Points of Order

tion not completed previously, to which I have just referred, followed by Bill C-31, the surveyors legislation, Bill C-30, the Mi'kmaq education legislation, and other bills that may be reported from committee.

In order to assist members interested, I wish now to designate Monday, April 20 as a day for consideration of the standing orders as provided in Standing Order 51. That is the debate on amending the standing orders of the House of Commons. I thought I would give an opportunity for all parties to prepare for that debate.

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[Translation]

POINTS OF ORDER

STANDING COMMITTEE ON PROCEDURE AND HOUSE AFFAIRS

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, I know very well that the committees are the masters of their rules, but this freedom in Parliament does not permit committees to circumvent the rules of the House and all precedents, all past forms of parliamentary usage.

This is what I wish to bring to your attention for a ruling from the Chair.

Today I attended the deliberations of the Standing Committee on Procedure and House Affairs, which is examining the cases of members who spoke against the Chair before a ruling was made in the flag matter. The committee chair, without any sort of a motion, and in contravention of Standing Order 116 and Standing Order 1, decided to limit the appearances of witnesses to 20 minutes—5 minutes for a statement by the witness and 15 minutes for questions.

• (1505)

There was no motion before the committee at that time. That is the first thing that happened.

Second, the allotted time, unilaterally decreed by the Chair, picked up later by the government party in a motion, is 15 minutes. Before deciding to set a time for a mandate as exceptional and specific in nature as this, where the statements of persons who have, according to some “offended” or “pressured” the Chair, it seems to me that it would have to be the judgment of a good parliamentarian to establish a sufficiently long period of time for questions and discussion. All parties were accorded a total of 15 minutes for questions, which means that our party will have about 5 minutes to question the witness who will appear.

The only precedent we have from the previous Parliament is the Jacob case, where one of our MPs appeared before the Standing Committee on Procedure and House Affairs to respond to accusations made by another MP. I have checked this out. In the Jacob case, the committee, quite by chance, in its great wisdom and with

the support of the Bloc moreover, agreed that Mr. Jacob, the former member for Charlesbourg, would have five to six hours to answer questions from House members. We felt this would be sufficient to clarify his behaviour.

The committee worked on the case for three months. During that period, it questioned a large number of people regarding the issue, and our former Bloc Quebecois colleague spent five to six hours answering respectfully the questions asked by his fellow parliamentarians.

Today, how could we justify, based on any precedent, limiting the questioning to 15 minutes in the case of the Liberal and Reform Party members who are before the committee to be judged?

Mr. Speaker, I am asking you whether the committee chairman grossly overstepped his mandate by deciding on his own, without any motion, that these members would appear for 20 minutes. I am asking you whether the committee had the right, given what is at stake, to overlook in such cavalier fashion the existing precedent, and to go from an appearance of five hours in the case of a Bloc Quebecois member, to five minutes in the case of a Liberal or Reform Party member. I am asking you whether the committee, in acting like this, respects the spirit of the mandate it was given by us, which is to review the very serious matter of a member whose comments may have offended, threatened or pressured the Chair.

With five minutes for questioning, is our party—which condemned the situation and wants to get to the bottom of the matter—in a position to even begin the work that it was asked to do by the House? I call upon your judgment and your sense of fairness in comparing the treatment of a Bloc Quebecois member, who answered the questions of his peers for five to six hours, and the treatment of the Liberal and Reform Party members, who will spend five minutes answering questions from the Bloc Quebecois.

The issue is not any less serious. On the contrary, these are people who may have threatened the Chair. Had we accepted the decision made, which unquestionably defies any logic, it would have meant that, in the future, anyone in this House—including me—could have threatened the Chair and made statements such as “If the Speaker does not rule this way, the Bloc Quebecois will do this or that”.

• (1510)

The result of all this is that one would have five, six or perhaps ten minutes to answer questions from the other parties and yet be able to evade questions or to stall for time, knowing that the ordeal will be over after ten minutes.

This is not right. For the sake of justice and considering the mandate given by the House to the committee, for the sake of parliamentary intelligence and given the only existing precedent in the recent past, I am asking you, Mr. Speaker, to make a ruling, to review the issue and tell us whether Bloc Quebecois members are

Points of Order

being unreasonable by demanding that these members spend more than five minutes before the committee.

Considering that the former member for Charlesbourg, Mr. Jacob, spent five or six hours, is it too much to ask that 30, 35 or even 60 minutes be provided for questioning the members involved in this matter?

Again, I call upon your good judgment. I am asking you, Mr. Speaker, to look at the issue with all the wisdom that parliamentary law gives you under such circumstances.

[*English*]

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am the chair of the Standing Committee on Procedure and House Affairs. I think it might be useful if I described the process the committee is undertaking because the inquiry is still ongoing.

We received the reference by motion from the House of Commons. As soon as possible thereafter we convened a meeting where we heard and were able to question an expert on general matters concerning privilege and contempt in the House of Commons. Based on that meeting our steering committee met and decided that first of all we should invite in our colleagues who were cited in the article which was part of the reference to us from the House of Commons.

We decided at that meeting that they would be invited to a meeting today, that they would be asked to make a statement of up to five minutes and that would be followed by a question and answer period.

At the meeting today there was a discussion on the nature of the questioning. It has been agreed the members would appear one at a time. There was a general agreement in the committee that for the first round we would confine the questioning and the statement to a total of about 20 minutes. It was made clear at the beginning and the end of each witness presentation that he might be invited back either later in today's meeting or at future meetings of the committee.

The intent of this approximate time period the committee provided and for which there was a formal agreement which the record will show was not to cut off questioning. The intent was to show fairness and equality to each of our colleagues who would be appearing before us.

It was made clear that this was not some sort of gag, gag order that is. The purpose of it was so that each member as the hearings unfolded would be faced at first with the same period of time for questioning.

On the matter of the motion and the unilateralness of the decisions as chair, I believe I was following the clearly expressed wishes of the committee. The 20 minutes was not a time limit in the sense of questions. Questions can be put at later hearings, no doubt. It was intended to show fairness to the members concerned.

This plan was developed properly through the steering committee at which all members were represented. As in other meetings, as chair I have two purposes. The first is to show fairness to our colleagues. I think that is very important. The second is to deal with the reference that the House of Commons has given to us and keep to that discussion.

Mr. Speaker will find that the record will show all parties had equal time. All members where they asked to speak had equal time within the limits set by the committee. I stress the guiding principle of our meeting was fairness to our witnesses.

• (1515)

As I have mentioned, this is not a question of pressure on any party or individual on the committee. The next meeting of the committee is next Tuesday when we will continue these hearings. Thereafter, once we have considered the evidence we have received, we may well call members back or proceed in some other fashion.

This is an ongoing set of hearings. There was absolutely no intent to limit questioning of one party compared with the questioning by another.

The Speaker: I do not want to get into a debate on this because I think that what we are trying to deal with here in the House is a matter that should be dealt with in the committee. It is up to the committee to decide if its president was within parliamentary practices. In any case, it has been the longstanding practice of the House not to intervene until we have a report from the committee.

I would prefer that this matter be dealt with in committee. From what I am getting from the interventions so far there may have been an idea that there was to be a limit of time. I am just repeating what I seem to have heard here. If that is the case, perhaps it can be worked out.

I do not want to get into a debate but I am prepared to listen to a few more interventions providing that we give pertinent information on this specific point of order.

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, I agree with your analysis that committees have consistently been the masters of their own destiny and I think that is the way this place has always run.

There are a couple of things you may want to know about what happened today in committee. Eventually the members of the Bloc Quebecois stormed out of the meeting and things ran much smoother after that. But before that you should know that there was an agreement among the parties, an informal agreement as has been mentioned. I thought it was all agreed to. As usually happens in a committee where members take turns going from the government side back and forth and so on, I stood up on my first intervention and said we may want to have these witnesses back if we are not satisfied with the conclusions we reached today and so on.

Points of Order

The Bloc Québécois House leader came in about three-quarters of the way through the meeting, not having taken part in the earlier discussions whatsoever. He decided he did not like the rules of the game and decided he wanted to change them.

The committee then moved to formalize and sustain the ruling of the chair. There was a motion, do we sustain the ruling of the chair. That motion passed easily, of course. The Bloc stormed out and so on.

Perhaps it was a Freudian slip earlier that this was not a gag order on the Bloc, this whole thing is a gag.

[*Translation*]

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, I am an associate member of the committee that is considering the matter. I was also on the committee looking into the Jean-Marc Jacob question. I can tell you the committee works in black and white.

I do not want to repeat the remarks of the House leader of the Bloc Québécois. I think he put his case very responsibly and fairly. I would like to add, however, that you have made a prima facie ruling. The matter appeared serious enough to warrant being referred to committee, so the members of the committee could consider it seriously.

We have heard from an expert, Joseph Maingot. He stated before the committee that the matter raised by the referral to committee was very important and that the context needed to be analyzed.

• (1520)

You are a reasonable man, Mr. Speaker, a man of parliamentary experience. You will understand that we parliamentarians cannot do responsible and consistent work if we are cut off by the chair, if he fails to recognize us or if he intervenes in the question we have asked.

If points of order are continually raised on all sorts of things, because the members of the Bloc Québécois raise a matter that does not suit the Liberal or Reform Party witness, you will understand that we cannot do our parliamentary duty.

Furthermore, as you will understand, when someone comes to testify before the committee, we cannot limit ourselves to 20 minutes to question the witness and we cannot say "It does not matter, they will be back".

If we are going to get to the bottom of things and show the member contradicted his own words, because Mr. Maingot the government expert said to consider the context the statement was made in, we cannot limit ourselves to a single newspaper article

from March 8. All that has to be checked, which cannot be done in 20 minutes.

Mr. André Harvey (Chicoutimi, PC): Mr. Speaker, when this crisis was raised in the House, we felt as a party that it must not be treated lightly. After several days of watching what you have had to go through, we felt it was important that a motion be proposed in the House to refer a case as serious as this to the committee on procedure.

I know that, generally, the chair of the committee is a reasonable man. The important point to be raised is that they want to restrict us to very specific statements. I believe we must take advantage of this debate to try to broaden the scope and to draw conclusions from these actions. The Reform Party and the government party both tend to want to treat this reference to the committee as something superficial.

I believe we must take advantage of this opportunity to draw constructive conclusions for the benefit of our country's future. Certain behaviour must be stopped. We know that there have been provocations for the past 25 years throughout the country, and this has contributed to a growing discontent that threatens to break this country apart.

Conclusions must be drawn from these events. I therefore wanted to speak this morning in order to ask some of the witnesses whether they considered attitudes like theirs—flags in the House—and statements like those they made to be of such a nature as to bring Canadians closer together. Unfortunately, the Chair rose, interrupting me, and stated that this was not part of the reference.

If something positive is to come out of these events, all of our colleagues responsible for these actions and words should realize what they have done. This is serious, as we have been saying for the past 25 years.

[*English*]

The Speaker: I have heard the interventions of four or five members on this point of order. My view is that when we set up a committee of this House, it is set up by the House to carry out the orders of the House. My predecessors have ruled time and time again that unless there is a report before the House, the Chair does not intervene.

If this is a misunderstanding of some kind, it should be worked out in the committee with the committee members. I hope it can be worked out.

I will leave this point of order where it is. I suggest that whatever points of order are brought up here in terms of extra time or whatever is needed can be brought up in the committee. They should be dealt with there. I will leave this right here, right now.

GOVERNMENT ORDERS

• (1525)

[English]

INCOME TAX AMENDMENTS ACT, 1997

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

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am pleased to continue addressing very serious matters relating to Bill C-28, particularly the implications that this bill has for the future of our health care system in Canada.

It is very important for all of us in this House to send a clear message to Canadians that we are working and using all our energies and all our resources to preserve medicare.

As I indicated earlier, this bill, with its pretence of reinvesting new money into health care, does a great disservice to Canadians and to our beloved national program, medicare.

This bill creates a pretence of allocating new money to medicare while in fact it does nothing but maintain the present floor of cash transfer payments for health care. It was \$12.5 billion before this bill and it is \$12.5 billion now.

This creates very serious ramifications for health care. It means that this government has not shown any commitment to start to reinvest in health care now that it has a surplus, to deal responsibly with the health care crisis we are facing in every single part of this country and to show true co-operative spirit in dealing with the provinces around this very serious issue.

This is not only a question about the false pretence of reinvesting in health care. This debate is also about the fact that actual dollars for health care on a per capita basis continue to drop.

It is a situation very much parallel to the dilemma, to the problems, to the situation caused by the former Conservative government.

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It is meaningless to suggest that we have a floor, a bottom that will always be there and will not fall below that floor, if our population grows, if the needs of our population grow and if the economy grows. If all those factors are taken into account, in reality cash transfer payments to the provinces will continue to fall on a per capita basis.

That puts more and more pressure on our health care system, more of a squeeze on the provinces and more difficulties for all of us to work together toward ensuring medicare is preserved and we are able to enforce the principles of the Canada Health Act.

This bill is in effect a misrepresentation of the facts. It neither puts new money into health care nor ensures that we will continue to allow health care dollars to meet the needs of the population as they grow, as they become more intense and more serious.

What does that mean? It opens the door even further to privatization and Americanization of our system. We often hear from the Liberal government that it is totally opposed to a two tier system of health care.

The bad news is we are already there in many ways because of the underfunding by the federal government, because of the lack of national leadership, because this government refuses to work co-operatively with the provincial governments to meaningfully reform our health care system from the current institutional, illness based models to a community based, preventive, holistic wellness model of health care.

Let me cite the serious situation we are already in and why we are so concerned about the Reform Party policies to actually move even further more quickly to a parallel system of health care?

The facts are as follows. The ratio of public-private health costs in Canada has changed significantly over the past 20 years with public expenditures shrinking and private spending increasing both through group or individual health insurance plans and direct out of pocket payments.

• (1530)

In 1975 the spending ratio was 76.4% public and 23.6% private. By 1986 it was 73.3% public and 26.7% private. By 1995 it was 68% public and 32% private. By the year 2000 the ratio is projected to be 60% public and 40% private.

Let me raise another important fact. The cumulative loss to the provinces of federal revenue for health care between 1985-86 and 1995-96 was \$30 billion. Imagine what it would be if we rolled into that the dollars taken out of the health care system by this federal government since 1995. The federal share of total health care spending has actually shrunk from 30.8% in 1985 to over 25% today.

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Contrary to the claims of many, especially those critics of medicare, that Canada's health care system is among the most expensive in the world, it should be noted, and this fact is often distorted and misrepresented, that Canada actually ranked 16th among 24 OECD countries in 1994 in terms of public financing as a percentage of overall health expenditures. However, we know the situation has actually deteriorated since that time. Canada has fallen further and further behind other countries in terms of leadership.

The great pride we once held because we had such a model to offer the world has been dashed. Our hopes for holding on to medicare and showing it to be a shining light for all the world has been dashed because of the failure of federal leadership.

I suggest to all those present that the solution is not an agenda of negligence as we see from the federal Liberals. It is not an agenda of privatization and Americanization as we have seen from the Reform Party. What is required is a commitment to medicare, a commitment to the five principles of the Canada Health Act and a determination to begin to reinvest dollars taken out of the health care system into a single payer, universally accessible, publicly administered health care system.

Canadians have indicated loudly and clearly that if there was going to be a surplus, which did happen, that the first priority for them was to have money reinvested in health care and money reinvested in the cash transfer payments to the provinces. As I have said in previous debates, that shows an amazing understanding and sophistication among Canadians about how this complicated system around health care works.

Our job in this place is to respond to that belief, to that set of values and to show leadership. This bill does not do that.

An amendment was proposed that would have at least made it possible to have a better system to monitor funding for health care, to involve Canadians and to involve members of Parliament in monitoring the system and in providing a medicare watchdog, a medicare alert system for this country. That amendment was defeated. It was with great regret that we were not able to at least accomplish that tiny step forward through this Chamber.

The Liberals spoke loudly and clearly to their own government. They clearly stated in resolution after resolution that the present system of health care is underfunded. They begged the government to make increased funding for a modern and sustainable health care system its highest priority. They presented a resolution that was identical to our amendment to Bill C-28 in demanding that the federal government develop a process to continuously measure and ensure the quality of health care in Canada.

The Liberals sent this message to the government. Canadians have said with one voice that this is their priority. All provincial

governments have said that the first matter of business for this government should be to begin restoring transfer payments so that it can ensure quality, publicly administered, universal programs in areas of vital importance to Canadians.

• (1535)

Canadians have been let down. The spirit of co-operation has been hurt deeply by this government's actions. It has not been enhanced nor helped by the proposals of the Reform Party. I would urge all members to rethink their positions and to support our efforts to convince the federal government that reinvestment makes sense. It is feasible. It is the only way we can guarantee medicare continues as a model for all the world to see.

This is a question about moving to a more cost effective health care system. We know it is through leadership and co-operation both federally and provincially that we can actually start to shift our expensive institutional based health care system to one that is community based, that provides home care, that addresses continuing care needs and that ensures a balanced drug pricing policy. All of that will lead to a much more cost effective policy in the long term.

I conclude by saying this is a question about our values. It is about the faith we have in human life and about ensuring that the best health care is available for everyone. That is a matter of being a member of a civil society.

[*Translation*]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, I would like to congratulate the hon. member for Winnipeg North Centre on expressing her concerns in the area of health.

She is from Manitoba, and I realize her comments must be based on the cuts that had to be made in her province as a result of the federal government cutting transfer payments. I know it had a major impact in her region.

Before putting my question to her, I would like to remind the House that, in Quebec, cuts in transfer payments for health forced the Quebec government to cut back radically, to rationalize and move toward ambulatory care, which caused major problems to regional health boards and health institutions.

People do not always understand why that is. In Quebec, it is obvious to people that managing hospitals and CLSCs is the responsibility of the provincial government, and that of health minister Rochon in particular. People tend to criticize him. But Minister Rochon is really doing his best with what is left after transfer payments to the provinces have been cut.

I would like to ask the hon. member, who looked into this, to be more specific about the situation in her province, Manitoba. All the provinces are affected. Yesterday, I saw reports on RDI concerning the Atlantic provinces. Clearly, federal cuts have had an

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adverse effect on the management of health institutions in every province in Canada.

But I would like her to focus on the impact in her province, on what she has noticed, and to give us some figures if she can. I realize she is not a member of the Manitoba government but I am convinced she could give us a good idea so that the Quebeckers who are listening can see that the true reason for the provincial cuts is the cuts imposed by this insensitive federal government.

Ms. Judy Wasylycia-Leis: Mr. Speaker, I want to thank the member from the Bloc Québécois for his question. This is a very important question and I will answer it in English because of the complexity of the issue.

[*English*]

The member is right in addressing this whole question of provincial government responsibility vis-à-vis the federal government in this area. The problem we have seen over the last while is that the federal government has been able to get away with blaming the provinces for all of the crises and all of the problems we face in our health care system. The federal government has been abdicating responsibility for the developments at that level.

It is the federal government that has taken such a big bite out of the funding for health care. It has put every provincial government in a very difficult position. In most cases provincial governments are working very hard to try to make up for the sudden loss of federal dollars. They are shifting their health care systems almost overnight to make up for the dollars lost and to prevent a huge burden on their health care systems.

• (1540)

Some provincial governments, and I think specifically of Manitoba, seem to be interested in playing the same game as the federal government. One example is that the Manitoba Conservative government in its last budget promised to put \$100 million into health care. It turned out that this again was smoke and mirrors. In actual fact it was \$1.4 million, in real dollars.

Many times there is almost a collusion between the federal government and some provincial governments for offloading, for privatizing, for getting out of the field of health care and letting the markets dictate how consumers will be covered under health care. This is something which would happen if the Reform Party policies were actually implemented.

The main concern we have is that the federal government has been able to throw up its hands and say "it is not our problem", when it has cut so much money out of the system. Our job today through this bill and through every measure at our fingertips is to ensure that the federal government is held responsible for the

actions it has taken, and to require a return to federal leadership, a reinvestment of funds and a true co-operative spirit in dealing with the health care crisis in the country.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, I cannot let the hon. member go without making some comments.

She is an NDP member. She lambasted the Reform Party throughout her speech. There is nobody in this House, not a person who does not want to save our publicly funded health care system, even the NDP.

I want to draw attention to her close colleagues with whom she works, the British Columbia New Democratic Party. The B.C. NDP has engaged in what I would call the economic and social program destruction syndrome. The B.C. NDP has foisted it upon British Columbia.

In that province, they who profess, like the hon. member does, to uphold the Canada Health Act, willfully acknowledge, aid and abet certain people, if they have the money, to queue jump within the publicly funded health care system. They allow Workers' Compensation Board patients to queue jump within the publicly funded health care system. If someone gets sick on WCB, more money is paid and the person goes to the head of the line. If the person is not, too bad, they go to the end.

The NDP government, her colleagues, has given British Columbia the worst economic performance in the last two years in this country. This is a direct result of NDP economics, voodoo economics, destructive economics.

Where does the hon. member propose to get the money to pay for the health care needs which she described we have to come up with? Contrary to her NDP doctrine, money does not grow on trees. Where is the money going to come from? Who will pay for it? Do we have to raise taxes? Money does not grow on trees. Where will the member find the money to pay for the health care needs we want, given that we have the situation of a balanced budget and no extra resources?

Ms. Judy Wasylycia-Leis: Mr. Speaker, some of the comments by the hon. member do not warrant a response but I will certainly attempt to answer the broad question he is posing today. In effect it is a question that should be turned back to that member and all members of the Reform Party. That party wants to talk out of both sides of its mouth.

Members will recall that the Reform Party, notwithstanding the remarks of the member for Esquimalt—Juan de Fuca and the member for Winnipeg North, has called for a reinvestment in health care to the tune of \$4 billion. That is fairly consistent with the kind of recommendation we have been making in this party.

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We know that about \$4 billion has been cut out of the system for health care since 1995. We have suggested that the government begin to reinstate that money. We have not said that it be done overnight. We know we have a surplus situation. It is possible, if health care is a number one priority, for the government to actually put money back into health care, into the cash transfer payment system.

• (1545)

The Reform Party made that a major recommendation in the last election and in response to the budget. It is clearly on record. The difficulty for us is that on the one hand it talks about putting \$4 billion back into health transfer payments but then it wants to take \$4 billion out of equalization, so they will cancel each other out.

More problematic for us is trying to rationalize the commitment of the Reform Party with the more recent statements of the member who has just spoken to actually set up a parallel, private, two tier Americanized system in this country. We totally reject that approach. We believe we have the wealth and a commitment from the people of this country. We have a history and a tradition that allows us to make health care our number one priority and we will actually be able to reinvest money in health care because of the balanced budget.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, it is indeed a pleasure today to speak to Bill C-28, an act to amend the Income Tax Act, the Customs Act, the CPP, the Federal-Provincial Fiscal Arrangements Act—the works. It is quite a comprehensive bill, as other members have mentioned.

This bill nibbles around the edges. There was a great opportunity within this bill to provide Canadians with the economic ability to be as good as they can be, to save our social programs and to ensure that the Canadian economy, the health and welfare and the standard of living of Canadians could be much better than they are today.

Our high unemployment rate has been referred to many times in this House. It is the highest unemployment rate among the G-7 nations. There is no reason for this. If we look south of the border, the United States has a 4.8% unemployment rate. We have the situation where large numbers of our skilled people—economists, nurses, physicians and artists—have left Canada and gone to the United States.

From Wall Street to Los Angeles, from Hollywood to Atlanta, Canadians have gone to the United States and have dramatically improved the health, welfare and economy of Americans.

We need to keep our trained and skilled people in Canada. As my colleagues in the Reform Party have mentioned, there are ways of doing this. We do not need to reinvent the wheel. We just need to

look at other countries such as the United States which has managed to drop its tax rate, which has resulted in an extraordinarily low unemployment rate and an economy that is booming.

Let us look at the measures that have been employed in the United Kingdom and New Zealand to ensure that people have the best opportunities. I will get into these opportunities in a little more specific way in a moment.

I first want to deal with one specific area. The member from the NDP, who spoke at length, castigated us for our views on health care. We have a situation in this country that is causing a lot of pain and suffering. The health care issue is being bantered around like a football between politicians for political gain, and all the while sick patients, who cannot defend themselves, are being sacrificed on the altar of political expediency.

We need a sensible debate on the issue of health care. Making utterly false statements, such as somebody wanting an American style health care system, is absolute nonsense. These kinds of comments polarize and poison the debate so the Canadian people do not have an opportunity to hear the intelligent arguments of both sides.

The situation is that we have limited resources, an aging population and more expensive technologies. Because of this governments have been forced to ration. What is happening right now is that the poor are being compromised. The rich always have a choice. They can go down to the United States, where they spend over \$1 billion a year to obtain their health care needs. One of my colleagues in this party did that and it saved his life, contrary to what the NDP member said. It is a tragedy that any Canadian has to go south of the border to get the essential health care services they require to save their life. We cannot keep sticking our heads in the sand.

• (1550)

How do we solve this problem of limited resources and an increasing demand? Do we continue to uphold the myth that we are upholding a Canada Health Act which was a good act when it was devised in the 1960s, or do we face the facts and realize that the Canada Health Act is being violated in virtually every one of its five tenets?

I gave the example in British Columbia that if a person is injured and comes under the workers' compensation board the Government of British Columbia will ensure that person gets to the top of the line over somebody who does not come under the WCB. That is absolutely unfair. On the other hand, that government says it believes in a Canada Health Act and a system that is equal and single tiered.

Is it accessible health care for an elderly person who is in severe pain to wait 16 months to get a new hip? Is it accessible health care

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for somebody who needs coronary artery bypass grafting to wait six months? Is it fair for someone who needs a 20 minute operation on their wrist to wait nine months for that operation? Whichever way you slice it that is not accessible health care.

There are numerous examples in health care in this country today which demonstrate that we have a multi-tiered health care system. No one in this House, and particularly the Reform Party, wants a health care system that is like an American style health care system where under certain circumstances people need to sell their house. The purpose of having a separate, privately funded, tiered system where only private moneys are exchanged and not a dime of public money is used is to ensure that some people in the public system who choose to will get some of their services in a private setting which is separate and completely different from the public system. That is unlike what happened in the United Kingdom and unlike what happens in the United States.

In that system some people who are rich will get their services from the private sector. Then there will be more money on a per capita basis for the public sector. Therefore the people who do not have the wherewithal would have better access and better health care than what they have today. The only purpose in proposing this is to ensure that people who are on our publicly funded system will have better access. Is it unequal? Yes, it is.

I would argue two things. We have an unequal system now, but is it not better to have an unequal system that provides better access for all Canadians than the declining system that we have today which compromises the poor and not the rich? If a separate, completely independent and privately funded health care system is available, the rich will subsidize the poor. In this way resources can go toward the health care system without raising taxes.

Ms. Val Meredith: Right now we are subsidizing the Americans.

Mr. Keith Martin: Exactly. Right now we are subsidizing the Americans by spending over \$1 billion down south. Why do we not have private services in private settings and get American patients to come to Canada? They would only have to pay two-thirds of the price for their treatment. They would create employment for health care professionals across the board, from our techs to our nurses, physicians, cleaning personnel, accountants and all the people who are involved in the health care system. This is not only doable, it is pragmatic. Above all, it would save our publicly funded health care system.

Our system is very distinct and different from the system in the United States. We unequivocally state that we do not want and would fight against that system to ensure Canadians get health care services when they are medically needed and to ensure those services are not dependent on the amount of money in their pockets.

• (1555)

We have to get away from the silly, senseless, absurd, poisonous, vile rhetoric that the NDP has been putting forward and have a sensible, constructive debate for the Canadians out there who are on waiting lists and suffering. We have to ensure that all Canadians, particularly those who cannot afford it, get health care when they medically need it. We must not leave them waiting, and in some cases dying, as is happening now in emergency rooms across the country.

In the Prince George Regional Hospital, where I work from time to time, it takes 14 months to get an orthopaedic consultation. It takes another six months to a year to get the service. It is not because the surgeons do not want to work, it is because the hospital does not have enough money to open up more hospital beds and more operating rooms, so surgeons cannot operate.

Imagine being a physician whose patients come in saying "I have torn the ligaments in my knee. I need a new hip. I cannot use my hand", and having to reply "I am sorry. As we speak my waiting list just increased from 12 to 14 months because the hospital cannot open up the operating rooms, cannot open up beds and does not have the nurses to take care of you".

It is a big myth that Canada has the best health care system in the world. It is bunk. But we could have the best health care system in the world. We need to have a sensible debate. We need to put all of the minds in this room together. We need to get the best ideas from the public. We need to look at what has been done well around the world. We need to reject what has been done poorly and make the best system in the world.

We should not take what the Americans have done. We should not emulate the system in the United Kingdom. We should not emulate the system in European countries. What we should do is take the best from all of those countries and make the best health care system to ensure that those people who need it will get it. I will end on that particular point.

With respect to the economy there are numerous things the government could do for labour market renewal. The right to work legislation that has been employed in certain countries has increased the amount of money in people's pockets by over \$2,000. It has dramatically increased the amount of companies fleeing to areas that have right to work legislation. The government could work with its provincial counterparts to ensure this happens.

The government could also remove the egregious surtaxes that crush the living daylight out of our private sector.

The government could take the opportunity to streamline the GST.

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The government could take the opportunity to work with the provinces to build national standards in education so that a child who moves from Newfoundland to British Columbia or from Ontario to Prince Edward Island will be able to integrate into that system and get the best education possible.

The government could work with industry and the provinces to ensure that the educational system knows what the needs of the private sector will be in the future. There is an enormous gap in certain areas that could provide high paying, interesting jobs for Canadians, but they are not filled because the education system has not been able to provide the skilled people necessary for those jobs.

My colleague from Medicine Hat and others have repeatedly mentioned the need for lower taxes.

During the era of Brian Mulroney one thing that was done well was that his government briefly lowered taxes. What happened? The economy was stimulated and government revenues increased. What did it do? It started to tax wildly. Government revenues went down and the economy had a clamp put on it.

The United States, the United Kingdom, New Zealand and certain European countries have lowered their tax rates and removed surtaxes. They have ensured that people have more money in their pockets by streamlining their tax systems. They have removed the egregious rules and regulations that put a clamp on the private sector. Those were removed, their economy improved, the social and economic situation of their people improved and their governments had more money to pay for social programs.

• (1600)

There are references to making amendments to the old age security system and the CPP in the bill. Instead of taking the Reform suggestion of ensuring people have a super RRSP and enjoy a greater rate of return, the government has stayed with the status quo and tried to buttress a system which economists who originally devised it said would fail. This system is like a pyramid scheme and will be an abysmal failure.

The CPP system today ensures that Canadians have about the lowest rate of return they can have. It does not ensure that young people will have that pension when they retire.

That is not a legacy any government wants to have. That is not a legacy we can be proud of. Why do we continually try to uphold sacred cows that compromise the very health and welfare of Canadians? Why do we not take these sacred cows, these social programs which in their very essence are good for Canada, and ensure that they are sustainable, that Canadians get the best rate of return, and that Canadians have the best social programs available to them within the context, confines and economic restrictions in our country?

The NDP put forth a budgetary plan during the last election campaign that ensured a \$40 billion deficit. Money does not grow on trees. We have to face facts. We have to do what we can do within the context of our economic situation today. Instead of nibbling around the edges, the government could have taken constructive suggestions from around the world on taxes, rules and regulations, educational systems and social program renewal and truly built a better future for Canadians.

Except for trying to ensure that the government will look good in the eyes of Canadians, I do not understand why it continually tries to support sacred cows which compromise Canadians instead of help them. There are solutions out there. We must have the courage to have a sensible, intelligent, constructive debate in the House.

We have spoken at length about other things. Today my colleague raised the issue of the Delgamuukw case in British Columbia, the aboriginal treaty situation. If there is one social group in the country that suffers more than any other, it is the aboriginal community. Again, governments have again used it as a sacred cow: it is okay to keep paying billions of dollars into the system, closing our eyes and saying that we have done our duty while aboriginal people in the trenches are suffering from the highest rates of abuse, violence and social degradation suffered by any group.

It is an abrogation of the responsibility of any government to merely pay money without accountability. Under certain circumstances and in some areas those moneys are not going where they should be going. The best we can do for aboriginal people in Canada is to work with them to ensure their culture and their language will become viable and integrated parts of Canada. They should have the power and ability to stand on their own two feet and provide for themselves, their families and their children. We must ensure they have the ability to teach us about their fascinating culture and legacy that are as integral parts of the country as we can imagine.

Instead an institutionalized welfare state has been created which has ripped the heart and soul out of aboriginal communities. Some have managed to dig themselves out. They have become self-financing, self-sustaining and self-respecting.

• (1605)

One of the saddest legacies that we have given is that we have abrogated our responsibility in the House by ensuring that the institutionalized welfare state we have foisted upon aboriginal people continues. We have to work with them to ensure that they have the tools to stand on their own two feet, provide for themselves and ensure that their language and culture continue.

In closing, Bill C-28 had a lot of opportunity but sadly it was opportunity lost. The government failed to seize the day and it failed to do what it could have done to truly make the country as good as it could be.

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Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, the Reform Party likes to talk about tax relief for ordinary Canadians. However, when we take a careful look at their proposals we see that the Reform Party actually wants to give much bigger tax breaks to the very wealthy than to the average taxpayer.

For example, its election campaign proposal to have the taxes owing on capital gains would give the stockbrokers working out of Bay Street and earning \$250,000 a tax break of over \$85,000.

Does the member agree with his party's platform that it is a priority to give someone earning \$250,000 a tax refund of \$85,000? Is he not afraid that as his party tries to win seats in Toronto it will be catering to Bay Street rather than paying attention to the grassroots in its own communities?

Mr. Keith Martin: Mr. Speaker, contrary to the New Democratic Party, we listen to our grassroots. We are not the party that has a top down structure.

I do not know where the hon. member is getting his figures from, but I would generously call them a flight of fancy. We as a party have repeatedly put forth constructive, economic solutions to get a balanced budget and to produce a surplus.

The reasons are simple. If we spend more than what we take in, like the NDP party said during the last election, we create an increased debt and increased interest payments and chew away at the ability to pay for social programs.

The New Democratic Party must understand this important rule. If we are fiscally irresponsible we are also financially irresponsible. We in the Reform Party live within our means. We created a plan that I am happy the government and the finance minister have adopted to produce a balanced budget. In so doing, we manage to ensure that there is even more money within the pie that can be spent on programs such as health and education.

I hope the New Democratic Party member will come over, see the light and try to help us ensure the government continues to have a balanced budget and a surplus budget. We could work together to ensure that there is enough money to provide health, education, pensions and other social programs to those Canadians who are most dependent on them and to ensure they will not be suffering.

[*Translation*]

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, I listened to my colleague, who is a health professional. I was truly surprised to hear a health professional speak that way because, if there is one area in which all people should be equal, it is surely health. We cannot have two systems, one for the rich and one for the poor.

I remember a time when some people could not even go for treatment because it cost too much. The rich could go, but others did not and stayed home.

• (1610)

In Quebec, Mr. Rochon has, as it were, been forced to restructure the entire health system. Some people find this hard, and it is, but it had to be done. Even the former minister, Marc-Yvan Côté, congratulated Mr. Rochon on his courage.

I say that it is wonderful to invest in health. Cuts have to be made somewhere, as the money obviously does not come out of thin air. If anything has to be cut, let it be the Senate, the limousines, duplication, but there should not be cuts in transfers to the provinces. This has caused terrible harm.

Very often, people wonder why Mr. Rochon took a particular course of action. He did so because the federal government cut billions of dollars, leaving very little with which to manage.

I am going to ask my colleague a question. Can he tell us, in concrete terms, how the two systems he is proposing, a private one and a public one, could work?

Mr. Keith Martin: Mr. Speaker, many Quebeckers go to Ontario for medical treatment.

[*English*]

The reason for this is that the health care system in Quebec is falling apart in a dramatic, tragic and sad fashion. I feel very sorry for the people of Quebec and their health care system. No one in that system from the health care professionals to the people and I am sure the politicians want that.

The big myth that politicians and intellectuals like to push for political gain is that we have a single tier health care system. That is an utter and complete myth. I would like to use the / word but I will not.

Premier Bourassa of Quebec went to the United States to get health care for a malignant melanoma, a terribly malignant cancer. What a tragedy. If the health care system is so great why did Mr. Bourassa leave the province of Quebec to get his health care in the United States? At least he had an option. Most people in Chicoutimi and la ville de Quebec do not have this option. Neither do people in the rest of the country. They cannot afford it.

There is no single tier; there are multiple tiers in this country. There is an obstruction to getting essential health care services when they are needed because the government has to ration those services for the poor who do not have enough money to pay for them.

This is how it would work. If we had a separate private system where only private services are received, where only private moneys are put in, where there is no overlap or mixing of the private or the public system, we would be able to get more resources into health care without raising taxes. By relieving pressure on the public system and having some people going to this

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private system for some of their services because those people would access both, we would ensure that there is more money on a per capita basis for the public system. Therefore people would get their health care services when they need them, particularly those who are impoverished and those who cannot go to the United States for health care. That is the beauty of it.

It is not an abolishment of the Canada Health Act. It is a new made in Canada health act that will ensure all Canadians get health care services when they medically need them. That is the bottom line in health care.

• (1615)

Ms. Bev Desjarlais (Churchill, NDP): Mr. Speaker, I do not know if I can make this brief. I am really disappointed. I had probably given the member for Esquimalt—Juan de Fuca far more credit than he deserves.

As someone from the medical profession, I felt he would know in his heart and soul that nobody in Canada except the Reform Party wants to see a two tier system unless they can afford to get that other system. The bottom line is when you put public dollars into a system, the money is spread and goes a lot further. When you start to divide it a certain amount still goes to the private sector because it will claim it is unfair that it is not getting those public dollars, the same thing that happens with independent schools.

I am very disappointed that he would even suggest that. I will continue at some other point.

Mr. Keith Martin: Mr. Speaker, the bottom line is to ensure Canadians get their health care when they need it. I am a physician. I did not take any pleasure in telling elderly people who are in severe pain that they will have to wait 16 months before they can get a new hip.

The day that member or any other member chooses to go into a hospital and see what is going on for real is the day they will see we have a multi-tier system. We have a system where Canadians are not getting their health care in many cases when they need it. We see people suffering left, right and centre. The member should open up her eyes and understand we have a multi-tier system. The Canada Health Act is violated left, right and centre. It is the poor who are compromised.

We are trying to create a stronger publicly funded health care system so all Canadians can get health care when they need it, and not before.

[*Translation*]

The Deputy Speaker: It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Churchill—search and rescue; the hon. member for Delta—South

Richmond—fisheries; the hon. member for South Shore—northern development; the hon. member for Calgary—Nose Hill—pensions; the hon. member for Winnipeg Centre—public buildings.

Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ): Mr. Speaker, I rise to address Bill C-28, sponsored by the Minister of Finance. Its short title is “Income Tax Amendments Act, 1997”. It was important to have a short title for this bill, because the full title of the French version is 23 lines long.

As for the bill itself, it is a document of 464 pages written in an obscure jargon that only tax experts or accountants can understand. I strongly suspect that, like me, a large number of members of this House did not manage to clearly understand the measures included in this legislation.

I am extremely concerned that legislators like us, most of whom have a good education, cannot understand the documents on which they have to vote. The Canadian Income Tax Act has so many thousands of pages that, by comparison, telephone books look like flyers. Moreover, these thousands of pages are written in a language that is just as obscure as that of Bill C-28.

The principle of tax equality now only exists in theory, because it is impossible for ordinary citizens to understand the act. The individuals and corporations that can afford to hire administrators, lawyers and tax experts are the only ones who can benefit from the multitude of clauses that provide tax breaks.

There is a reason why the Minister of Finance is presenting us with an omnibus bill that includes so many complex tax changes. The minister is quietly trying to make us pass provisions that will benefit the shipping companies he owns. He is even trying to cloud the issue.

My comments will primarily take into account the amendment proposed by the hon. member for Saint-Hyacinthe—Bagot, which reads as follows:

That Bill C-28, Income Tax Amendments Act 1997, be not now read a third time but be referred back to the Standing Committee on Finance for the purpose of reconsidering Clause 241.

In this omnibus bill of 464 pages, clause 241 includes two paragraphs dealing exclusively with shipping.

• (1620)

Clause 241 of Bill C-28 improves the tax treatment of offshore shipping companies held by Canadian companies.

As it happens, the Minister of Finance, who sponsored this bill, is the sole owner of Canada Steamship Lines Incorporated, an international shipping company with subsidiaries in Great Britain, Bermuda, Barbados and Liberia. The finance minister’s company might benefit from tax advantages if this bill were passed at it stands.

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In politics, this kind of coincidence constitutes an apparent conflict of interest, which violates the government's code of conduct. That is why we demand an explanation and a serious investigation of this matter.

In fact, the code clearly states that, on appointment to office, and thereafter, public office holders must arrange their private affairs in a manner that will prevent real, potential or apparent conflicts of interest from arising. The code has obviously not been adhered to, and we believe the Minister of Finance is at fault.

The government's own ethics counsellor, Howard Wilson, who works for the Prime Minister, finds this matter fishy. In his testimony before the finance committee on February 1998, he stated, and I quote "Mr. Martin sponsored this bill and questions have been raised by some members that this constitutes an apparent conflict of interest. Had I been informed in advance, before this bill was tabled, there would have been a discussion on how best to handle the tabling of the bill under the name of the Minister of Finance, who is responsible for all tax legislation. However, this prior consideration of our options did not take place as it should have".

Mr. Wilson also suggests that the Minister of Finance was unaware of the contents of Bill C-28 before the Bloc Quebecois raised these issues in the House a few 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?

For several weeks, the government has been denying that the Minister of Finance's companies can take advantage of this measure but Department of Finance officials, as well as the government's ethics advisor, have admitted that Canada Steamship Lines could do so in future.

Howard Wilson, the government's ethics advisor, stated that same day, February 5, 1998, on the CBC that:

The company—

that is to say, Canada Steamship Lines

—has clearly indicated to me that it has no intention whatsoever of making use of this clause.

The fact that the company has told the ethics advisor that it has no intention of making use of this clause clearly implies that it could do so if it wished. The fact that it does not intend to do so at present does not mean that it would not have the right or the desire to do so later on.

We had confirmation of this from the Standing Committee on Finance this past February 10, when Len Farber, the Director

General of the Department of Finance's Tax Legislation Division, stated as follows:

[English]

"If the subsidiary or the parent of that company chooses to repatriate the management of that company to Canada and operates that subsidiary out of Canada, yes, these provisions could be available to that company".

[Translation]

In short, if a company like that of the Minister of Finance or its subsidiaries were to reorganize its administration, it could take advantage of the tax benefits in Bill C-28.

Some important questions remain unanswered, and the parties in opposition are unanimous in calling for the creation of a finance subcommittee to investigate this matter thoroughly.

● (1625)

The Bloc Quebecois finance critic, the member for Saint-Hyacinthe—Bagot, with the support of the other opposition parties, moved five motions before the Standing Committee on Finance, so that various witnesses who could shed some light on this issue for us could appear before the committee.

These motions asked that people from Mr. Martin's company, representatives from the blind trust managing Mr. Martin's company, the Minister of Finance himself, and Howard Wilson, the government's ethics counsellor, be called as witnesses. The most important of these motions sought permission to call any other witness that might help the committee get to the bottom of clause 241 of Bill C-28.

Four of the five motions were rejected by the Liberal majority on the committee, and the only witness authorized to appear was Mr. Wilson, the government's ethics counsellor, an employee of the Prime Minister who is paid by Parliament and who reports only to the Prime Minister.

So far, by turning down our requests, the Liberal government has prevented us from doing our work as parliamentarians. The government's stubborn refusal to clarify this issue is doing nothing to lift the cloud of suspicion hanging over the minister, quite the opposite in fact.

In this murky affair, there even seem to have been contradictions between the versions given by the managers and the owner of Canada Steamship Lines, the Minister of Finance. On February 5, 1998, the company's vice-president, Pierre Préfontaine, said on Radio-Canada, and I quote "They [the company's foreign subsidiaries] are managed offshore. They are not subject to Canadian tax law". On February 6, 1998, on page A5 of *Le Devoir*, the Minister of Finance, Paul Martin, said, and I quote "My interests will not

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benefit from this legislation. My interests are Canadian companies. They cannot benefit”.

So the mystery deepens. The vice-president says he is running foreign companies, and the Minister of Finance says he has Canadian companies. So, are the finance minister's companies Canadian or are they foreign? Will they, or will they not, be in a position to benefit from the tax advantages flowing from Bill C-28?

What the public needs to be told about Bill C-28 is that the Liberal government's Minister of Finance is getting ready to pass a bill that he himself sponsored and from which he could very likely, one day anyway, benefit.

I remind you that in their 1993 red book the Liberals promised to restore parliamentary integrity. They wrote, and I quote “There is considerable dissatisfaction with government and a steady erosion of confidence in the people and institutions of the public sector. This erosion of confidence seems to have many causes: some have to do with the behaviour of certain elected politicians, others with an arrogant style of political leadership”.

The Liberal government cannot today allow its Minister of Finance to fail to meet the high standards of integrity required of people holding public office. It is deplorable to think the Minister of Finance is failing to honour the spirit and the letter of the government's code of ethics.

We in the Bloc will continue to demand that the government respect the people and honour its commitment to restore government integrity. This is why the Bloc Québécois is calling for the removal of clause 241 from Bill C-28 until all aspects of this matter have been brought to light.

[English]

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I listened to the hon. member ramble on and on about clause 241. I just want to put some facts on the table.

First, the amendment Bill C-28 puts forward is an amendment and a minor modification of a policy that has been in place since the 1920s. The Bloc asked, essentially when this all started, who asked for this amendment. The response it got and the correct response is IMC Vancouver asked for this amendment.

• (1630)

Who benefits? It treats all foreign shippers alike whether they hold their ships directly or through a wholly owned subsidiary. How much will this amendment cost Canadian taxpayers? The amendment will cost nothing. It applies to foreign companies operating in international traffic. They are not and never have been taxable in Canada. When she talks about the cost to the Canadian treasury, it is nothing.

Despite all the answers, the Bloc persists with these baseless allegations. It is pure politics. I hope the hon. member will at some point decide in her mind that it has gone far enough. It is completely baseless. Bloc members keep shifting the goal post whenever they get an answer.

They talk about what Mr. Wilson said in committee. I was present at that committee. Mr. Wilson said quite clearly that there was no conflict of interest, no appearance of conflict of interest. Len Farber from the department, using her words, said that the minister could actually reorganize his company in order to take advantage of this. If only the hon. member had the capacity to understand what it means to organize and reorganize a company. He would basically have to shut down his entire company and reorganize it all over again. It is highly unlikely and not the intent of anyone.

This kind of approach is one that I am sure hon. members in this House do not agree with, do not endorse, and certainly Canadians will have the final say. I would encourage the hon. member to please, if she would like to debate the bill and the contents of the bill, stay away from the baseless politics that she is encouraging us to engage in today in this House. I would be quite thankful. I am sure her constituents would like to see us get on with the issues at hand.

[Translation]

Mrs. Suzanne Tremblay: Mr. Speaker, I will not comment on all the remarks my colleague made. Nevertheless, we agree with the fact that there is a marine policy, but it is lost in 464 pages.

If the Minister of Finance has absolutely nothing to hide, he has only to let the matter be examined as the opposition parties have unanimously requested. When opposition questions are not answered, there is something to hide.

My colleague opposite says he was at the committee meeting and Mr. Wilson did not say what was claimed. I was not present, but I read the minutes of the meeting. If the minutes do not contain the remarks of Mr. Wilson, someone who is a member of the committee should read the minutes and have them corrected if the secretaries or the clerks have made a mistake.

Not being a committee member, I am obliged to use the tools at hand. The remarks I quoted by Mr. Wilson are in quotes and come directly from the minutes.

Again, if they want to proceed with a real marine policy, they should introduce legislation, and we would willingly consider it. We want it. Canada needs it, but we do not want a grab-bag bill, a hodgepodge that will enable the minister to hide things, when it is out of the question. He should respond to the opposition's request. A subcommittee should be set up and the matter examined.

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The people of Quebec and Canada are entitled to know if the Government of Canada is as honest as it claims to be day in and day out.

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, I have listened to the response by the hon. member for Rimouski—Mitis, and find it very apt. I would like to give her the opportunity to add to it, because I know she is very concerned about a true shipbuilding policy.

There is shipbuilding in my riding of Lévis and this therefore concerns me a great deal as well. I know there are other shipyards, for example at Les Méchins in the Gaspé. The hon. member is right. The government tried to get clause 241 by us in a huge bill that deals with just about everything.

• (1635)

I will always remember how, in 1993, when I was a first-time candidate for the Bloc Québécois, the Liberals running in the Quebec City region—even the Prime Minister's present executive assistant—committed to holding a summit on the future of shipbuilding within a year of the election. Here we are five years later and still it has not materialized.

The Shipbuilders Association of Canada had made some representations, followed by some suggestions. The premiers followed up on this at St. Andrews last fall. Mr. McKenna, the New Brunswick premier at that time, chaired the conference and brought the matter up. At the recent Liberal convention, some young Liberals proposed a resolution on it.

So, everyone is calling for it, but no, they are trying to get a little clause 241 by us, one which the secretary of state says will change nothing and will not mean another penny. Very nice. Bills and clauses of bills that provide no one with anything. Are we going to swallow that story?

Would the hon. member for Rimouski—Mitis be so kind as to tell me whether we, the Bloc Québécois, really want a shipbuilding policy in Canada.

Mrs. Suzanne Tremblay: Mr. Speaker, if the Liberal government were really aware of the situation and well informed, it would know that we urgently need a marine policy in Canada.

Some 70% or 80% of the ships in the world need repairing or rebuilding because they are too old. We need a marine policy to create jobs throughout eastern Canada, in western Canada, in Ontario, and even in Quebec. It is vital.

My colleague was referring to the suggestion by Ms. Verreault, who has a growing shipyard in Les Méchins and who met each of the premiers involved in shipyards to try to convince them of this need. She managed to convince them all. There is only one obstacle in Canada, the president of Canada Steamship Lines. What he is

after is reductions in taxes so he can have his ships built outside Canada, because that arrangement suits him better.

Here again, they put personal interests before those of the nation.

[English]

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, I would like to commend the hon. member for her remarks on the shipbuilding policy because we too in Atlantic Canada feel there is a strong need for a national shipbuilding policy, something that will enable all workers who are out of work in the maritimes to get busy, be productive in the shipbuilding industry and not have to compete with foreign shipbuilders and compete with the United States which has its workers protected by legislation. We feel there is a need for the government to take a lead in the shipbuilding industry and to put people in Atlantic Canada and right across this country back to work.

[Translation]

Mrs. Suzanne Tremblay: Mr. Speaker, I am delighted with the remarks by my colleague from Halifax West.

I am sure that if we had more time for discussions, my colleagues from the west would say the same thing. They need shipyards in the West too. We need a government that will show leadership and put Canadians and Quebeckers to work. For that to happen, we need, among other things, good shipyards with the right objectives.

[English]

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, I really appreciate the privilege today to speak on Bill C-28.

I would like to specifically address the issue of film credits and the way film credits under these amendments are going to be affected, in particular in the area of the cable production fund and other subsidies the government is presently doing to the industry.

• (1640)

The tremendous complexity of the Income Tax Act has been one of the Reform Party's concerns from square one. It is very thick and because of the counterbalancing references within the act, the administrators of the act in Revenue Canada will frequently change their minds after people have filed their returns. This can be a retroactive process. The process is so complex that many ordinary Canadian citizens have to patronize H&R Block or other tax preparers to the tune of between \$50 and \$150 just for the simplest income tax returns.

I mention that at the outset because if we can put people on the moon, we should be able to create a tax system that will not interfere with people's lives and that will not interfere with the way people make money. To this point in the history of Canada, neither the Liberals nor the Conservatives have been able to create that.

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Frequently when people like me are in the process of speech preparation, we go to clippings. We extract small portions from newspaper clippings. Every now and then we run into an article that is so descriptive that it would be better to simply read it into the record. That is what I will do. This article by Tony Atherton was printed in the Ottawa *Citizen* this past week. It is entitled "Tax on federal fund could cramp style of TV producers":

TV producers who rejoiced last month when the federal government renewed a \$100 million a year programming fund now are worried that some of that money might be clawed back through a new tax measure.

A clause buried in the avalanche of housekeeping documents that accompanied the budget this month could leave producers scrambling to make up hundreds of thousands of dollars in program financing on the verge of a new production season.

It will be at least 10 days before the departments of revenue and finance can clarify whether TV shows which receive money from one arm of the government-sponsored Canada Television and Cable Production Fund (CTCPF) are subject to a new measure which would reduce the federal and provincial tax credits, says fund president Gary Toth.

"Speed is of the essence, and both revenue and finance are very sensitive to that," Toth said. The CTCPF will begin accepting funding applications from producers in mid-April, and by then producers will need to know whether the change will affect their program budgets.

[The Liberal MP for Parkdale—High Park] says the potential effect of the new tax clause was identified by the TV industry shortly after the budget papers were tabled. The new initiative reduces tax credits available to taxpayers who receive not only direct government subsidies, but also indirect subsidies. The concern is that the money distributed by the production fund as a way of topping up a broadcaster's licence fee for a TV program could be viewed as an indirect subsidy.

If so, says Toth, producers could see their production tax credits erode by as much as four per cent of overall production budget. That would amount to a shortfall of several hundred thousand dollars on a major prime-time series.

"We want to make sure that was not the intention of that section," says [the member for Parkdale—High Park], a member of the parliamentary heritage committee.

Before I complete reading sections from this article, I will say it is so typical of the way things happen with the Liberals. The heritage minister comes forward with the topping up of the cable production fund while the finance minister and his ministry are doing things that would potentially take money back from that cable production fund. It shows that the right hand does not know what the left hand is doing. More important, for ordinary Canadians, for the people in coffee shops who will have tax bills and complete their returns for April 30, this is yet another example of how unnecessarily complex the tax regulations in Canada are.

• (1645)

Returning to the issue of tax status, the uncertainty about tax status is one of the concerns that has been dogging the \$200 million a year production fund since the heritage minister an-

nounced in February that the government would continue contributing its half of the pot through to the year 2001. The other half of the fund's resources would come from the cable industry and Telefilm Canada. New subjective guidelines for the fund aimed at encouraging more distinctively Canadian programming were introduced this month to the dismay of some producers.

This is where we get to the very substantive difference between the Reform Party and the Liberal Party. The Liberals will do their social engineering through their tax law. For example, they reduced the option of choice for parents as to who will stay home, if anyone will be staying home, to look after children.

The Liberals with their tax policy simply eliminate that choice. They force people to make decisions on the basis of taxes that are having effects on families that are outside the control of families. That is wrong. Taxation policy should not be aimed at social engineering. Clearly that is what the Liberals are doing.

In this case we are looking at what I call cultural engineering, the attempt of the heritage minister to manufacture Canadianism through whatever means she is doing and then running into direct conflict with the taxman, with Revenue Canada. The Liberals have a bad enough history in social engineering. I hate to see what they are doing in the area of cultural engineering.

This is what the changes may mean. The changes mean that only programs to which the industry refers as super Canadian shows, programs with little or no foreign investment, distinctively Canadian themes and creative personnel, can expect to get as much money from the fund as they did last year. Some programs deemed not sufficiently Canadian will not be able to apply for it at all, for instance a drama or children's program based on a game or toy that is ineligible for funding unless the toy or game was created and developed by a Canadian.

That stipulation has Vancouver's innovative computer animation company Mainframe Entertainment in a lather. Its Saturday morning cartoon *Beasties*, developed and produced in Canada but based on a toy developed by U.S. toy manufacturer Hasbro, was set to begin shooting a third \$8 million 13-episode season this spring. New guidelines rendered the series ineligible for funding and about \$2 billion short of its budget.

Producer Linda Schuyler, president of the Canadian Film and Television Producers Association, says that while the changes will hurt some producers this year, especially those in animation, they are reasonable. She says that their cartoon series associated with a brand name U.S. toy is arguably more likely to recoup its cost on international sales and should have less need for the fund. In terms of the general philosophy of the fund, she really stands behind it. If they have to make the fund's modest amount of money go a long way, to take a pro-Canadian stance is absolutely correct, she says.

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This is exactly the kind of cultural micro engineering I am talking about. When we end up in clear conflict with the social and cultural micro engineering of the Canadian heritage minister, we run into direct conflict with what she is doing under the fund in attempting to micro manage the creative side of Canadian companies and artists, our Canadian creative community. She is attempting to micro manage and push them in particular directions only to find that there is a conflict under the provisions contained in Bill C-28.

• (1650)

There is no conflict between two parties. There is no conflict between the opposition and the government. This being Canada, when the government is a majority government and in power it has the right to propose legislation. With all the closure and stifling of debate in this place, it not only has the right to propose but it takes upon itself the right to dispose of legislation.

Here we have a government that has total control over its own affairs. Yet, how ridiculous, how ludicrous it is that we end up with the heritage minister and her proposal for her Canadian television production fund in direct conflict with the finance minister and his provisions. It is nonsensical.

One thing I have learned in the time I have been in Ottawa is that usually if I have a simple answer it is because I did not understand the question. In other words, often we do not realize the complexity of issues until we first get into them. Surely the heritage minister and the heritage ministry with its thousands of employees must have been able to understand or be aware of what was happening in the finance department.

What is really scandalous is that Canadian production companies are now put at the disadvantage at the very start of their production period of not knowing what their bottom line will be. Why? It is because the heritage minister does not talk to the finance minister, or at least their departments certainly do not talk to each other.

I come back to the key issue. We can talk about the very laughable situation of two departments getting all muddled up. We can talk about the fact that the companies that are dependent on this are now in a big quandary as to what they will do as they go into their production year. That is not laughable to them.

The core issue is why in the world we have the complexities of the delivery of programs that are put forward consistently by this government and governments before it. Why can they not apply their creative talent, their genius that creates all sorts of ways of grabbing more and more money out of our wallets, to simplifying the tax system so that everyone in Canada will have an opportunity to understand the tax form.

One tax form which I think was applicable to the Liberals was a very simple two line form. It said to list the amount of money earned this year and the next line was to send it to Ottawa. That is really the direction these people seem to be going in.

The proposed amendments add to the layering, the complexity and the confusion we all have in Canada over taxation. That in itself stifles us as creators of wealth and as earners of income. It stifles our ability to buy running shoes for our children. It stifles our ability to have enough money to pay our mortgage.

The overlaying of rules and regulations within the tax department to which this bill adds is one of the major causes of frustration for people involved in small business.

To give members an idea of the complexity of the tax system, I will talk about a situation I had in my constituency a few years ago. A number of my constituents who own ranches were in a position a few years ago with a downturn in cattle prices to be able to sell trees off their ranches that could be turned into lumber. The reason those two things happened to dovetail together was the rather boneheaded policies of the NDP in British Columbia relative to tree harvesting licences and all the rest of it. The mills were facing a real shortage of wood.

• (1655)

The ranch owners went to their accountants. Let us note that they did not all go to the same accountant. Some went to CAs and some went to CGAs; it was all over the map. Some of the public accountants contacted the Penticton taxation office and asked for advice. "How should the income from these trees be treated by these ranchers?" The answer was that it was a capital gain.

Perhaps, Mr. Speaker, with your being a businessman you would know the terminology better than I do. It was based on the fact that it was a capital gain as opposed to income from the ranch. That was the way they filed their taxes, independent of each other.

Many of my constituents are people in their sunset years. They are 70 and 80 year old people who are trying to hang on to their piece of property. They did not know at the time that Revenue Canada would come back and retroactively say that it had lost too much money and was going to reassess them not on capital income but on a form of income to their ranches. It made a difference in many cases of \$15,000, \$30,000 and even \$70,000 of taxes owing.

My constituents are honest, law-abiding, taxpaying Canadian citizens. Because of the overlaying of the complexity which currently exists within tax law, Revenue Canada retroactively taxed these people. In many cases they were faced with the harsh reality they just might be taxed off their land in spite of the fact that they complied with all of the rules of Revenue Canada at the time they paid their taxes.

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This cannot stand. This must be changed. I am having meetings with the revenue minister over this issue because it is not fair, right or moral to tax people retroactively.

I cite in my capacity as heritage critic this example of the confusion that exists within our tax laws between the heritage department and the Minister of Finance which must be cleaned up immediately.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I appreciate the comments of the hon. member across the way with respect to the film tax credits and the situation he described.

I also want to point out to the hon. member that there is an underlying principle that says one cannot do indirectly what one can not do directly. Therefore, if one cannot do something directly, one should not be able to get around it some way and do it indirectly. That is an underlying principle with which I am sure the hon. member would agree.

With respect to the cable television and cable production fund, I had the opportunity to meet with representatives from this group. They have submitted information for the department to look at so that any of the moneys they would receive from the fund would be treated as licence top up fees rather than subsidies.

What has happened is that the finance department has agreed to take this information under consideration and provide transitional support for this group so that any principal photography commenced before August 31, 1998 would not be affected.

I really appreciate the fact that the hon. member brought this matter to the attention of the House because it is a very important issue. I want to reassure him that the government is very much committed to the production and entertainment industry. It certainly affects his province specifically.

• (1700)

Mr. Jim Abbott: Mr. Speaker, I also appreciate the comments of my Liberal colleague but it does not really do away with the point of my speech.

The point of my speech is that tax law in Canada is so overlaid, overburdened and unfair. We have a heritage minister who does not know what is going on with the finance minister and vice versa. It does not really do away with that point.

I do respect the fact that the finance department is taking this under advisement. However if I were a business person in the film and television production business, I would take only small comfort. I would want to know what my bottom line was going to be. Would I potentially be treated in exactly the same way that the

ranchers in Kootenay—Columbia have been treated where something is going to be done retroactively?

We must straighten up the tax law. We must simplify the tax law. I do not see any action or direction to simplify the tax law by the Liberal government.

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, it is a pleasure for me to rise this afternoon to address Bill C-28, the income tax amendments act.

The proposed legislation relates to income tax measures announced in the February 1997 budget and other income tax and related measures. Many of the proposed provisions are technical in nature and pertain to the numerous tax code amendments.

This is a housekeeping bill which amends at least 18 different pieces of legislation. Some hon. colleagues on both sides of the House have referred to all of those pieces of legislation which the bill amends. In that sense it is an all-encompassing bill. I am sure it is hard for the people at home viewing this debate to relate to it.

To use the term of the hon. Liberal member across the way, we need to look at the underlying principle. The underlying principle, to assist people who are watching to have a better understanding of the debate, is taxes. There is nothing that raises the ire of the Canadian citizen more than the issue of taxes. Having recently gone through an election campaign and all of us in this place having participated in all-candidates forums leading up to the June 2 election we are well aware of how important this issue is to Canadians from coast to coast to coast.

Never before in the history of our nation have Canadians been so concerned about this single issue of taxation. That is why it is very appropriate that members are given the opportunity to speak on the issue today and to lay out as clearly as possible what they hear in their ridings and the views of their constituents. After all that is fundamentally why we are in this place. We try to represent the views of our constituents and participate in open debate on these issues to bring forward different points of view and hopefully end up with legislation that is in the best interests of all Canadians.

An hon. member: If they would listen to the voice of reason.

Mr. Jay Hill: That is right. If the government would listen to the voice of reason from all sides of the House, even in some cases from the government's own backbenchers when they are trying to represent the interests of their constituents. Perhaps then the government and the cabinet would put forward better legislation from the various departments which would have genuine grassroots support across the nation.

• (1705)

One of the interesting issues I heard loud and clear during the last election campaign, in consultation with constituents and in letters, e-mails and faxes that come to all of us as members of

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Parliament, which really angered the general public is the whole issue of payroll taxes. When we talk about taxes we cannot just talk about income tax in isolation.

The GST is another tax which has angered many people ever since the Mulroney government brought it in a number of years ago. We have debated as to whether there was a commitment made by the Liberal government in the 35th Parliament to actually end that tax, to abolish, scrap, get rid of the GST. We have had that debate. Very clearly the average Canadian understood that there was a commitment. Yet the GST is still in place even though we have now achieved a balanced budget.

Canadians are desperately seeking genuine tax relief and they are told once again by the government to wait a little longer and perhaps they will have some tax relief. Once again we see broken commitments, broken promises.

Look at the Canada pension plan and the huge increase Canadians are facing. There will be a 73% increase over the next five years in their Canada pension plan premiums. We see this government stand up and brag about what we feel and the average Canadian feels are relatively minor cuts to the EI, the employment insurance premiums. The Liberals say it will create more jobs and it is their way of offering some genuine tax relief to overtaxed Canadians. That is going to be more than made up for by the increase in the Canada pension plan premiums.

The government is not fooling anyone. In travelling throughout the riding of Prince George—Peace River and in talking to my colleagues as they continuously consult with their constituents on this and other issues, I can say that average Canadians are not fooled by this. The wool has not been pulled over their eyes on the issue of taxation. They know full well what they can expect in the future, which is more of the same. Canadians are fed up with being taxed to the extent that they are.

There is a huge social cost to the whole issue of the debt and taxes which by and large this government for whatever reason is missing. It is missing the social cost.

The Liberal Party and the Liberal Government of Canada constantly hold themselves up as the defenders of the downtrodden. They have tried to perpetuate this Liberal image that they are there for the poor, they are there for the handicapped, they are always there defending the rights of the less fortunate in society. In actual fact the exact opposite is true.

It is this government's overspending that has threatened the very fabric of the nation. There is a huge social cost. Even as we speak today we really do not understand all the ramifications of this policy of continually raising taxes and until this year continually increasing the national debt and the interest we pay out every year on that debt. There is the inability of this government to make a

firm commitment in this year's budget to put forward a concerted plan on how to deal with the debt.

We heard the finance minister and the Prime Minister make statements about the \$3 billion contingency fund which as I pointed out a number of years ago during the last Parliament in communications with my constituents is simply a slush fund. It is a \$3 billion fund set aside for the use of the finance minister. If the interest rate rises unexpectedly or something goes wrong, or there is an act of God and commitments have to be made, the finance minister has this \$3 billion set aside. During the budget debate the government quite generously said that if it does not need the \$3 billion, it is going to put it toward the debt.

● (1710)

Most Canadians are capable of doing the arithmetic. This country is almost \$600 billion in debt. When I talk about billions of dollars, I always try to bring it back to what most of us can understand. A billion is such a huge number. We throw it around all the time in this place, a billion dollars here, a billion dollars there, a \$3 billion contingency fund. What does it mean? For us to really understand that, we have to remember that a billion dollars is a thousand million dollars.

I am getting up in age. I am certainly well aware of that today after the hockey game last night. The MPs played against the pages and we were really reminded about how old we are getting. I can remember when \$1 million was a lot of money and it does not seem like that long ago. When we talk about a debt of almost \$600 billion, that is six-hundred thousand million dollars.

Imagine winning a lottery. The 649 wins are now around \$10 million. At one time \$1 million generally was the first prize and it seemed like a lot of money. To me \$1 million still seems like a lot of money. We used to think about becoming a millionaire. Imagine. Our debt is the equivalent of 600,000 Canadians, and there are not anywhere near that of course, winning \$1 million. Then they could pay off our debt. That puts in context the size of the debt, the burden we are soon to hand over to the younger generation, to our children and our grandchildren.

When the government talks about using the \$3 billion contingency fund, it is laughable. As I said, just about anybody can do the arithmetic. If the government is serious about that, at that rate it is going to take almost 200 years to pay down the debt. I do not call that much of a plan to attack the huge burden of the national debt. It is a grave disservice and an insult to the upcoming generation that is saddled with the highest taxes, as we are, in the G-7 on personal income tax.

My eldest child is in her second year at university. My two younger children are growing up quite rapidly. I am trying to imagine them looking at the situation in this country and what hope

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there is for a future for them and for all the thousands of other young people. It is an embarrassment quite frankly for our generation. We should think about that. We should be ashamed of the mess our generation has made of this country.

Look at the country that was handed to us by our fathers who came through the second world war and into the 1950s and 1960s. The opportunities I had when I graduated high school in 1970, almost 30 years ago. The world was at our feet. We had all sorts of opportunities. There were very reasonable levels of taxation for the services that were available. There were all sorts of job opportunities. Anybody who really wanted to get ahead certainly had the opportunity to do so.

Today the future does not look that great for young Canadians. My hat is off to them that they are as optimistic as they are. Talking with the young pages here, their optimism and enthusiasm about the future is incredible when you see the obstacles that we as a generation and governments have placed in their path for the future.

• (1715)

I want to tell a story about my riding of Prince George—Peace River. This story relates to the high burden of taxation not only at the federal level but also at the provincial level. Part of the riding of Prince George—Peace River is the B.C. Peace River area which geographically is east of the Rocky Mountains. It is cut off physically from the remainder of British Columbia. It is kind of an anomaly. I do not know who was responsible. A lot of people think we are from Alberta.

Ironically, there has been a recent initiative, largely because of taxation levels, that the people of the B.C. Peace would like to join Alberta for some obvious reasons. It really highlights this whole issue. People can only be taxed to a certain level, then we are going to have some open rebellion in one form or another.

A dear friend of mine in my riding, Short Tomkins, a good Reformer but also a duly elected regional district director, had put forward a motion to circulate a petition to try to generate a referendum for the people of the B.C. Peace to secede from British Columbia and join Alberta. That northeast corner of the province generates billions of dollars in taxes for the federal government and the provincial government. Yet in many regards it is a forgotten corner of the country.

It is virtually ignored. We hardly have a decent road to drive down in the Peace River district despite the fact that all the oil and gas industry in the entire province of British Columbia is in the B.C. Peace. There is a large forestry sector there, pulp mills, sawmills. We have two very large hydroelectric dams that provide power to the rest of British Columbia. We have natural gas with the

gas pipelines providing the heat for the lower mainland of British Columbia. We have two large coal mines at the town of Tumbler Ridge providing coal for export. It is a very resource rich region.

Yet what we see in that area is that the infrastructure is failing because the taxes are being drained out of the area to Ottawa and Victoria and very little is ever put back. We forget about that. It is treated like a colony in the old days where we just take and take and never put anything back.

It is very indicative of a lot of the problems inherent in Canada today. This huge taxation is what is causing a lot of our problems.

I talked early about the social costs. I am reminded that as we address the issue of crime in the country today we often think of it in isolation. We try to think of what the problem is. What are the root causes of criminal activity and some of these horrendous crimes we hear about? Today we are all aware of the recent tragedy down in the States where school children were shot and murdered by two other young people, an 11-year old and a 13-year old.

When we look at the issues of crime, instead of looking at them in isolation, I have often remarked that one of the reasons I believe we see an increase in violent crime is we have a breakdown of the family structure in this country. One of the reasons we have that breakdown in the family structure is directly attributable to the insatiable appetites of governments at all levels for taxes.

The reality is more and more families, regardless of whether one of the parents would like to stay at home to raise the children in the home, find they cannot. If they are going to provide any semblance of a decent standard of living, with our high taxation, both parents must go outside the home to work.

• (1720)

There are exceptions. I am encouraged by the increase in at home businesses. Many parents, in particular women, are developing their own niche markets for certain products so they can work from home and try to balance the responsibilities of parenting and providing a higher standard of living.

The reality is the high taxation policy of this and preceding governments is failing the Canadian people. It is contributing to the horrendous social cost for all of Canadian society. We do not fully understand the price we are paying and the price future generations will be paying for the high tax policy of this and other governments.

The Acting Speaker (Mr. McClelland): Before we go to questions and comments, I am sure the hon. member for Prince George—Peace River was too polite to mention that the MPs did whip the pages six to five with the heroic goaltending of Mr. Clouthier, the son of one of our members.

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Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, my colleague talked about payroll taxes. He mentioned that one of the largest payroll taxes is the 73% increase over the next four years in the Canada pension plan contributions. Do the young people in his riding he has talked with about this increase know that in spite of the fact that they will pay 10% of their earnings into the Canada pension plan for their whole lifetimes they will receive less than a 2% return on their lifetime investments? If they are, are they prepared to continue supporting a program that makes them pay a lot for a little?

Mr. Jay Hill: Mr. Speaker, I thank my hon. colleague for her comments. They are appropriate as we are discussing the budget and tax issues. The hon. member is right on the mark with her comment. The intergenerational transfer of the burden of maintaining the Canada pension plan is one of the most horrendous things we are dealing with in this Parliament in relation to payroll taxes.

During the election campaign and since we have become the official opposition the Reform Party has laid out very specific alternatives. These alternatives are continually gaining more and more support, in particular from young people. The hon. member is quite correct. The word is leaking out among young people that they will no longer be fooled by the Liberal government that tries to say we will protect you. We are going to wrap you in this cloak of security, we are going to look after you in your old age.

As the member says, in reality they will be getting somewhere in the neighbourhood of a fifth out of the program. That is supposing the program can be sustained without future increases, which is not all that clear despite the assurances of the finance minister and others.

The reality is young people are becoming more knowledgeable of these issues. They are coming to understand there has to be a better way than constantly increasing the premiums of the Canada pension plan and forcing them to bear the heaviest load of maintaining that program. They are coming to understand that they will have to bear the load of the horrendously high levels of taxation because of past mistakes of successive governments with government overspending that has taken place in the past.

• (1725)

They are also going to have to face the reality of paying out billions of dollars, about \$45 billion a year currently in interest charges on the debt that previous generations have built up.

When we add it all up it is not a pretty picture. I think the young people of Canada today clearly understand the issue and there is going to be rising resentment toward this government for these types of actions.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, the discussion about CPP is all about values. You either believe in the CPP or you do not. This government does and the Reform Party does not.

I wonder if the hon. member agrees with her colleague from Calgary—Nose Hill who said the system is unfunded, there is nothing there so we have to decide how we are going to pay. We need to look at things such as increasing the age at which benefits are payable. We need to look at some of this unfunded liability coming out of general tax revenues.

I wonder if the hon. member agrees with his colleague who is out there promoting the fact that we should be increasing taxes, personal income taxes and corporate income taxes, increase taxes in order to deal with this particular issue. This government decided to consult with Canadians and provinces and we came up with a program to sustain the CPP. It is a staged increase in premiums to ensure Canadians have the sustainability of the plan.

The hon. members across the way seem to be indicating they want to increase taxes. I wonder if the hon. member would like to comment on that.

Mr. Jay Hill: Mr. Speaker, that is the unfortunate part of some of the debate that takes place in this Chamber. We have to face ridiculous allegations like that.

The hon. member knows full well that this party, the official opposition, has been constant in our demand to reduce taxation. For him to suggest in any way, shape or form that we are suggesting Canadians are prepared or that we are prepared to advocate an increase in taxes in any form is absolutely ridiculous.

I think what my hon. colleague from Calgary—Nose Hill, our critic on those issues, was referring to was that there would be perhaps some support from the Canadian people for allocating some of the surplus, as we move past the balanced budget, toward bringing down the roughly \$485 billion unfunded liability that is currently in the Canada pension plan.

We are not saying we have to raise taxes. What we are saying is that we should spend our money more wisely. We have been advocating this ever since Reformers in substantial numbers came to this place following the 1993 election. We have been saying we have to set some clear priorities. Instead of spending \$1.1 billion annually on regional development programs, which in many cases are just payoffs to political friends, we have to allocate our limited resources in a very prudent manner. We do not see that from this government. We saw that very case leading up to this budget. All of a sudden magically this government says it has \$2.5 billion to spend on a millennium fund.

Where did that money come from? We have through our constant questioning during question period been able to get the

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Prime Minister to admit that the auditor general is right, that the \$2.5 billion would have been a surplus.

In reality we as a nation collectively could have made a decision as to what the best way was to spend that \$2.5 billion. In defence of the government perhaps the official opposition would have been wrong. The wisdom of the Canadian people would have been to take 100,000 students out of 1.7 million post-secondary students and develop a fund for them, a millennium fund for scholarships for them. I do not think it would have. Perhaps they would have said that \$2.5 billion should have gone to paying down some of the Canada pension plan unfunded liability. I think that is the type of thing my hon. colleague is suggesting.

* * *

• (1730)

[Translation]

BUSINESS OF THE HOUSE

The Acting Speaker (Mr. McClelland): The member for Hochelaga—Maisonneuve advised me in writing that he was unable to introduce his motion during the hour provided for consideration of Private Members' Business on Friday, March 27, 1998.

As it was not possible to change positions on the list of priorities, I ask the clerk to drop this motion to the bottom of the list. The hour provided for consideration of Private Members' Business will, therefore, be suspended and the House will continue to examine the matters before it at that time.

[English]

It being 5.30 p.m., the House will now proceed to the consideration of Private Members' Business, as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[English]

CHILD BENEFIT

The House resumed from February 5 consideration of the motion and of the amendment.

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Mr. Speaker, it is with pleasure that I rise to speak to Motion No. 198, which is a motion to amend the child benefit. I am pleased to have the opportunity to join any debate where I can denounce the Liberal government for its high tax policies and increased use of stealth taxes.

That is what we are debating here, another stealth tax that this Liberal government is using to fill its tax coffers.

A person needs to review the history of the child benefit to fully comprehend what is happening.

In 1985 Tory finance minister Michael Wilson set out to reduce the children's tax exemption and to increase the refundable child tax credit for lower income families. In the 1985 budget he introduced a 3% threshold for full indexing. The benefit would only increase if inflation exceeded 3% in any given year. That was not a concern in the 1980s, as the lowest rate of inflation in that decade was in 1985 when it was 3.9%.

In 1988 the children's tax exemption was replaced by a non-refundable credit. In 1991 Canada was in the midst of a recession. By 1992 the inflation rate had dropped below 3%.

In 1993, the last year of the Tory government, the three major child benefit programs were replaced, which were the family allowance, the non-refundable child tax credit and the refundable child tax credit.

That government replaced them with a single income tested child tax benefit that is similar to the old refundable child tax credit. It meant that the maximum benefit would go to families with a net income under \$25,921.

I want to talk about the threshold effect. Since inflation has not topped 3% since 1991 that means that neither the amount families receive for the child benefit nor the income tax level at which people can collect the maximum benefit have been adjusted for inflation, yet inflation has risen by a cumulative amount of 10% since 1991. That means that the real value of the child benefit has been reduced by 10%.

The non-indexing of the threshold level to receive benefits means that many families whose income has just kept up with inflation are now receiving lower benefits. This is the true legacy of this government: stealth tax.

• (1735)

By not allowing full indexing, this government saves money by allowing the real value of the benefit it pays out to decline. By not indexing the income threshold, it means that more families are collecting lower benefits and paying more taxes.

This is not the only place this government is using stealth tax technology. I mentioned it the other day when I was talking about bracket creep. I would like to make a comparison using that. Bracket creep occurs when an individual's pay rises to the point where they enter a higher tax bracket. While salaries have inched up over the past six years, the tax brackets have not. Like the child benefit payments and income thresholds, tax brackets are only adjusted when the consumer price index rises by 3% or more in any given year. Thus, individuals whose salaries have just kept up with inflation often find themselves in a higher tax bracket.

It looks like we have developed a pattern here. However, what is even worse than allowing this to happen is the fact that this Liberal government is doing it deliberately.

In his budget speech the finance minister made it clear that this is a deliberate move and that he intends to continue with this practice. He stated "Upon coming into office, the government and the Bank of Canada agreed to hold inflation inside a range of 1% to 3% to the end of 1998. That policy has worked. That is why we are announcing today that we will extend the current agreement with the Bank of Canada for a further three years".

Thus, this government has made it perfectly clear that it intends to keep gouging the Canadian taxpayer in this fashion. Where is this government's commitment to child poverty?

It would appear that the Liberals only believe in fully indexing pensions when it comes to their own gold plated MP pensions and those of their political cronies in the Senate. They think that someone like former Senator Andrew Thompson, who showed up for work only 12 times in the past 8 years, deserves full indexing of his pension. They think it is fine for someone like Thompson, who received \$600,000 in taxpayers' money over the last eight years, or \$50,000 for every time he appeared in the Senate, to receive an indexed pension. They have no problems that a man who rarely ever showed up for work should now be receiving \$48,000 a year in a fully indexed pension. That is almost twice what the average Canadian wage earner receives.

The Liberals eagerly support full indexing for Andrew Thompson, but when it comes to single mothers or low income families they are against full indexing. Members on the government side of this House should be ashamed of themselves.

That brings us to the motion currently before the House, M-198, and the attached amendment. The original motion read:

That, in the opinion of this House, the government should review the level at which the child benefit is indexed.

Unfortunately, I think the Liberals have already reviewed the level at which the child benefit is indexed and they like it just fine. Full indexing would cost this government millions of dollars in tax revenue and that could lead them to actually having to make cuts. They might even have to lay off a few of the political hacks they have appointed to patronage positions or they might have to take away the full indexing of Andrew Thompson's Senate pension.

The amended version of the motion reads:

That, in the opinion of this House, the government should review the possibility of fully indexing the child benefit.

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I am sure this government has reviewed the possibility of fully indexing the child benefit. If I were a betting person, I would say that the possibilities of the government agreeing to it are slim or none.

I congratulate the member for Shefford for her motion and her efforts to make the child benefit fairer. I assure her of my support and hopefully the support of my colleagues. But unless a few government members find their consciences and live up to their commitment to battle child poverty I do not see this government rushing to create a fair tax system.

• (1740)

[*Translation*]

Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ): Mr. Speaker, I rise today to speak to Motion M-198, moved by my colleague, the Progressive Conservative member for Shefford.

The motion reads as follows:

That, in the opinion of this House, the government should review the level at which the child benefit is indexed.

I thank the member for Shefford for giving us an opportunity to discuss the important problem of child poverty and to ask the government to devote more resources to it.

What is ironic, however, is that it was her own party, the Progressive Conservative Party, which decided, when it formed the government, to index the child tax benefit only when inflation exceeded 3%. The Liberals, who so vigorously opposed this measure when they were in opposition, maintained it when they won office, and have stuck with it since.

The result of this Conservative and Liberal policy is that, since 1992, the child tax benefit has not been indexed. During this time, inflation is driving up the cost of living of families, who see their buying power being slowly eroded. Collectively, families have lost over \$800 million. They are distinctly worse off.

My colleague, the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, moved an amendment to this motion asking the government to review the possibility of fully indexing the child benefit. I am in complete agreement with my colleague.

Right now, the poverty of children and families is serious. It is obvious that the child benefit must be fully indexed. Large amounts should also be reinvested quickly, not just to increase the tax benefit, but also to reinvest in social programs.

Let us look at a few statistics, which will give us an idea of what poverty means in this country. According to Campaign 2000, the changes that have occurred since the federal government's commitment in 1989 to eliminate poverty among children are as follows: the number of poor children has increased by 46%; poverty in

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two-parent households has increased by 39%; the number of single-parent families has increased by 58%; the number of children living in families where unemployment is chronic has risen by 44%; the number of children in families receiving social assistance has increased by 6%; finally, the number of children living in unaffordable accommodation has increased by 60%. These figures speak for themselves. The problem is extremely serious. Poor children today number 1.5 million, one child in five.

Over the past 20 years, the number of double-income couples, the number of working mothers with young children and the number of single-parent families have increased relentlessly. The parents of young families are better educated, but their jobs are not stable and are often part time. Most of the time they do not provide benefits. In 1990, in 70% of couples with school age children, both parents work, whereas the figure was 30% in 1950.

In recent years, the average family income has stagnated, and in low income families, it has even dropped. In its December 1997 report, Statistics Canada indicated that low income families, which make up 20% of the population, had seen their family income decrease by 3% because of the drop in incomes, but especially because of the drop in government transfers, which account for 59% of their income. Under the Liberals, the poor have become poorer.

We have to face the facts: Canada's performance in providing support for families and children is pretty weak, in the words of the Canadian Council on Social Development.

• (1745)

The council explains that, in a comparison between Canada and nine similar countries, Canada ranks second behind the United States in child poverty, according to market income, and third in total income, behind the United States and Australia.

Faced with such figures, what have the Liberals done since they became the government? Instead of vigorously attacking the problem of worsening poverty, they have reduced transfers to the provinces for social assistance and are proposing that families be given the bare minimum for survival.

It is going so far as to suggest that they seek charity. Yet, in the first Liberal red book, in 1993, Jean Chrétien wrote "Government must be judged by its effectiveness in promoting human dignity, justice, fairness and opportunity".

According to his own criteria, then, the Prime Minister's government is not a good one, for it allows millions of children to languish in poverty, jeopardizing their health and development, to the great despair of their parents.

Instead of equipping themselves with a true social development policy, the Liberals are settling for managing poverty by throwing a few crumbs from time to time so that people can keep their heads above water and to make the government look good.

In the 1997 budget, the Minister of Finance suddenly discovered the serious problem of child poverty in Canada. He described it as the most urgent problem.

This year's budget announces a \$425 million increase in the child tax credit effective July 1999, with another \$425 million to follow in July 2000. For July 1998 there is nothing more than has been announced ad nauseam for the past two years.

The Bloc Québécois campaign platform called for an extra \$1.15 billion to be invested immediately in the child tax credit. The minister had the necessary financial leeway to do so, since he shows no reticence about invading as sacrosanct an area of provincial jurisdiction as education with his millennium scholarships, to the tune of \$2.5 billion.

It is not, therefore, any lack of money that is keeping the Liberal government from fighting poverty, because when visibility is at stake, it can easily find \$2.5 billion in its coffers. The real problem with this government is its lack of political choices. Poor children do not vote, but university students do.

I have to say that child poverty is not an isolated phenomenon and any fight against it must provide support for families through employment, social security and community support programs.

The Canadian Institute of Child Health last year considered that the best way to improve the standard of living of children was to establish a national job creation strategy for adults with family responsibilities.

The Minister of Finance claims to be helping poor families by increasing the maximum deduction for child care from \$5,000 to \$7,000 or from \$3,000 to \$4,000, according to the age of the child. This measure is totally unfair, because, for the same \$1,000 of child care, a high income family gets a lot more than does a low income one. Poor families whose income is so low that they do not pay any taxes do not benefit in any way from this change.

Last year, the Bloc Québécois proposed that the child care deduction be replaced by a refundable tax credit, which would have resulted in poor families receiving a cash payment.

The Liberal government may be able to keep on ignoring the public's suffering, and refusing to reinvest in social programs to improve the lot of the most disadvantaged, but it could at least agree to full indexation of the child tax benefit so that they do not sink even deeper into poverty.

Private Members' Business

• (1750)

[English]

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I am very pleased to speak today in support of the motion of the hon. member for Shefford which reads:

That, in the opinion of this House, the government should review the level at which the child benefit is indexed.

The NDP has already gone on the record in speaking to the motion as fully supporting it. We also support the amendment put forward by the Bloc Québécois.

I begin my remarks by saying the year 2000 is very close. I begin in that way because the year 2000 has very special significance in the House of Commons, not just because it is a new millennium but because back in 1989 members of the House unanimously passed a motion sponsored by Mr. Ed Broadbent, the then leader of the New Democratic Party, that by the year 2000 child poverty would be eliminated in this country. It is now 1998, nine years later, and the situation has not only not improved. It is appallingly worse than it was nine years ago.

I am very happy the motion is before us because it addresses in a very small way one thing that could be done to ensure the child tax benefit, put forward and agreed to by the provinces, would be fully indexed. Campaign 2000, a non-governmental organization made up of many supporting groups, has vigorously campaigned on the issue of child poverty and holding the House of Commons accountable for the motion that was passed in 1989. Much work has been done.

Here we are today still talking, not about fully eliminating child poverty but about one very small piece of it. In fact the child tax benefit is only partially indexed. What that says to all of us is that we have not come very far.

I looked in *Hansard* to find out what government members had to say about the motion during its first and second hours of debate. Frankly I assumed that government members would support something so modest that would bring us a bit closer to making sure the benefit was accessible and meaningful to low income and poor families. Regrettably that is not the case.

One of the Liberal members who spoke to the motion in the first round of debate said "Let us not forget that with an inflation rate of 1.6% per year restoring full indexation of the child tax benefit would cost the government about \$160 million per year". He went on to say that such revenue losses could threaten the government's programs to restore fiscal balance.

What about the threat to Canada's poor children? What about the threat to poor families suffering from the impact of years and years of slash and burn approach by this government? What about the threat to kids who are still living in a world where they cannot

access programs, where they do not have adequate housing and where government programs are being cut back? Now we are living in an environment of increasing poor bashing. What does the government member have to say to those kids, the 1.4 million children in Canada who are living in poverty?

It is astounding because this is the same government that claims it wants to stop poverty for children and deal with poverty in Canada. This is the same government where the Minister of Human Resources Development said in a committee meeting late last year that the child tax benefit was the greatest social policy since the 1960s. If that is true, why cannot government members find a measly \$170 million to protect poor families from inflation by fully indexing this benefit?

I will read further from *Hansard* the comments of other government members who spoke to the issue and who were trying to explain and rationalize why they could not deal with it.

• (1755)

On February 5, 1998 one member said "Second, there is a trigger. The Income Tax Act states that the child tax benefit will be indexed each year by the amount which the annual change in the consumer price index exceeds 3%. This policy of partial indexation is consistent with the treatment of most other parameters of the personal tax system and is respectful of the fiscal problems which are facing the federal government."

Here we have another government member who is trying to defend what is really an appalling record by saying that the kids of Canada and poor families have to be respectful of the problems the government created.

The people of Canada, groups like Campaign 2000 and other anti-poverty groups like the National Anti-Poverty Organization are simply appalled at the government's record. The kids of Canada and their parents who are facing unemployment and massive EI cutbacks will be delighted to hear that they need to be respectful of the government's problems.

The reality is that the child tax benefit is being used as a political shield by the government. The government wants to hide behind the reality of poverty in Canada. The political grandstanding that has gone on in this issue by government members is simply disgusting.

The child tax benefit has now been announced four times. It is obvious the government will not provide adequate funds to index the fund. There was no announcement in the budget we just dealt with.

Earlier today when we were debating Bill C-28, the income tax amendments, there was reference to the so-called increase in the Canada health and social transfer from \$11 billion to \$12.5 billion. We know that it is not an increase at all. There is not one new dime, not even a penny, going back to the provinces in terms of transfers.

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It is simply a shell game being conducted by the Liberal government. It is the same kind of shell game that has gone on with the child tax benefit. This so-called new increase is a recycled announcement that the latest cuts will not come into effect.

One thing is clear. Poverty among Canadian children and families will not be eliminated by the kinds of measures that have been put forward by the government. What we need to see is a recommitment to national standards. What we need to see is full indexation of the child tax benefit. What we need to see is an increase in the child tax benefit to poor children living in one parent families so that the benefit will not be lower than what they would have received under the 1996 federal budget.

We need to ensure that all poor families receive the child tax benefit, including families on social assistance. Under the government's program those families, the poorest of the poor, will be excluded.

We also need to pressure the federal government to commit to a new national child care program, an early education plan and 150,000 new child care spaces by the year 2000. What happened to the promise from this Liberal government and the former Liberal government to create a national child care program? That too has evaporated. As my hon. colleague says, the election is over and it is back to the same old dirty business.

We in the NDP are committed to holding the government accountable. We are committed to working with organizations in Canada to ensure that the government is held accountable.

There is real disappointment about the performance on the child tax benefit. In fact government members—and there are the empty rows here today—are not even listening to the debate. The motion was an opportunity for the government to come forward and say that it would ensure full indexation at least on this small basis. Unfortunately that has not been the case. There is real disappointment over this matter.

We will continue to pressure the government to ensure there is full indexation of the child tax benefit. I thank the member for bringing forward the motion. It has been good to hear support from other parties. We have to keep the pressure up on the government to come through and say, if it is truly committed to eliminating child poverty by the year 2000 as members voted in 1989, that it has to take this one very small step. We have to take other steps as well, but this one in a very minimal way that will at least ensure full indexation and that poor families will not be losing pace with inflation.

• (1800)

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: Pursuant to order made Tuesday, March 24, 1998, all questions on the motion are deemed to have been put and a recorded division is deemed demanded and deferred until Tuesday, March 31, 1998 at the expiry of the time provided for Private Members' Business.

The Deputy Speaker: Does the House agree to call it 6.30 p.m.?

Some hon. members: Agreed.

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

SEARCH AND RESCUE

Ms. Bev Desjarlais (Churchill, NDP): Mr. Speaker, on December 11, 1997, I asked a question to the minister of defence concerning the process taken for the rescue of survivors of the Little Grand Rapids tragic crash. I asked the minister to explain why his department had failed to enlist locally available helicopters in this rescue, as was the case with the Red River flood.

The twenty hour wait for a rescue plane endured by the Little Grand Rapids plane crash victims was a result of what I believe is botched decision making by search and rescue operations. Officials had access to helicopters at the Canadian forces flying training school in Portage, la Prairie. However, they chose instead to try to use a plane to rescue survivors.

Those same helicopters were used during the Red River flood. They could have helped this time too. Instead of using those nearby helicopters, the military sent helicopters from Cold Lake, Alberta which never made it to the crash site.

The end of 1997 did not go quietly. Another plane crash occurred in Fredericton, New Brunswick. It was a miracle that no one died in that crash. This incident has made people aware of how cuts and downsizing may be affecting airport safety. But let us go back to the Little Grand Rapids crash.

I have questioned the minister on the process of this rescue but that crash worries me in relation to other issues. There is no question that this fatal plane crash demonstrates the importance of having better landing facilities in isolated areas. When air is the only mode of transportation in and out of a community, it is an absolute must that the landing facilities be in the best conditions possible.

The landing strip in Little Grand Rapids had been described as the worst in northern Manitoba long before the crash. It is well known that its surface is uneven and gives pilots the impression

that their angle of approach is too steep. The crash on December 9 was the third fatal plane crash to happen in Little Grand Rapids. The limited services to response measures in remote communities make it even more important to have a safe infrastructure. The plane was carrying one doctor and four social service workers who were travelling north to provide treatment for northern residents.

I was annoyed when the Reform Party suggested that a private helicopter went in to save the injured. It went in for one reason. He was taking in reporters to get a story. Had the intent been to help the injured, medical help should have gone with him, not a reporter. However, once they were there it only made sense to send out the most injured, and he is to be commended on that note.

Why did search and rescue workers not avail themselves of those local resources? Do they not have that flexibility? Lately we have received an alarming report concerning the rescue in Little Grand Rapids. The report states that the hercules rescue plane dumped more than 10,000 gallons of fuel at less than 600 feet within three miles of the runway. I understand the normal procedure is to dump it at no less than 5,000 feet. This is to allow for dispersion of the fuel and to decrease the risk of ignition. The fuel would be less concentrated on the ground or wherever it landed.

The minister mentioned in the House that this was done to save lives and that the weather conditions were not good enough to follow the guidelines. Nevertheless, when the dumping occurred the hercules had gone below the fog. It had cleared somewhat. The crew knew the ceiling had lifted and that the most critically injured had already been flown out. Was the option of taking the time to fly to the height requirement ever considered? Was the community informed that this was not the usual procedure?

The most critically injured were flown out by a private helicopter which landed before the hercules. The helicopters nearby could have landed as well and the injured would not have had to wait 20 hours to be rescued. Was the best option used during this rescue?

Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the incident that occurred last December in Little Grand Rapids was tragic.

● (1805)

We all know that despite the difficulties that were encountered as a result of the bad weather at the time lives were saved. Everyone who contributed to the rescue, including the RCMP, the Canadian forces and the local community of Little Grand Rapids, should be applauded for their efforts.

Now the hon. member has asked why the Canadian forces did not hire a civilian aircraft to assist with the rescue. As the hon. member knows, poor weather conditions were a key factor in this rescue. Immediately after the Canadian forces were notified of the accident a hercules aircraft from Winnipeg and a Labrador helicop-

ter from Trenton were tasked to proceed to the site of the accident. The hercules aircraft was airborne with nine search and rescue technicians on board but poor weather hampered its ability to land immediately in Little Grand Rapids. Nevertheless, it circled the area in the hope that the weather would clear and it could land.

Despite the poor weather the Canadian forces did manage to deliver much needed medical supplies by parachute which offered some relief to those involved in the rescue. Due to time, distance and weather conditions, the Labrador helicopter in Trenton was stood down and two griffon helicopters from Cold Lake were tasked to proceed to the site. Unfortunately they were unable to make it due to bad weather. A Labrador helicopter and a second hercules aircraft remained on standby in Trenton ready for immediate take off if needed.

The Canadian forces did what they could to assist with the rescue. The Canadian forces decided not to hire a civilian aircraft to assist with the rescue because the crew of the hercules had advised that the weather conditions at Little Grand Rapids were severe and that a helicopter would have extreme difficulty flying into the site. In other words, the Canadian forces determined that to send a civilian helicopter into the area would have placed the helicopter and its crew at undue risk.

In the end, under the circumstances Canadian forces search and rescue personnel did everything they could in order to save lives.

PENSIONS

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, in the budget of 1996 this government proposed changes to the old age security, the guaranteed income supplement, as well as the elimination of the retirement income tax credit and the seniors tax credit based on age. These proposed changes were, for reasons known only to Liberal spin doctors, called the seniors benefit.

Many seniors quickly realized that they would not benefit at all. Instead they would be heavily taxed on their retirement savings. Marginal tax rates on retirement savings could reach 75%, far higher than the maximum marginal tax rates imposed on working Canadians.

Members can well imagine the anxiety and consternation this proposal has created among Canadian seniors as well as those trying to make sensible decisions about saving for retirement.

Despite numerous questions in this House from the official opposition as well as other parties, the government has done nothing to relieve or diminish the concerns of Canadians about their retirement security.

On February 23, I asked the minister to provide some assurance to Canadians that this government will abandon its proposed clawbacks and taxes on Canadians' retirement savings of as much

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as 75%. The response from the parliamentary secretary was "wait for the budget".

As hon. members and the Canadian public know, there was nothing in the budget the next day about the seniors benefit that would reassure seniors or those planning for retirement. The parliamentary secretary would have been well aware of that omission when he evaded my question.

That was over a month ago; one more month with Canadians left in limbo, left totally in the dark about what this government might or might not do to finalize its announced cuts to seniors programs and clawbacks of retirement savings.

My question is simply this. When will the government end this terrible uncertainty?

Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I am most pleased to respond to the member for Calgary—Nose Hill.

The member could not be farther off base when she says this government has done nothing. This government has done much and is continuing to do more. As she will see in my answer, this is what we intend to do.

• (1810)

The government is committed to making the public pension system sustainable so that it will be there for future generations of Canadians at an affordable cost.

The proposed seniors benefit will slow the future growth in public pension costs by targeting benefits to the low and middle income seniors who need the benefits the most.

Last fall we took time to consult extensively with seniors groups, social groups and pension industry experts on the proposed seniors benefit. Meetings were held from Halifax to Vancouver. We listened carefully to the issues that were raised and the concerns that were expressed.

The government is currently reviewing the 1996 proposal in light of those consultations in order to ensure that the best possible policy is brought forward. We expect to bring forward legislation in the coming months. When legislation is introduced in the House, there will be further opportunity for public input during parliamentary committee hearings.

The government is committed to moving forward with the seniors benefit. It is vital that we ensure public pensions are there for those who need them.

GOVERNMENT BUILDINGS

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, a short time ago I asked a question regarding the concept of job creation through energy conservation and the energy retrofitting of the federal government's some 50,000 publicly owned buildings.

The idea is based on the concept that we can benefit in many ways from the demand side management of our energy resources and the increased commitment to the concept that we should be doing everything we can to embrace this concept for any number of reasons.

The first obvious reason is that the federal government could in fact save as much as 30% to 50% in operating costs. All the evidence shows that huge gains are possible in streamlining our energy use in our federally owned buildings.

The second reason is that we can reduce the wasteful use of energy. We can also reduce harmful greenhouse gas emissions which obviously should be of some concern.

The third benefit, the most obvious one and the reason I raised the question, is that we have the opportunity to create thousands and thousands of jobs in the building trades, in engineering and in the manufacturing of all the technology that goes into high tech and state of the art energy efficiency.

The study we conducted with the carpenters union shows that there are between three to seven times the number of person years of employment in energy retrofitting as there are in new construction. This should be of great interest.

The last point is that every time we undertake a comprehensive energy retrofit of a building, the ambient indoor air quality benefits to such a degree and all the evidence shows that there are fewer days of sick time, people are more productive and they feel healthier. The best and most graphic example of this is my own staff who suffer because of the air quality in the Wellington building. It is one of those old, dated federal government buildings that could benefit from an energy retrofit program.

The reason I raise this now and the reason I am hoping the federal government will embrace this idea is that all of the above can be achieved at no upfront cost to the taxpayer. Many private sector financiers are anxious and willing to finance the upfront costs of this energy retrofit at 100%. The property owner, in this case the government, then pays the financiers back slowly out of the energy savings, and only if there are energy savings. It is an idea whose time has come and it is too good to ignore.

Another reason we should be showing the world how to live in a harsh northern climate in the most effective way possible is the unbelievable benefit in terms of the engineering and technology associated with energy retrofitting. We could be marketing it around the world and exporting our expertise in this area.

A unit of energy harvested from the existing system is indistinguishable from a unit of energy produced at a generating station, except we can preclude the need to build more generating stations at a huge cost. We could harvest these units of energy and resell them to other customers or export that energy to the United States or to wherever we want to sell that energy. This is another good

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reason environmentally why we should be doing everything we can to use our energy resources in a better way.

• (1815)

The government's answer to my question was that there already was a federal building initiative which was undertaking to try to energy retrofit federal government buildings. My problem with the federal building initiative is that it has been ponderously slow. It has only affected a handful of buildings. The red tape or bureaucracy involved is such that many of those investors have found it impossible to participate.

We are asking the federal government to release a block of buildings of 100 or 1,000 at a time, to get this thing under way and to put some people to work.

Mr. George Proud (Parliamentary Secretary to Minister of Veterans Affairs, Lib.): Mr. Speaker, I am pleased for the opportunity to speak about energy efficiency in federal government buildings.

We must rest assured that the FBI program will not be cancelled. It has met with such success that NRCan is working to expand it in co-operation with the provinces, municipalities and the private sector.

Earlier this week I participated in an FBI announcement in Place Vincent Massey in Hull, Quebec, with three of my colleagues. The

federal government is committed to a 20% reduction from 1990 levels of greenhouse gas emissions by the year 2005 within its own facilities.

Federal departments are delivering on this commitment through a number of energy efficiency programs administered by the office of energy efficiency. The FBI program is one of these. The FBI is an initiative developed by NRCan to assist government departments and agencies to improve the energy efficiency of their facilities.

It is estimated that once fully implemented in all government facilities the FBI will result in the creation of 20,000 jobs, the reduction of energy costs by \$160 million annually, investments in the order of \$1 billion, and untold market opportunities and environmental benefits.

In short, we are hoping to use energy efficiency programs such as the FBI as catalysts for a more vibrant economy.

[Translation]

The Deputy Speaker: The motion to adjourn the House is now deemed adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.16 p.m.)

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