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Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Monday, June 1, 1998

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

• (1105)

[*English*]

CHARITABLE CONTRIBUTIONS

Mr. Chuck Strahl (Fraser Valley, Ref.) moved:

That, in the opinion of this House, the government should bring in legislation making the tax deduction for contributions to charitable organizations no less than the tax deduction for contributions to political parties.

He said: Madam Speaker, on the weekend as I was sitting on the couch doing as little as possible trying to recover from my cold, for a few moments I watched a telethon on television. It was the Children's Miracle Network telethon. It was raising money across North America for a whole series of charitable works that it does to help to provide hospitals for children, hospice care, counselling and so on.

As I was watching television I noticed at the bottom of the screen the names and the donations of the people who were putting forward their widow's mite, so to speak, to help out the cause.

Of course there are millions of dollars required to make this thing function properly but, as the dollars and names were going across the bottom of the screen, I noticed an obvious trend. There was a name such as John Adams, \$100; Sarah Smith, \$50; and on it went down the list.

Consistently people were very generously giving to a charitable cause because they wanted to do what was right and they wanted to do a good thing. Most of the donations were very small. They were in the order of \$20, \$50, \$100, and there was the odd large donation. But, in essence, they were all trying to do a good thing. They will get a tax credit for doing that. That is good. We support that in our tax system.

Unfortunately, what is not going to happen is that they are not going to get the same kind of tax credit as they would if they gave that same money to a political party. That is not right.

That is why this motion reads:

That, in the opinion of this House, the government should bring in legislation making the tax deduction for contributions to charitable organizations no less than the tax deduction for contributions to political parties.

I will not claim this as an original idea of mine. In 1996 the 24th report of the Standing Committee on Finance recommended that the government consider enhancing the charitable tax credit for donations to charities currently funded by governments to make it as generous as the current political tax credit for small donations to political parties.

The government chose not to implement that recommendation in 1996. However, the time has come. The budget is now balanced and it is an option that the government should consider. This motion, when passed, will ask the government to do the right thing; that is, to put charities on a level playing field with political parties.

There are other aspects of charities that some people may want to debate in the House. For example, the member for Wentworth—Burlington has done some work on the accountability of charities themselves, but that is a debate for another day. This has to do strictly with the donations and how they are handled by the tax system. That other debate is a good debate for another session.

Does the present tax credit system benefit political parties more than charities? Absolutely. For a \$100 contribution to a political party a donor will receive a \$75 federal tax credit. For a \$100 gift to a charity a donor will receive a \$17 federal tax credit. Clearly the donations to charities are not treated the same and are treated far less favourably than donations to political parties.

• (1110)

Today I will argue two points in relation to M-318. First I will explain why charities deserve special treatment under Canada's tax law and, second, why charities deserve no less favourable treatment than what political parties receive currently under the tax code.

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First, the activities of charitable organizations provide socially desirable benefits in a number of important areas of Canadian life. They include everything from health services to services to prisoners, heritage exhibits and shelters for homeless people. In innumerable ways charities help society.

Charities employ over one million people in Canada. They are a big employer. Yes they take in charitable donations, but they in turn put that money back into services for people. Charities maintain and improve the quality of life in our communities. Charities provide a more direct and efficient way of identifying the needs and preferences in our communities than do governments.

I have used this expression before, but I think it is worth repeating. Governments take our money, deduct 50% for handling, then give it back in the form of services that the community often did not ask for. However, when an individual gives to a particular charitable cause they have chosen to direct their money to a particular need in their community. Rather than give \$100 to the taxman, they have indicated that they would rather give their money to the Salvation Army soup kitchen, to a homeless group or to help someone who is providing hospice facilities for battered women.

Whatever the cause might be, the individuals have chosen to direct their money to a certain area. They have not asked the government to provide a program. They have said they will do it. They just want the flexibility to be able to direct the money. They can do it just as well and, in fact, often better than government.

Alternatively, governments must identify the needs and allocate resources as best they can to meet the needs. They do this in a variety of ways. They combine their political agenda with the perceived needs to create a blanket, country-wide program that often does not meet those needs. They often do not represent the needs required in a very diverse country like Canada.

Study after study has indicated that tax incentives designed to encourage charitable giving will increase revenues to non-profit organizations by an amount greater than the loss of tax revenues to the federal government. In other words, when we try to help the charities with this kind of tax measure we not only encourage more giving, we increase exponentially the benefits to all communities across the country.

Why should the charitable tax credit be no less than the political tax credit? First of all, the status quo hurts charities. In the 1990s federal, provincial and municipal governments have reduced spending on programs significantly. As a result the charitable sector has become a life support system for the hungry, the homeless, victims of domestic violence, refugees, the unemployed and medical patients who find themselves relying more and more on the charitable sector.

To help charities pick up the slack of these cuts the federal government has implemented a number of tax incentives to encourage giving to the charitable sector. Those moves which the government has made have been good moves. Although I have not agreed with the budgets that the government has brought forward in the last couple of years, the provisions it has made to charitable status, for example, increasing the amount of donations eligible for tax credit from 50% to 75% of net income, are good.

This indicates the government's acknowledgement that charities do good work in Canada. We should encourage charitable work. More than just dollars are involved. It increases the compassion of society.

We on this side of the House and I think all members would agree that governments cannot do it all. We will have to rely increasingly on individuals, on families and on charitable organizations to pick up the slack. That is not a bad thing; that is a good thing. That could be a very good thing. But we need to ensure that we do not discriminate against those organizations by making the tax system skewed one way or another.

• (1115)

The question that now remains is what are the best public policy tools to use to generate greater incentives for people to give to charities?

Motion No. 318 provides one of those tools. It is an excellent tool to generate greater giving to charities. I do not have a Canadian study on the equivalent but it probably is much the same as the American studies. They indicate that for every dollar in government revenue lost in the U.S. due to higher tax credits, donations to charities increase by over \$1.20. In other words people pick up the slack and then some. They will say "If that is a cutback over there, I will give sacrificially in order to pick up that slack".

Levelling the playing field between charities and political parties also would send a signal to Canadians that the government values donations to political parties and charities equally. Right now they value the political donations more highly than they do charitable donations. That is not right. This motion would eliminate the unfair advantage political parties have over charities when it comes to trying to attract donations and in fact when the taxpayer in essence is topping up the funds of a political party rather than topping up the funds of the local Salvation Army.

Where does the government stand on this issue? I will be interested to hear from the government side during this debate. Certainly in the 1996 prebudget report, the all-party finance committee recommended that the government enhance the charitable tax credit for donations to charities to make it as generous as the current political tax credit for small donations to political parties. This is exactly the motion I brought forward today.

That is why I admitted earlier I will not claim that this is my original idea. What it is trying to do is to bring to fruition the desires I think of all parties in the House to make charities more viable and give them the assets they need to fill the gap that has resulted from other government cutbacks.

Where do the charities stand on this issue? What would they think of this? In November 1995 the president and CEO of the Canadian Centre for Philanthropy said:

Dare I suggest as well that if you believe, as do I, that the value of a dollar donated to a voluntary charitable organization is every bit as important as the value of a dollar donated to political parties, you might also look at equalizing the tax treatment for contributions between those two groups or sectors?

Again it is exactly what this motion proposes. Why has the government ignored it to date? I touched on it briefly. My guess is that in the period of deficit budgets the government just felt it could not move any further on ways to help charities. It felt the budget just did not allow it to do that.

Now that we enjoy a balanced budget and we are going to find ways of distributing surpluses in the coming year, one of the ways no doubt will be some tax relief. That is much needed. One way will be to pay down some debt that is much needed. But another and a relatively painless way is to do what the all-party committee recommended which is to allow charities to do their work and do it better by equalizing this charitable donation. As Canada moves into this post-deficit world, levelling that playing field can be not only an affordable idea for the government but it will become a very politically wise move to show that we value the charitable organizations in our country.

I deliberately worded Motion No. 318 to talk about equalizing the charitable and political donation tax credits. I did not specifically say a percentage rate or whatever because I believe that could be part of an interesting debate over the three hours. We can increase the tax credit for donations to charities from 17% to 75%, the same thing as the current political parties get. That is an option.

The motion is worded in such a way that it allows the government to enter into this debate to say what it thinks that optimum rate should be. Obviously I think charities should get more of a break. We discuss whether political parties deserve any break at all, something in between or what it might be but certainly not more preferential than charities.

I will go through a couple of options. Option one is to increase to 75% the tax credit for charitable donations and political donations. That would cost the government \$190 million a year. It is no small amount of money. It is significant dollars but it would at least level it for those small donations, the ones I mentioned earlier that flash on the screen during telethons.

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• (1120)

Option two as another example is a 50% tax credit. Obviously that levels the playing field for those small donations. It costs considerably less. It has the appeal of being the same for both politicians and charities and would cost even less money.

My preferred option is to make the charitable donations the same as the current political donation system. That system is very generous to political parties. It allows a 75% tax credit on the first \$100. It allows a 50% tax credit for donations between \$100 and \$550. It would increase the charitable tax credit to one-third for donations over \$550. That would cost \$800 million. Again it is a significant amount of money.

When we consider that kind of a tax credit, if all other studies remain constant in Canada, it would increase donations to charitable organizations to well over \$1 billion a year. Think of the good this country could do through its charities. Think of the goodwill we could extend through those charitable organizations by showing them through our tax system just how much we value their contribution to Canadian society.

Canadians are a very generous group of people. In 1996 there were over five million charity donors. Half of those donors gave \$150 or less to charities. They are small givers. Sometimes they are people who are starting out in their married lives and cannot afford to give a lot but they give \$100 or \$150.

Charities rely on those small donations to make ends meet. That is their bread and butter. They do not get a big windfall at the end of the month where somebody comes by and says "I thought I would drop a million dollars on your organization". They rely on those small donations. Logically then it seems appropriate to reward those people for their gifts and to encourage even more small donors to get into the habit of philanthropy early in their lives and give them the tax incentive to make sure that it happens.

Making the charitable tax credit no less than the tax credit for political parties is not too expensive. The government can choose one of these options. We could debate what rates are the most beneficial or the most preferential. Perhaps the government has some ideas of its own. I would be interested to hear that.

One must also keep in mind that any public revenue lost in the form of a charity tax credit will be more than made up for I believe in reduced social costs. It is part of strengthening the civil society by allowing charities, families and non-government organizations to do their work and to do it well. We can do that. We can strengthen it. We will help out the sick, the needy, the depressed, the homeless. We can help them all by increasing our support both tangibly with the money and also our public support, our words of

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support, our acknowledgement of the importance of charitable organizations.

It would also make the system more efficient. We would have a tax system which treats all those donations the same, whether they be political or charitable. We would have a tax system that would at least have one column taken out of the multipage form which would make it somewhat easier to fill out.

It would become a fairer system to the charity donor. They would not have to sit there biting their nails wondering whether it is \$100 to the Reform Party or the Liberal Party or somebody else and that only costs them \$25 so maybe they had better do it. They could also make that similar choice and what a delicious dilemma to be able to say "Instead I can give it to my local charitable organization of my choice".

Motion No. 318 would send an important message to Canadians. It would signal the importance of charity work and the responsibility of all citizens to share toward helping to improve the lifestyle and the lives of everyone in society through charitable organizations. It would also send a message that government is not intended nor can it ever be all things to all people. There are other ways and other organizations in which we can help pick up the slack that will be better directed in local communities rather than in broad national programs.

• (1125)

In conclusion there was a newspaper article in the *Vancouver Sun* last year by well-known financial expert Michael Campbell. He wrote an editorial saying "If the numbers are any indication of the relative importance politicians place on the two activities, then in their judgment the re-election of a political party is about four and one-half times more valuable than charitable work".

I do not belittle the work of political parties. They serve a purpose in society. I am part of one and I will continue to be. I agree with the all-party committee in 1996 which said "Let us do it right; let us make the playing field level". I agree with comments like Michael Campbell's that say it is time to level that importance.

Let us put all donations whether they be political or charitable on a level playing field. When it comes down to debate and the vote some weeks from now, I hope all parties and individual MPs in the House will be able to rise to say we did the right thing by levelling the playing field and finally the charitable organizations are to receive the equal treatment they deserve.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I welcome the opportunity to participate in the debate on Motion No. 318.

I will take a few moments to respond on behalf of the government to the motion that has been put forward by the member for Fraser Valley.

The government recognizes the motivation for the hon. member's motion and fully supports the principle of offering generous tax assistance to charitable giving. The purpose of the present tax regime with respect to charitable giving is to encourage larger donations.

The current tax regime was put in place in consultation with the charitable organizations. The government has provided additional incentives to charitable giving in four of the last five federal budgets. Measures that have been adopted include: lowering the threshold for eligibility for the 29% level of the tax credit to \$200 from \$250; raising the annual income limit for the use of charitable donations to most charities from 20%, and when the government took office to 75%; and reducing the income inclusion rate for capital gains arising from the donation of appreciated publicly traded securities to 37.5%.

The hon. member should recognize that the differences in treatment of political contributions and charitable donations reflect the different policy intention of the two measures. The design of the federal political contributions tax credit reflects the desire to encourage greater grassroots involvement by all Canadians in the political process.

For this reason a generous tax assistance is given to small political contributions. This tax assistance is reduced by incremental amounts to the point that the federal tax assistance is eliminated for amounts contributed to federal political parties in excess of \$1,150 per contributor per year.

In contrast, tax assistance for charitable donations is greater for amounts in excess of \$200 in order to encourage larger donations to charities. This type of larger scale giving allows for a greater measure of stability and predictability for charities.

In the case of very large donations, tax credits may be claimed for donations up to 75% of a taxpayer's income in any given year. Tax credits may be carried forward to future years should the 75% limit be exceeded. Recently we have witnessed the important role that the present tax regime has played in charitable giving.

The charitable industry has reported seeing more large scale donations from individuals. In particular it has witnessed this trend following the implementation of the 1997 budget which contained provisions allowing for reduced taxation of capital gains on publicly traded shares given to registered charities. The *Globe and Mail* recently called this tax change which effectively cut in half the capital gains tax that donors pay on such gifts a bonanza for the charity industry.

The University of Toronto has received more than 70 individual contributions of \$1 million or greater during its current fundraising drive. Gordon Floyd, director of public affairs at the Canadian Centre for Philanthropy, recently stated that charities have "all seen a real surge in major gifts of stock since that legislation changed".

The executive director of the ROM Foundation has also noted an increase in tax driven gifts to charities, particularly from new benefactors.

• (1130)

He states: "Since 1997 we have received gifts from individuals in the form of shares that we would not have otherwise received. It has made a difference".

The incentives for large scale giving also bore fruit in terms of a new community foundations movement which is a collection of endowment funds committed to local projects. A coalition of leaders heading up this movement recently announced in Calgary that their collective assets are now worth more than \$1 billion. This announcement is clearly good news for communities.

These foundations tend to fill a unique need in that they are funding locally based projects across the country in almost every province. Gifts to such foundations can be allocated in many ways, including a general community fund or a specific cause. A little more than a week ago members of a youth advisory committee from Calgary announced a series of grants they were awarding, including a \$1,000 grant to a high school program that helps with the integration of immigrants. This type of community action by these foundations is encouraging and helps to reinforce our collective notion about the relevance and importance of community in an increasing globalized world.

We can see from these examples that the tax regime that has been put in place has been working to maximize the benefits of charitable giving for both individuals and charities and the important work they carry out. Charities have mushroomed into an \$88 billion affair spreading through 76,000 organizations ranging from hospitals to houses of worship to social services.

By any measurement this industry has been growing more important and stronger every year under the present tax structure. While we have seen that large scale giving has been greatly affected by tax incentives, we have also found that donations of small amounts to charities have not been strongly motivated by the availability of tax assistance. Consequently the greatest effect of this proposal before the House would be to increase the fiscal cost of tax assistance accorded to donations that would have, in all likelihood, been made in any case. Canadians donate in the smaller increments because they want to.

The level of tax assistance accorded most charitable donations results in a roughly 50:50 partnership between government and the private sector in support of charities. It is consistent with the principle that although charities promote the public good they have direct control over their activities in these areas and their priorities will not generally be identical to those of government.

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In summary, the government cannot support this motion for the following central reason, our basic difference in approach. The current design of the charitable donations tax credit acts to encourage larger donations while recognizing the value of smaller donations versus the argument put forward by the hon. member across the way where he draws the analogy between charitable donations and political contributions. The political contribution tax credit encourages small donations but limits tax assistance for large contributions. That is the basic difference between the two. The greatest impact of this motion would be to increase tax assistance accorded to donations that would have been made in any case.

Tax assistance accorded charitable donations has contributed significantly to the growth of this industry. For the reasons outlined we cannot support the motion. I thank the member opposite for bringing this motion forward for debate so that we can all be reminded of the importance of charitable giving and the worthy causes pursued through their work.

[*Translation*]

Mr. Stéphane Bergeron (Verchères, BQ): Madam Speaker, it is my pleasure to rise today to speak to Motion M-318 moved by my colleague, the Reform Party whip and member for Fraser Valley.

His motion calls for legislation to be brought in to make the deduction for contributions to charitable organizations no less than the tax deduction for contributions to political parties.

This motion flows from a recommendation made by the House of Commons Standing Committee on Finance in its 24th report to the 35th Parliament, which was tabled in January 1996.

• (1135)

Indeed, the committee recommended that the government consider increasing tax deductions for contributions to charitable organizations to match the tax deduction for contributions to political parties. The government never took this recommendation into account in preparing the various budgets tabled since 1996, preferring to maintain a policy of cutbacks, particularly in transfer payments to the provinces.

These cuts have resulted in the first surplus in a very long time being accumulated in the coffers of the federal government, which merrily took advantage of this fiscal flexibility regained through other people's efforts to shamelessly step into provincial jurisdictions with blatant initiatives like the millennium scholarships.

As noble as the stated purpose of helping students may be, there was a hidden agenda to increase the federal government's visibility at the provinces' expense. In addition, in the riding of Verchères, the government's erratic fiscal behaviour led to the termination of

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the Tokamak project in Varennes, a world leader in microwave technology stemming from nuclear fusion research.

Research conducted in the Tokamak laboratories was promising in terms of new, safe and clean sources of energy. This motion is a wake up call to the government about its unfairness and its fiscal inconsistency.

Those making a \$100 contribution to a political party enjoy a federal tax credit of \$75. However, a \$100 gift to a charity entitles the contributor to a tax credit of \$17. Today's social difficulties arising from the many federal budget cuts have created an ever expanding socio-economic role for charitable organizations because of the increasing withdrawal of governments.

The donors enabling these organizations to carry on their work in the community should enjoy the same tax benefit as those, who, equally legitimately, contribute to political parties.

In my opinion, the government must remedy the situation as quickly as possible. Most charitable organizations operate thanks to the many volunteers who work there for nothing. I take this opportunity to pay tribute to and congratulate our many fellow Canadians who volunteer body and soul, with often very limited means, to help attenuate the effects of the problems affecting our society such as poverty, violence and suicide among the young, to name but these few.

Charitable organizations operate in a variety of sectors. There are fundraising activities and help for victims of natural catastrophes such as the ice storm and the floods of the Saguenay and of the Red River in Manitoba, for example.

In the fight against poverty, there is United Way and the many other volunteer action centres we have in our various ridings.

There are services helping young people. I pay tribute to the workers at houses for youth, drop in centres to help young people find a job, and cadet, scout and guide troops.

There are also fundraising and volunteer work for hospitals and seniors' residences. Fundraising for such foundations as the Muscular Dystrophy Foundation, the Heart and Stroke Foundation and the Fondation Enfant-Soleil, which held its telethon yesterday. I would like at this point to thank all those who, each according to their means, made the telethon such a success.

Funds are being raised for university research and various school organizations.

Charitable organizations are involved with young people, handicapped people, municipal libraries, museums, leisure parks and summer camps, among other things. I want to take this opportunity to salute service clubs such as the Optimist Club, the Lions, the Knights of Columbus, the Daughters of Isabel and the senior

citizens clubs that organize meaningful activities for young people, the elderly, and underprivileged families.

Raising the tax deduction would encourage donors to invest more in charities to help them meet their humanitarian and philanthropic goals, especially since these donors are their main source of funding.

Speaking of donors, I would like to mention some telling statistics.

• (1140)

In Canada, in 1996, there were over 80,000 registered charities, 14,000 of them in Quebec, that received over \$4 billion, including \$457 million in Quebec, from 5,451,860 donors, 1,255,773 of them in Quebec. In 1996, the total number of donors was 5,461,860, compared to 5,460,730 in 1992.

How can we explain the levelling, if not the net drop in the number of donors? I submit this is the result of a charitable tax deduction which is not enough of an incentive. The government must review the tax deduction for contributions to registered charities and make it more appealing for donors to take a more active part in funding these organizations.

My colleagues from the Bloc and I will vote in favour of the motion.

[English]

Mr. Scott Brison (Kings—Hants, PC): Madam Speaker, it is with pleasure today that I rise to speak on this motion being put forward by the member for Fraser Valley.

The PC party is willing to support this motion on behalf of charities across Canada. With the latest round of government downsizing, charities across the country have been placed under even more pressure to perform in many of the same areas previously the exclusive domain of government.

I think of areas of health care, for instance where many hospitals across Canada have had to increase their private fundraising efforts to make up for the slack of the downsizing of government funding and the reduction to CHST transfers to the provinces which has resulted in a tremendous amount of hardship, especially in the Atlantic provinces where the local tax base simply cannot support, under current charitable donations regulations, the amount of fundraising required to keep our health care system alive and well.

I think of the Victorian Order of Nurses. The VON is a national organization with branches across the country. In recent years the role of the VON has been forced to expand exponentially as our health care services have been cut by the Liberal government. Many branches have been forced to increase their fundraising efforts to make up for the decline in funding resulting from these higher level cuts in federal government funding for health care.

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It is one thing to offload financial responsibility to the provinces. It is another thing to offload leadership, which is effectively what the federal government has done in the area of health care.

The VON branch in my riding of Kings Hants has suffered severe funding cuts from the municipality as the counties struggle to deal with the cuts from the provincial and federal governments.

When the federal government reduces funding to health care it creates a domino effect whereby the province of Nova Scotia and ultimately the municipalities have to pick up the slack. We simply do not have the local tax base. That is why this motion is very important. It recognizes the needs at the grassroots level for changes to charitable donations and the treatment of charitable donations to increase the incentive for Canadians in communities across Canada to contribute and to help pick up the slack for the cuts and the reduced responsibility of the federal government.

A charitable organization like the VON offers essential health services to the elderly in my riding. Programs like the PEP program, promoting elderly participation, which was initiated with the help of Health Canada during the Conservative government's time in office, help keep seniors active and involved with other citizens in their community. They are very important, particularly in the context of an aging population. These are programs that no longer receive government funding and the charities have had to find alternative funding arrangements just to continue these services.

Organizations like the VON are now forced to fundraise to subsidize visiting nurses programs, for instance to individuals who need to be checked at home. For the elderly who cannot afford to pay for home visits these services are extraordinarily important.

These visiting nurses programs, combined with the PEP program, respite care and meals on wheels, would not exist if not for the dedication and perseverance of volunteers and of course the generosity of donors.

When a person representing a political party in Canada can offer a potential donor a greater tax incentive to donate to their political party than an individual canvassing for a group like the VON that provides essential health services, it uncovers an injustice in our tax system and one that the member for Fraser Valley is quite right in recognizing and in addressing with this motion.

• (1145)

It highlights a larger problem, that being the complexity of Canada's tax code. If I had a complete copy of our tax code it would stand at about the same height as I am standing. I studied taxation as part of my finance degree in university. Not only was it one of the driest courses I have ever taken, which I would not wish

on anybody, but it acquainted me with the incredible and egregiously complex nature of the Canadian tax code.

It is appalling that a person with a small business in Canada has to hire a tax accountant to deal with the government. Filing a tax return should be a simple transaction between the person and the government. They should not need to be represented by a third party to deal with the government. This motion helps to recognize the greater problem, which is the tremendous complexity of Canada's tax code. The PC Party will continue to fight for a fairer, flatter tax system.

As I discuss tax relief for low income Canadians, it should be remembered that tax reform needs to be done in a more holistic manner instead of addressing one part or another. It is unfortunate that much of the tax reform brought forward serves to complicate and not simplify the tax code. The guiding principle behind tax reform should be tax simplification.

Even the finance committee recognized the need to assist our charities in their efforts to expand their fundraising activities. During pre-budget consultations last year witnesses who appeared before the committee suggested that a motion similar to this motion be brought forward. The finance committee included this idea in its recommendations to the Minister of Finance.

Charities like the VON and particularly charities involved in the provision of health care, which has been so tremendously affected by the irresponsible cuts of the Liberal government since 1993, should not be disadvantaged compared with political parties when canvassing for donations. If we were to increase the advantages of donating to charitable organizations, or if they were at least brought into line with political contributions, charities across this country would receive considerable benefit. In fact, all Canadians would benefit from such a change. Charitable organizations offer essential services to society and they should be encouraged, not discouraged, by parliament to continue their activities.

Mr. Dick Proctor (Palliser, NDP): Madam Speaker, I am pleased to take part in the debate today on Motion No. 318 which was moved by the member for Fraser Valley. The motion suggests that charitable donations should be treated no less equitably than donations to a political party. There are some arguments to be made in terms of fairness and equity on this subject.

I tend to agree with the government member who spoke on this motion a few minutes ago. He said that we are really discussing apples and oranges. Political donations have a very limited threshold. It is 75% of the first \$100, 50% of the next \$450 and 33% of the last \$600, with a cap of \$1,150. If a person gives more than that to their favourite political party they do not enjoy any form of rebate. The tax credit is given in the year in which the money is donated to the political party.

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That is quite a bit different than the situation we have with charitable donations where up to 75% of a taxpayer's income can be forwarded to the charity or charities of their choice. Tax forwarding advantages can be used on many other things that are simply not available with the political tax credit.

• (1150)

By way of history, the political tax credit came into being in this country following the 1972-74 minority government. It was one of the conditions for our party's support for the then Trudeau government that it bring in some kind of public financing for the political process and it may very well be in need of updating and redressing.

The Lortie commission on electoral reform and party financing discussed a number of these things several years ago. I might remind members opposite that this government has managed to ignore the recommendations of the Lortie commission since it tabled its report in 1992.

I remember being involved with the Lortie commission on a trip to Harvard University where we met with a number of American politicians. They wondered, I think quite correctly, why we were in their country talking to them about political donations because we had a much fairer system in this country. Thanks to funds that come in through public financing for political parties we get away from all the soft money and all the money that is raised. There are limits. There is a process. Generally speaking, it has worked well in this country for the last two decades.

I think it is all well and good to talk about the explosion of charities and the need for more money. I agree with what has been said on that point, but let us get at the reasons there has been an explosion in the need for money for charities.

As has been correctly pointed out, but with no editorial comments attached, cutbacks have been made by all levels of government as they have focused on balancing their budgets, eliminating their deficits and concentrating on paying off their debts.

I think we could have a very interesting debate about why we need all these charities and that if we had a proper tax system and financing for a number of social programs people would not be required to go door to door or call us at six o'clock at night for a donation for their favourite charity.

I think when the member moved his motion he was clearly directing his attention at the small donor, the person who gives \$50 or \$100. It may very well be that we do need to look at levelling the playing field for those small donors, with a cap of perhaps \$1,150, which is currently what the political tax credit is, or perhaps with inflation over the last two decades we should be looking at moving that number up to \$2,000 so it is more appropriate in this day and age.

Someone might make the argument that there should be symmetry between political givings and charitable donations at the low end. However, we should be careful about the absolute amount that is donated to a political party.

There are lots of good arguments that could be advanced on another day on that topic, but with respect to charitable donations, nobody is arguing that we should cap them, so we are talking, to some extent, about oranges and apples.

In conclusion, I believe that there is a case to be made at the low end for levelling the playing field, but I would leave it at that.

Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.): Madam Speaker, I am pleased to debate this motion. However, before we rush to adopt this motion, which on the surface would appear to give added tax benefits to charitable donors, let us first examine the present status of tax benefits for charitable donations and ask ourselves what would be the fiscal cost to government and, most importantly, what would be the consequence to charities themselves.

In fact, the immediate consequence to charitable contributors, were the legislation to be put in place as moved, would be a zero federal tax benefit for charitable donations in excess of \$1,150 per donor per year. That is the present situation for federal tax credits on political contributions.

• (1155)

Why is the design for tax treatment different between political contributions and charitable donations?

The difference in design reflects the difference in the policy intent and goals of the two. A tax credit for political contributions is aimed at encouraging greater grassroots involvement by all Canadians in the political process, while at the same time preventing the overbearing influence of those who can afford a large donation. Hence, more generous tax assistance is given to smaller political contributions.

This tax assistance is reduced incrementally to the point of zero when political contributions exceed \$1,150 per contributor per year.

In contrast, the tax credit for charitable donations is aimed not only at recognizing the value of all levels of donations, big or small, but also at encouraging larger donations to charities. Hence, tax assistance for charitable donations is greater for amounts in excess of \$200, 29% or more versus 17% for the first \$200, and the threshold for this eligibility was recently lowered from the original \$250.

Moreover, tax credits may be claimed for very large donations up to 75%, raised from the previous 20%, of a taxpayer's income

in any given year. The tax credit may be carried forward for the ensuing five years should the 75% limit be exceeded.

The income inclusion rate for capital gains arising from the donation of appreciated publicly traded securities was also reduced to 37.5%.

So we can see that in four of the last five federal budgets tax measures have been taken to ensure that donations to charities indeed are encouraged.

To date, the level of tax benefits accorded most charitable donations result in approximately a 50-50 partnership between the government and the private sector in the support of charities.

What the fiscal cost of the measure would be were we to implement the motion as moved would be approximately \$125 million per year for the federal government and some \$55 million for the provincial governments. The effect on the level of charitable donations likely would not be that much.

Small donations to charities are not strongly motivated by the availability of tax benefits. Thus, treating charitable donations in the same way as political contributions would not necessarily increase the total amount of donations from small donors. At the same time, larger donations from big donors may in fact diminish in number.

In a recent news item reported in the May 27, 1998 issue of the Ottawa *Citizen*, the increase in the number of large donations—in millions of dollars—to help the Canadian Red Cross, land mine survivors and cultural institutions was attributed to tax measures adopted in the last five federal budgets of this government.

The greatest effect of the proposal would be to increase the fiscal costs of tax assistance accorded to donations that would have been made in any case. Charities themselves would receive little benefit.

I share the principle of charitable giving. We share the belief as Canadians that charitable giving, which is a defining character of the Canadian nation, expresses the best in our people. We are people who take pride in helping the most vulnerable of our citizens and in advancing lofty causes such as scholarships, the performing arts, research, professional faculties, ethnic studies, finding cures for diseases, literacy, sports, international development projects and others.

In essence, we help to ensure that the Canadian citizenry is sound in mind and body. This goal is a chance we give as well to the people in developing nations. This spirit of helping fellow citizens, neighbours and strangers, is very much a part of the Canadian culture. Essentially, Canadians, particularly the small donors, give not because of tax incentives or any monetary inducement, but because they want to give.

Viewed in this light, Canadians will see the soundness of the current differential government policy with respect to the two types

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of donations and see the absence of need to treat them in the same way.

A political contribution is a contribution to help advance the cause of democracy. Charitable donations are more than a contribution. Charitable contributions are gifts to help advance the noble causes of the heart. We value and hold in esteem charitable donors for their gifts of the heart.

• (1200)

Mr. Jay Hill (Prince George—Peace River, Ref.): Madam Speaker, I see we only have a minute or two left in Private Members' Business. There is not a lot of time to adequately address Motion No. 318 put forward by my hon. colleague from Fraser Valley.

I find it absolutely unbelievable, not only to members on this side of the House, but indeed to all the people across Canada who are watching at home today that we would even have to have this debate, that we would even have to have this motion put forward by my hon. colleague from Fraser Valley. I certainly applaud his initiative to bring this matter forward.

We are talking about the issue of levelling the playing field at a minimum. The motion as my hon. colleague pointed out says "no less than". That is a key phrase in the motion itself. It says that in the opinion of this House the government should bring in legislation making the tax deduction for contributions to charitable organizations no less than the tax deduction for contributions to political parties.

In reply or rebuttal, the hon. member from the governing Liberal Party who just spoke is missing the point. He said that if this were to go ahead and we levelled the playing field and treated both exactly the same, that anybody wanting to make a donation to a charity of more than \$1,150 in any given year would get no additional tax credit. He is quite correct if we did it exactly the same, but that is not what the motion says. The motion very clearly says no less than.

In the excellent presentation that my hon. colleague from Fraser Valley made in speaking to his private members' motion, and the need to bring this type of legislation forward, he threw out the challenge not only to government members but to members from all the political parties to suggest some options. He said to look at alternatives.

One of the options I would like to discuss is the option of eliminating the tax credit for political parties and reassigning the benefit from that to charities. That type of tax reform would certainly be supported by a lot more Canadians than the present system. The small donors, the average donor, the person who can only donate \$50 to any given entity be it a charity or a political party, those are the people we need to target. We need to ensure that it is not a case where \$100 to a political party gets a \$75 tax credit but \$100 to a charity only gets a \$17 tax credit. That is the issue.

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That is the driving force behind this motion and the reason why I am certainly speaking in support of it.

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

GOVERNMENT ORDERS

[*Translation*]

SUPPLY

ALLOTTED DAY-UNEMPLOYMENT INSURANCE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ) moved:

That the House castigate the government for the catastrophic effects of its reforms to unemployment insurance; for having taken over funds destined for unemployed persons; and for its inability to adapt the unemployment insurance system to the new realities of the labour market, particularly where young people, women, and self-employed persons are concerned.

• (1205)

He said: Madam Speaker, I wish to inform you that I will be sharing my time with the member for Québec, who is also my assistant on the Standing Committee on Human Resources Development.

The Acting Speaker (Ms. Thibeault): If the hon. member wants to share his time, I have to ask for the unanimous consent of the House to proceed in this fashion. Is it agreed?

Some hon. members: Agreed.

Mr. Paul Crête: Madam Speaker, I am very pleased to speak today to this motion brought forward by the Bloc Québécois.

Around this time last Monday, the Bloc Québécois launched the first initiative of employment insurance week, making the whole country aware, among other things, that only one out of every four unemployed young people is entitled to employment insurance benefits. Three out of four young people who have paid contributions cannot receive EI benefits.

The week dedicated to employment insurance also included a public forum and a panel of experts. We saw the impact of that week on parliamentary business. We saw all kinds of statements, particularly by the Minister of Human Resources Development, who said that tightening the requirements was good for young Canadians since it gave them a chance to go back to school.

According to him, there is nothing wrong with being strict to the point where people who have contributed to a plan are not entitled to benefits. It is perfectly legal and it actually shows compassion for our young people. We saw the public condemn that statement.

Last week also gave us the opportunity to expose what has been called the employment insurance scandal. We now have the proof we needed. The minister was forced to admit that the billions of dollars paid in employment insurance premiums were not put into a distinct account. Still, it was again pointed out, as it was by the Auditor General of Canada, that there had to be a separate account to ensure that employment insurance was monitored appropriately.

There is no such separate account. The government used the money to reduce the deficit. We understand the deficit did have to be dealt with, but we have understood today as well that this was done at the expense of workers earning less than \$39,000 a year, and of the unemployed, whose eligibility for and duration of benefits the Liberals have twice managed to reduce, in both the 1994 and the 1996 reforms.

Late last week, five studies were released on the assessment of the 1994 reform, and these were not carried out by Bloc Québécois experts or by experts wishing to express their opinions but by experts on the government payroll.

Among other things, these studies addressed the consequences on long term employment. Part of the conclusion states "It seems therefore that Bill C-17 has attained its objective, which is to reduce the eligibility for benefits of those who are eligible but have spent little time in the workforce".

These conclusions are an admission that the objective was to decrease eligibility for employment insurance benefits for seasonal workers and others with similar jobs.

Another finding of the study addressed the duration of the lost employment and the eligibility for employment insurance. According to the expert, "Workers in high unemployment provinces, the Atlantic provinces in particular, and Quebec to some extent, or high unemployment industries, such as the primary and construction sectors, are far more prone to job loss. A randomly selected worker in these provinces or industries could expect to lose far more in weekly benefits than a worker from any other region in Canada, as a result of Bill C-17".

Those choices were deliberate. They knew the consequences would be lower benefits to the unemployed, and even less employment.

Another study on the duration of unemployment benefits was released at the same time.

• (1210)

It compared two groups: that of 1993 and that of 1995. It said that belonging to the 1995 group increased one's chances of

getting off unemployment, resulting in a significant decrease in duration. Right after the election campaign, the Prime Minister said “We are going to set aside all the Progressive Conservative reforms and start treating people properly again”.

He did not say it verbally. It appeared in a letter that pointed out, in so many words, that, under a Liberal government, they would not treat people that way any more. Yet, less than three months after the election, they passed a law that was even tougher, even more restrictive than everything the Progressive Conservatives had done before them. It was the GST all over again.

That is why people are angry today. People throughout Canada are angry; those affected by the cuts resulting from the 1994 reform are angry, but not as angry as those affected by the cuts resulting from the 1996 reform, because the same implacable logic is at work.

In 1994 the government said it was going to limit duration of benefits. It then realized that this was not enough to wring a bit more out of unemployed workers. In the 1996 reform, it decided to come at it from the eligibility angle. This was when it brought in the 910 hours for someone entering the job market.

A young person must work 26 35-hour weeks or, and this is to be found nowhere, 62 15-hour weeks. Only the Liberals have a 62-week year. These young people have no other way of qualifying. That is the direct reason why only one young person in four qualifies for EI.

We are therefore looking at two Liberal reforms that have had a major negative impact. The weekend editorial in the *Nouvelliste* said, and I quote: “There is no shame in changing course when it is clear that our policies are not producing the effects we thought they would. Minister Martin announced that his old age pension reform would be reworked, because it became clear that it was going to penalize those who are setting money aside for their later years. The time has now come to re-assess the EI policy. Otherwise, this week’s discontent, which goes well beyond Quebec’s borders, could turn into a time bomb for the Liberals”.

I think the judgment that was passed reflects the reality. Last year, on election night, almost one full year ago, the federal Liberals received a clear message both from Atlantic Canada and from the Quebec regions, who harshly criticized the reforms to employment insurance. Last week, particularly when judgment was passed on this issue, all Canadians clearly expressed their dissatisfaction with the way the funds are currently managed and stated that the government must react.

I would like to conclude by quoting an expert in this field, Mr. Marc Van Audenrode, who co-wrote the study that demonstrated that reforms to employment insurance push people onto welfare. This morning, this author pointed out, among other things, that Canada used to have one of the most generous employment

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insurance schemes among OECD countries. Nowadays, our system is not as generous as the average program provided by OECD countries or by our competitors in New England. It is about as generous as the program in Alabama.

We live in a parliamentary system. We have a government of Canada. The duty of this government is not only to look through the window to see if the economy is growing. Its duty is to ensure that wealth is adequately distributed. It has to realize that an adequate employment insurance program is the best way to ensure that people do not end up unemployed and on welfare.

Given the situation, the federal government must quickly go back to the drawing board. We offer the government our cooperation through the Standing Committee on Human Resources Development and the Status of Persons with Disabilities or in any other way. The government should consider our six bills and come up with a concrete proposal, because we cannot afford to wait any longer.

• (1215)

Mr. Daniel Turp (Beauharnois—Salaberry, BQ): Madam Speaker, I simply want to comment on my colleague’s efforts and stress how much Bloc Québécois members appreciate his work regarding this issue and last week’s very conclusive results.

It is important that we pursue the fight to achieve greater fairness and a better distribution of wealth in Canada and in Quebec. The Bloc Québécois is particularly concerned about the plight of young people, since one in four can no longer get the support needed to ensure his or her future and return to the workforce.

In light of this, my question to the hon. member has to do with young people. I would like to know to what degree young people are penalized by this reform and how—since this is the object of our efforts—we could improve their fate by overhauling this employment insurance reform?

Mr. Paul Crête: Madam Speaker, I thank the hon. member for his question.

Young people are indeed greatly affected. Three out of every four are no longer eligible for benefits. Part of the solution is found in our proposed bill, which seeks to bring back the number of hours worked by a young person to be eligible for benefits for the first time to a more reasonable figure than the 910 or so hours that are currently required, so as to allow people, after their first job and particularly when they have just finished school, to qualify with a reasonable number of hours.

The other objective is to give self-employed persons access to the employment insurance program. In addition to being unfair, the program does not reflect the new realities of the labour market. Many young people are self-employed and would appreciate having some income security. Sometimes, for example, this is what

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makes the difference in the decision to start a family. There is a new reality, but there is also a solution.

These are measures that the government should consider and that this parliament should approve. Therefore, I ask the consent of the House to make the motion votable, so that we can effectively see where each parliamentarian stands on a crucial issue that is being debated right across the country.

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

Some hon. members: Yes.

Some hon. members: No.

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

Mr. Paul Crête: Madam Speaker, just to finish answering the question, I have to say the Liberal majority has not only refused to discuss this issue in committee, but has just refused that this motion be put to a vote.

I certainly hope the members from Quebec and the maritime provinces will have to account for this decision by the government when they go back in their ridings. Why have they refused today to have this motion put to a vote? Why do they show such a lack of courage, and why did they make this decision? Are they totally out of touch with reality in their ridings or are they more afraid of their whip than their need for electors' trust?

I hope this opposition day will be an opportunity for the Liberal majority to reconsider the issue and change its attitude. When we ask the House to castigate the government for the catastrophic effects of its reforms to unemployment insurance; for having taken over funds destined for unemployed persons; and for its inability to adapt the unemployment insurance system to the new realities of the labour market, particularly where young people, women, and self-employed persons are concerned, it is because Canada should go back to the drawing board, examine the situation, and take remedial action as soon as possible.

Mrs. Christiane Gagnon (Québec, BQ): Madam Speaker, like my colleague, the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, I am pleased to speak today on this important issue.

It is a well known fact that the Bloc Québécois is very concerned with the employment situation and the new employment insurance reform.

• (1220)

The Bloc Québécois has made this whole issue its priority. We have made many suggestions to the government to improve the

employment insurance reform, which is extremely hard on those who lose their jobs. This is an unjustified reform, especially when the government is piling billions of dollars, more precisely \$6 billion a year, in the employment insurance fund.

The motion of the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques reads:

That the House castigate the government for the catastrophic effects of its reforms to unemployment insurance; for having taken over funds destined for unemployed persons; and for its inability to adapt the unemployment insurance system to the new realities of the labour market, particularly where young people, women, and self-employed persons are concerned.

Last past week, there were editorials in various Quebec newspapers describing this reform as unjustified.

Let me quote a few. *La Presse* called it primarily intellectual fraud, a poor approach to taxation, a fundamental lack of transparency on the part of this government. The government is not honest with the people. That is what we have been denouncing for over a year. We have denounced this lack of transparency where the government helps itself to money paid first by the workers and second by the employers. This is a very harsh reform, which runs counter the very essence of what a real employment insurance reform should be.

In *Le Soleil*, Donald Charest wrote "This is a fictitious surplus". It is well known that the \$19 billion soon to be accumulated in the employment insurance fund are no longer available. It has been used to pay the government's grocery bill, its deficit.

The government will be in a jam in the event of a recession. As one of the editorials said, if at least the government had had the foresight of accumulating this kind of surplus in case of a recession, it could have been said that the government had an ounce of wisdom. But this is not what is happening in reality, because we know full well that the amounts have been spent. These amounts are virtual. They are not in the fund.

The fact that contributions are being maintained at very high rates, that is \$2.70, is very harmful for job creation. They were reduced by only 20 cents. We know that for a worker who earns \$500 a week, these 20 cents represent \$1 less in weekly contributions.

Through the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, six bills have been introduced. When the human resources development minister responds to our questions in the House, as he did during the employment insurance week, he is not very credible. He gives us somewhat farfetched answers that reflect his lack of humanity and compassion toward unemployed people.

The minister tells us there are 500,000 more part time workers who were not covered by the system and who are now covered. He

says to women who are on maternity leave that once their children are raised they will have some extra assistance through employment insurance. He also says that the government has acted in a courageous manner and wanted to break the dependence cycle.

I respond to this by saying that even though there are 500,000 more part time workers who were not covered by the employment insurance system previously, in fact this means that these workers are paying contributions but cannot get any benefits. These women do not qualify for employment insurance because they have not worked enough hours. This is especially true for part time workers.

For some women who have worked for 40 weeks, if they have worked more hours during the first weeks, it does not count, because the calculation is on the last 26 weeks. Consequently, they receive even less benefits than before.

This is a reform that is unwarranted and we have several comments as a result of the minister's answers. He says that the government did not want a repeat of the situation that existed when the Liberals came into office, when the deficit was at \$6 billion. I can fully understand that a \$6 billion deficit is a concern for the government, but when there are \$19 billion in the employment insurance fund, I say to the minister that he is not in a rush to undertake a reform, because it works to the government's advantage. At present, the government gets another \$700,000 every hour. Each and every hour, \$700,000 more comes into the government's coffers. So leaving the reform as it is means that, in the meantime, the government is making money on the backs of the workers. This is something to be severely criticized.

• (1225)

I am glad much was made of this last week. The minister responded to questions from the Bloc Quebecois by saying that he had been all over the country meeting with people to discuss the impact of the reform and that it is always a pleasure for him to listen. He is very polite, but he is not very quick to act.

It is all fine and well for him to listen. However, members of the Bloc Quebecois are not the only ones criticizing the reform. Last week, other parties were as vehement in their criticism of the government's attitude in dipping into the employment insurance fund to wipe away its deficit, which was very dishonest and showed its disdain for the public.

The minister does not want to rush into any hasty decisions. I understand, it is worth his while not to. When a government is accumulating a surplus of \$6 billion every year, there is no need to worry about the deficit, because the employment insurance fund is right there to dip into. Taxes could have been raised, but we are wise to the game the Minister of Human Resources Development and the government in general are playing. We are wise to them. They did not want to be unpopular, there they were with a smile on their faces. They paid down the deficit and now they can walk with their heads held high as a result. But I would not be so proud of

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myself, knowing that thousands of people are no longer eligible for employment insurance.

The minister's response to the Bloc Quebecois bills is that they are no solution that will help the unemployed to get back in the work force. My response to that is that we are concerned for the workers in transition, the ones who are short of weeks for employment insurance, the women who are not qualified for maternity benefits.

My response as well is that we are very concerned about a solution that encourages people to go directly onto welfare. That is the path the present Liberal government is pointing people to. We know this costs millions of dollars, \$845 million in Quebec and \$1.6 billion in the rest of Canada. This means \$2.5 billion downloaded onto the provinces.

As we know, the Canada social transfer was cut by \$42 billion instead of \$48 billion. This is what the minister calls giving provinces money back for health care. We call it cutting less than previously announced. The minister had announced \$48 billion in cuts and he cut only \$42 billion. He was able to be this generous thanks to the employment insurance fund. He did not even have the honesty to show his true colours, and say what he really intended to do.

The unemployment insurance reform was aimed at revitalizing the job market, and what do we see? Thousands of workers in vulnerable jobs on the fringe of the labour market are being excluded. This is a disaster. It is estimated that only one out of four young workers between the ages of 20 and 24 qualifies for employment insurance benefits.

And then there are women. The minister gives us simplistic answers. He does not even have statistics to back them up. He tells us it is due to the birth rate. Then can he explain why maternity benefits dropped by 6% while the birth rate dropped by only 1%? The discrepancy is obvious.

I deplore the bad faith of the Minister of Human Resources Development, who enjoys reading his files, but has very few concrete measures to offer. The Bloc Quebecois has worked very hard to find solutions and make the reform easier on the unemployed. But obviously the government has no intention of backing off.

• (1230)

The people will judge it on its accomplishments. We know how the former Minister of Human Resources Development was voted out of office. He lost his seat because his reform was too harsh on the least fortunate.

I am asking the government once more, as we did on the human resources development committee, to review the whole issue of the reform; hopefully the employment insurance week will give it cause for reflection.

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Mrs. Maud Debieu (Laval East, BQ): Mr. Speaker, recently, the Minister of Human Resources Development said rather suavely if not innocently “We no longer have a deficit in Canada, which means that the poor families are now richer.”

Yvon Deschamps, a renowned stand-up comic in Quebec, once said “It is better to be rich and healthy than poor and sick.” I do not know if the Minister of Human Resources Development is trying to compete with Mr. Deschamps, but with statements like that one, he is succeeding.

In other words, what the minister is telling us is that, thanks to the tightening of the employment insurance program, poor families are getting richer. Since this Liberal government was elected in 1993, there are 500,000 more people living below the poverty line in Canada. We cannot hope to solve the problem with the poverty insurance system we just talked about—because it is not an employment insurance system, but really a poverty insurance scheme.

Poverty insurance will particularly affect one category of workers, pregnant women. For these women, it will become increasingly difficult to qualify for maternity benefits. The hon. member for Québec touched on that issue and I would like her to answer my question.

What will happen to pregnant women whose access to maternity benefits and special benefits in general, like maternity leave, sick leave and adoption leave, will be reduced?

Mrs. Christiane Gagnon: Mr. Speaker, I thank my colleague for her question. Indeed the minister’s statement is shameful. He is telling us that we are richer because the deficit has been eliminated.

We know now where the money that was used to eliminate the deficit came from. It came from the employment insurance fund, which is essential to help the unemployed find a job at a time when jobs are precarious and to give them a minimum income so they do not have to go on welfare.

One and a half million poor children in Canada is nothing to be thrilled about. One and a half million poor children also means poor parents. I do not know if the minister can see the relationship between poor children and poor parents.

Women are also very affected by this reform. We know now that, with the reform, a woman must accumulate twice as many hours to become eligible for maternity benefits and EI special benefits.

The minister’s answer to that is that the fertility rate has dropped. Even though the fertility rate has dropped, do special benefits not also include parental, adoption and sickness benefits? There has been a substantial decrease in these benefits in 1997. Will the minister tell me that people are sick because the fertility

rate is lower? I do not know what his answer will be. He will certainly come up with another farfetched answer.

We have spoken out against these kinds of things and will continue to do so. This will definitely not encourage young couples to have children. We know that the minister’s reform is not adapted to the job market because young women have unstable part time jobs and do not have any strong ties to the job market. Those are the things that we denounce.

We hope the Minister of Human Resources Development will finally see the light and will be more human and more realistic in this reform that particularly affects the unemployed, women and young people.

• (1235)

[English]

Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the hon. member’s motion talks about the disastrous effects of reform of the employment insurance system. What disastrous effects?

As I reviewed last week’s *Hansard* and listened to the speakers opposite today, it is obvious the hon. members opposite have been trying to raise people’s fears, trying to manufacture disaster where none exists. Instead of assisting people to use the programs available they are agitating complaints.

I will speak in a moment of a few of the programs available under the system. The first speaker opposite spoke of the EI scandal, so-called, alleging that the government is taking over funds of workers. That is not the case at all. When the government first came to power there was a major deficit in terms of the unemployment insurance fund. We have set up the system so that we are sure there is an investment there in the future, that there is a fund we can go to in the future that will protect workers in the future. That is good management to ensure there is a system available to workers in the future so that employment insurance premiums do not have to be raised should we get into a downturn in the economy.

Employment insurance reform is helping Canadians get back into the workforce. We are accomplishing this through a number of direct initiatives. This is a reasonable reform package. This is a compassionate reform package that is clearly in the best interests of all Canadian workers.

Unlike the old passive UI system, the system the Bloc would have us return to, employment insurance is a proactive approach to supporting and encouraging Canadians to stay in the labour market as long as possible. That is why employment insurance combines income support with effective active re-employment measures.

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Employment insurance rewards people who work. It invests in people who are prepared to invest in themselves. Taken together, employment insurance measures are fair and balanced.

Let us consider some of those programs. Let us consider the five active re-employment measures for a moment, the first being targeted wage subsidies. The Government of Canada contributes part of a person's wage and that enables employers to hire claimants or former claimants who receive valuable on the job experience. In 1996-97 this measure helped some 9,000 individuals.

For those with an entrepreneurial spirit we provide self-employment assistance. This measure, and I believe it is one of the better programs under the system, provides claimants with financial support and planning assistance to help them get a viable business off the ground. In 1996-97 this measure assisted over 13,000 entrepreneurs in starting their own business.

The government believes in proactive collaboration so we have job creation partnerships where we work with the provinces and the territories, the private sector, labour and community groups. Together we develop projects that do two things, generate new job opportunities for unemployed Canadians and enhance the local economy. In 1996-97 job creation partnerships assisted over 18,000 workers.

We are also piloting targeted earnings supplements that top up a claimant's wages for a short time. This active re-employment measure encourages the person to take work that pays less than their previous job. It is an effective way of helping them make a transition back into the workforce and find permanent work.

The fifth active re-employment measure is called skills, loans and grants. It offers training to upgrade people skills by helping with fees for study courses and living expenses. Training is now a provincial responsibility. So this measure is delivered by the provinces through labour market development agreements with the Government of Canada. Those five programs help people get work and have active re-employment measures to help them get back into the labour force. Employment insurance reform is generating savings of \$800 million that the government will reinvest annually in these measures.

• (1240)

I can assure the hon. member that the effects will not be disastrous. They will be highly beneficial to Canadian workers and to the Canadian economy and to Quebecers and the Quebec economy.

For 1998-99 Quebec will receive \$5.3 million for active measures that will go toward helping workers in the hon. member's province. No one can accuse this government of short changing Quebecers. But by golly members opposite, in terms of their fearmongering and their separatist rabble-raising with their mis-

leading information, are killing the economy. They are causing the loss of jobs. Instead of recognizing the programs available and talking about them in Quebec and showing people how they can utilize them to get back into the force, they are out there with their separatist leanings which are killing the very economy we are trying to improve.

The hon. member's motion says that employment insurance does not have the capacity to adapt to the new realities of the labour market. With all due respect, the member is wrong again. He should try telling that to a woman in Chicoutimi or in the riding of the member for Acadie—Bathurst who works 14 hours in a department store before becoming unemployed. Under the old UI system that the member for Acadie—Bathurst supports as well she was just plain out of luck because none of her work was insurable. Under the new hours based system, after 30 weeks of work she will qualify for employment insurance benefits. What is more, under the hours based system women working part time are now eligible for maternity benefits.

They say it is not adaptable to the labour market. Try telling that to the 270,000 women now covered by employment insurance for the first time in their lives. And yes, mothers who left the workforce to stay home and raise their children and who now want to return to work are eligible for active re-employment measures. That is being adaptable and that is looking to the future.

The hon. member says employment insurance reforms are tough on youth. No, they are not. They are designed to discourage young people from throwing their lives away by leaving school before they have completed their education.

Do hon. members opposite want to encourage young Quebecers and young New Brunswickers to throw away their lives by dropping out of school and ending up on the treadmill of short term work followed by employment insurance income? I should think not, but their speeches lead me to believe otherwise. That is certainly not what the Government of Canada wants.

That is why we have the youth employment strategy to break that cycle. That is why we brought in the Canadian opportunities strategy to further provide young men and women with the opportunity to pursue their education and thus improve their chances of finding employment.

The objective, in case the hon. members do not get it, is not to see how many young people we can put on to employment insurance but how many we can find meaningful employment and long term work for.

What about seasonal workers? Employment insurance is there for seasonal workers. Again, the basic premise of employment insurance is to encourage workers to continue to work as long as possible. We wanted to discourage people from falling into the old habit of using employment insurance as an income supplement. That is what created dependency on unemployment insurance. It is

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too early to get the complete picture but it appears that workers are finding extra weeks of employment needed to qualify for benefits.

When we saw there was a flaw in the system in terms of the short weeks, we on this side instead of ranting and raving about it put in place pilot projects to ensure that those short weeks would not hurt workers and that the program would be there for those in the seasonal industries.

• (1245)

Unlike members opposite, we on this side are moving forward to ensure that the system is in place for the workers in the future, that there is investment so that we have the kind of program and social safety net the workforce so direly believes in.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, my colleague has criticized my talking about a scandal.

I quote a sentence from two of the five studies released on the 1994 evaluation “For example, a woman working in the fishing industry and a man in forestry would have each received an average of 25 weeks of benefits a year before the new system. After the bill, the number of weeks was reduced to 20. The effects of Bill C-17 were therefore disproportionate in provinces and industries relying most heavily on the insurance system”.

Another study, this time ordered by the government, noted “We have concluded that Bill C-17 has caused a 20.7% reduction in benefits paid out, essentially because of shorter qualifying periods”.

These are two scandalous effects of the 1994 reform in which the Liberals, three months after an election campaign in which they talked about moving forward and never repeating Conservative strategies. Their results were worse than those of the Conservatives.

I would therefore say to the hon. member in conclusion that he does not know what he is talking about on the subject of active measures. These measures were transferred to the provinces for the good of all Quebecers and Canadians, because this way they might be effective.

[English]

Mr. Wayne Easter: Mr. Speaker, I appreciate the question. Again as with so much of what the member opposite said previously, he has it wrong. He is interested in raising fears and talking about disaster. The hon. member has heard this before but I think maybe he should hear it again.

The Government of Canada under this new system, under the labour market development agreements will invest \$2.7 billion over five years to enable his province to deliver active re-employment measures. Those are measures designed to get people back to work and into the labour force.

I again want to emphasize that one of the reasons why we have to make that investment is that the separatist leanings across the way are killing the economy and driving people out of the province. They are raising unemployment.

Let me say that figure one more time. The Government of Canada will invest \$2.5 billion over five years to enable the province of Quebec to deliver active re-employment measures.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, my question will be very brief. I wonder if my friend can tell workers and employers where the \$15 billion EI fund is. Is it in a vault somewhere? Is it invested? What exactly has happened to that \$15 billion fund? I think workers and employers would like to know that it is stored away safely.

Mr. Wayne Easter: Mr. Speaker, there is no question that this government has shown how credible it is in dealing with the finances of the nation.

Members can be assured that with this government and our Minister of Finance in control the money is going to be there in the future for those workers who need it. We see it as an investment. When we came to power there was something like a \$6 billion deficit in terms of the unemployment insurance fund at that time. As a result, premiums were going up under the former Tory administration. We were able to bring them down and still have surplus funds in the EI fund to be there to protect workers' interests in the future. That is good management by this government.

[Translation]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, it is too bad my question has to be short because I could say a lot on this subject. My colleague spoke about Quebec separating, but I can guarantee one thing: New Brunswick has no plans to separate, but it does have problems.

The member speaks of part time employees working 14 hours. How does he explain the fact that fewer than 40% of workers qualify for employment insurance? All the others were cut off employment insurance, because of the government.

• (1250)

I will close on this question. How does he explain that, before the election, his government said that changes to employment insurance would spell disaster for New Brunswick and, now that it is in power, it has made them?

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[English]

Mr. Wayne Easter: Mr. Speaker, the member's figure of 40% is slightly off base. In terms of his province, New Brunswick, the figure is actually 75%. It shows that the system is working for him. Instead of burying our heads in the sand, we have tried to put a system in place that gives people the skills and the opportunity to get back into the workforce rather than to continue the cycle of being on EI and using it as an income supplement.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it is a pleasure to rise today to address the motion from the Bloc Quebecois. Because time is so limited I will try to focus on one aspect of this motion. I wish to address the aspect of the EI fund.

A couple of minutes ago I asked my friend a very direct question about the EI fund. I said that I hoped the government had stored away this money very carefully and that workers and employers who have contributed more than \$15 billion into the fund, which is more than they have received back in benefits, would want to know that it had been stored away very safely, that it had been invested and put away in a vault somewhere. My friend provided an answer that was a little evasive, a little less than direct. My friend said in his speech that the government has been ensuring that the EI fund is there so that we can go into the future, or some bromide like that.

The EI fund is a myth. The EI fund does not exist in any real way. There is no fund. It is a fairy tale. It is not exactly one of the brothers Grimm fairy tales but it is a very grim fairy tale. Just like leprechauns, unicorns and the fairies of the woods, the EI fund does not exist. It never has existed.

We have a situation where the government runs around telling people "If we mandate that money is taken off your cheques and sent to us, it will go into some fund". It is very much like the Bre-X disaster of a couple of years ago. Somebody told people "Invest in our company. We have millions of dollars of gold reserves in the jungles of Indonesia that we will soon be drawing upon. We just need a little money to get it out of the ground. Pretty soon it will all come back to you".

Just like the Indonesian goldfields, the EI fund is a myth. It does not exist. There is a note in the consolidated revenue fund, an IOU to the workers and employers who have contributed to this fund. A \$15 billion IOU.

My friend who was talking in a rather evasive way about the fund should be more direct and admit that the EI fund does not exist. There is no money in there. People who have been paying into it for years and years have been misled. We see this happening often in a government that is armed with the ability to tax and to spend.

We see it as well in things like the Canada pension plan. For years people were led to believe that all the money they paid in

premiums was going into an account and it was building up for their retirement, only to find out that it was being lent to the provinces at below market rates of interest and there really was not any money. We see it happening with the federal superannuation pension fund.

Whenever there is a fund of money, the federal government cannot wait to get its greedy little fingers on it. No matter where it came from, no matter under what premise it was taken from people, in the end it never ever uses it for the purpose it was supposed to be used for. This is another example of that.

• (1255)

Where did the \$15 billion go? It is a great mystery.

An hon. member: Indonesia.

Mr. Monte Solberg: Perhaps, who knows? Maybe it went to Italy. We do not know.

All we know is that it went into the consolidated revenue fund. We also know that the government is proposing to spend another \$11 billion in the next few years. So we have a situation where the money that has allegedly come into the EI fund does not exist. We also know the government is going to spend \$11 billion in the next few years.

We can only conclude that money is going to all kinds of things that workers and employers did not ask for and do not want. The government says "We have a better idea. We will spend it for you because we think we know better". It speaks to the government's unspoken assumption that people do not know as well as the government does how to spend taxpayers' money.

We have a situation now where the government is going to start to spend this money away. I would argue this is wrong headed. It is a much better approach to say to employers and employees "Why do we not allow you to run this fund? Why do we not take this fund off budget? Why do we not get workers and employers to decide between them which is the appropriate level of premiums to pay and what are the right benefits to pay".

Ultimately there will be a system where both parties will have their vested interests at the table and they will come up with a compromise that will somehow suit both parties. That system is in place in other countries so we think it is a very plausible way to go. We would argue that if we did that we would have a fund that would actually be there for people when they need to draw upon it.

My friends would say that in the past the government has honoured its IOUs. Fair enough. But in this case, if we go into a recession in the next couple of months, if as an example the

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economy suddenly turned down because the Asian crisis hits Canada in a hard way, we would be in the situation that because the government did not prudently set aside the \$15 billion, we would have to go \$15 billion into the hole. We would have to start running deficits once again. That is the effect of not putting that money aside.

Who would pay to get out of that deficit hole again? It would be the workers and employers because as the government has done over the last four years, it would raise taxes to get out of the deficit. We would see workers and employers paying twice to get out of the soup.

We argue that instead of perpetuating the myth that there is a fund, as my friend did a few minutes ago, why not be honest with Canadians? Why not tell them that the money has been spent away? Why not resolve not to do it again by setting up a separate account, hiving it from the actual budget and letting employers and employees run the account themselves? That would be a much better plan.

There is another issue associated with this. The other day the finance minister was before the finance committee. Regrettably I was unable to be there. He spoke about the EI surplus and was asked some questions about it. One thing he said which was rather strange was that cutting EI premiums would not create jobs. I found that very strange. When the government cut EI premiums by so very little a few months ago, it issued a press release in which it said that cutting EI premiums would create jobs.

Which way is it? Does the finance minister believe that cutting EI premiums will create jobs as he said a couple of months ago, or is he saying now that it will not, as he said on Thursday? The government should make up its mind. One day it will create jobs, the next day it will not create jobs. The finance minister better talk to some of the people in his own department and get it straight.

Canadians want to see some cuts to EI premiums. I think they have made that very clear. We know the Canadian Federation of Independent Business has been after the government for years. We know that the Reform Party has been after the government for years. We ran in the election campaign on lowering EI premiums. The finance minister had better get his act together and quit trying to engage in this type of doublespeak where he tells what he thinks they want to hear at different times.

• (1300)

The government has perpetuated the myth for a long time that this fund is solvent with billions of dollars in it and it will be there when it is needed in the event of a recession. That is clearly not the case. I hope my friends across the way would quit perpetuating this myth, as my friend from Prince Edward Island did a couple of minutes ago, and start to give Canadians the honest truth. Only then

when we have the complete truth will we all be able to sit down together like adults and solve these problems.

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Madam Speaker, I find it somewhat ironic that the member would stand today after a very successful convention in London where it was decided to reform the party into change. Obviously the old Reform Party which has been around for 10 years was not working very well so now it is in the process of changing.

Based on that I want to get the new Reform Party on record on where it stands on this issue. The member wants to know whether there is such a thing as an EI account. We know there is an EI account because we know by law that this fund is set up to help unemployed workers through active measures, benefits and a combination of income support when people are laid off. There are also some active measures to help people find jobs because the economy is changing very rapidly and those changes were needed.

Most economists on Bay Street say the number one choice in making cuts to put more money in people's pockets is to cut personal income tax, not to cut EI premiums. EI premiums have a very limited effect and the majority, except for one NDP economist in the *Globe and Mail*, suggested that premium cuts are the way to go.

Even though the government has cut premiums substantially, they were rising to \$3.30 under the Tories, they are now down to \$2.70. The government is on target to reduce premiums more this year. I want the member to be aware of two things.

There is an independent commission that does review it. It has representatives of labour and employers. It makes recommendations to the minister of human resources and to the Minister of Finance. The member was incorrect in that. There is such a commission today.

Which is the new Reform Party's position on this issue?

Mr. Monte Solberg: Madam Speaker, I point out to the member that the Reform Party has done fairly well. It did displace eight Liberals in the west in the last election. The old Reform Party functioned fairly effectively as well as the new Reform Party does, as the member puts it.

It is safe to say Reformers believe very strongly that we need to reduce EI premiums. That was part of our election platform in the 1997 election. We also point out the government should hold the line on spending instead of engaging in \$11 billion in new spending initiatives and cooking the books to try to run up a big surplus. If it would hold the line it would find it would have ample money to both reduce EI premiums and reduce personal income taxes and to start the process of paying down Canada's behemoth debt of \$583 billion. Being a little disciplined opens up a world of options for the government.

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Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Madam Speaker, the member talked about the EI fund being a myth. He cannot have it both ways. On one hand the member says the fund does not exist and on the other he says the government will defend it.

• (1305)

In terms of government spending on this EI fund for the benefit of future employment, what is the member's view on the re-employment measures and the active measures and the millions of dollars we are spending to get people back to work?

Mr. Monte Solberg: Madam Speaker, I thank my friend across the way for the question.

Of course there is a line somewhere in the budget that says employment insurance account, but it is empty. My friend knows it. It is the actual account itself, the money in it, that is the myth. There is no money there.

My friend suggested there are various types of programs. I think he called them partnerships and strategies. I think sometimes the strategies are tragedies because we know very well that after 30 years of all types of strategies and partnerships and all kinds of programs unemployment is chronic in many parts of the country. We know in Atlantic Canada we have unemployment in some cases of 20%.

I simply ask in return how well have these worked, all these strategies and partnerships that have left us with 20% unemployment.

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Madam Speaker, I rise today to express my support for the motion moved by the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, castigating the government:

—for the catastrophic effects of its reforms to unemployment insurance; for having taken over funds destined for unemployed persons; and for its inability to adapt the unemployment insurance system to the new realities of the labour market, particularly where young people, women, and self-employed persons are concerned.

The EI reforms are proof that the Liberal government is not listening to the Canadian people. Overly stringent eligibility criteria have condemned thousands of unemployed workers to poverty.

My colleague across the way boasted that now a woman working 14 hours in an industry qualifies for EI. But he kept quiet about the fact that fewer than 40% of workers are now eligible. That was not mentioned.

He did not mention that my predecessor, Doug Young, won the election by saying that the changes made by the Conservatives had been a disaster for New Brunswick. Today, New Brunswick's

premier, Camille Thériault, says that the province lost over \$125 million annually.

The Liberals proudly tell us that they do want to encourage young people to go on EI. The fact of the matter is that, instead of EI, the young people in my region are now turning to welfare, with benefits at \$200 a month. That is the reality in my riding.

Countless times, I have invited the Minister of Human Resources Development to come and see our young people. He has always declined. Over and over, New Brunswick's Liberal ministers, Camille H. Thériault, Jean-Camille DeGrâce and Bernard Thériault, have denounced the federal government for taking money out of workers' pockets. They are all from the same party, all Liberals.

Overly tough EI eligibility criteria have driven thousands of workers into poverty. Fewer than 40% of this country's unemployed workers are drawing benefits right now. This means that, in April 1998, almost 780,000 unemployed workers were denied access to their own program. It is there for them, not to help the Minister of Finance pay down the debt. He has no claim on it whatsoever.

• (1310)

I was sorry this morning when I realized that the Liberal member from PEI still has not got the message from Atlantic Canada; he may be the next one to be shown the door, because in Nova Scotia they got rid of all the Liberals, while in New Brunswick they dumped some senior ministers such as Doug Young.

The Liberals must see the reality that prevails in the Atlantic provinces, the Gaspé Peninsula, northern Manitoba, northern Ontario and northern Alberta. They must see what is really going on in the country. We have a job problem. The government will not solve it by punishing families.

When the Liberals were canvassing during the election campaign, they did not tell people "We will make families suffer". This is not what they said. Perhaps the members opposite who are laughing do so because they do not have in their ridings people who are starving and who shoot themselves in the head. They say we must not scare people. But this is what goes on in our ridings.

The Liberals may laugh all they want, but this is the reality they created in this country. They took a measure which they had opposed when the Conservatives were in office. Indeed, when the Conservatives formed the government, the Liberals were telling Canadians from coast to coast that all these changes to the employment insurance program would be disastrous for workers. Now, they have the nerve to come and tell the public "We are lowering the debt".

The member referred to the 400,000 people who got help, but there are 780,000 who no longer qualify. How can he have the nerve to rise in this House and say such things? This is absolutely shameful.

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Some workers are being told "We will take money out of your contributions so that when you do not have a job, you can get one". Then, there are employers who fire employees for absolutely no reason and these employees do not qualify for employment insurance even though they have contributed for years. How can the hon. member claim that this is a good program?

How can the Liberal member from Prince Edward Island, in Atlantic Canada, dare talk the way he did this morning? This is truly shameful. He should pack his things and go home. I am convinced he will when the next election is held. People in Atlantic Canada and in Kapuskasing who elected Liberals will not forget. Their problems are the same. Nobody is begging not to work.

In my own area, companies that set up shop and needed, say, 200 workers got thousands of applications. How can the government turn around and suggest employment insurance makes people dependent? How dare it say things like that?

It really is a shame that the government should take the workers' money through the back door to pay down the debt. It should be ashamed to use their money to balance the budget. This is shameful. And the only thing our Reform Party friends can think of is lowering the contributions.

I have never seen workers take to the streets to demand lower contributions. But I did see workers, unemployed people along with priests and bishops in the streets condemning the federal government because what it is doing is wrong. I did see the whole community in the streets during the election campaign, on May 2, 1997, when 5,000 people stood in front of the UI office in Bathurst with priests and bishops with them.

We even had priests telling the faithful in their churches they should participate in these demonstrations because it was their duty and our families are suffering. These demonstrations did occur. What the federal government is doing with the employment insurance is shameful and totally unacceptable. And then it has the gall to tell us the opposition is short of ideas and is not talking about jobs.

I keep talking about jobs every day. I keep telling the federal government, which is responsible for this, that we should keep our fish and process and reprocess it ourselves. I keep saying that we should process and reprocess our wood locally. Every day I say that we should process and reprocess our blueberries, to make jams or other products.

• (1315)

As long as I am in this House, I will not accept without raising my voice that the government should steal money from workers to pay for the national debt and to balance the budget. I will never do so. I challenge any Liberal member in this House to stand and say how nice the government is toward workers. This is a real shame.

The Liberals do not even deserve to be here. They were elected by human beings to whom they cause hardship every day: women, children, fathers, entire families are suffering. The Liberals should be ashamed and should not even stand to ask questions, because they have doomed Canadians to poverty. This is what they have done. My colleague from Prince Edward Island should be ashamed of the way he talked today. He certainly does not know where his roots are.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Madam Speaker, I want to congratulate the hon. member for Acadie—Bathurst on his speech. He described what life is really for the people in their regions. I congratulate him particularly because the Liberal majority wanted to blame this on us, to make it an issue concerning sovereignists, separatists who do not believe in Canada.

That is not the case. This is a matter of social justice and that is what it is all about.

In support of what he said, I will read from a letter dated February 17, 1993. I will read you one paragraph and let you guess who signed this letter:

In my opinion, it is unacceptable for the people of Canada to continue in this disastrous direction and further penalize the victims of this recession. Things will change after the people have had a chance to vote in the 1993 election. I am sure that a new team with new approaches and directions will help Canadians regain the confidence and hope they have lost because of the present government.

This statement was made with respect to the Conservative employment insurance bill.

Who signed this letter? Who said it was unacceptable and things would change after the election? The current Prime Minister of Canada. This letter exists. It is available. It confirms what the hon. member for Acadie—Bathurst said.

Is it not a fact that the federal government unilaterally decided to break the agreement between source and manufacturing regions in Quebec and Canada? Some sort of an agreement had been in place for more than 25 or 30 years. Source regions supplied primary resources and the philosophy was to provide an employment insurance plan ensuring a good income the rest of the year because it helped create jobs, manufacturing jobs, year round in larger centres. All workers understood the need for this kind of solidarity.

With its successive EI reforms limiting duration of payments and eligibility, did the Liberal government not call into question this agreement between all regions of Quebec and Canada?

Mr. Yvon Godin: Madam Speaker, as my colleague has just mentioned in quoting the letter, my predecessor, Doug Young, did the same thing to Inkerman, New Brunswick, before 1993. He told 700 people in a room there "If you elect me, I will fight on your behalf. I will fight on your behalf for employment insurance,

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because otherwise it will be disastrous for New Brunswick". He sounded like the current Prime Minister.

You must understand that people at home do not want to be on employment insurance. They want to work. But what happens? With the cuts to EI, people stop receiving benefits in January and end up in the so-called black hole. They get \$165 a week before taxes, which amounts to \$135. No one on the other side of the House can live on so little.

My colleague on the other side of the House who is shouting should have been here earlier to hear my speech. He should be ashamed to be in this House.

• (1320)

Doug Young cut UI and he was shown the door. The Liberals then rewarded him with \$6 million for the highway between Fredericton and Moncton. That is what the Liberals did. That is what they are bragging about.

The Prime Minister was not saying during the election "You need Doug Young in Ottawa" He said "I need Doug Young in Ottawa" To do what? To make cuts like those he made in transport, employment insurance and national defence. That is what we were left with.

At home the jobs are seasonal, whereas in the rest of the country there is much more manufacturing. However, if they decided to set up some plants in our region today, I challenge my colleague opposite from Prince Edward Island to tell us whether our people are lazy and do-nothings, as our colleague Doug Young has described them. Let him stand up and tell the people back home what the Liberals said about them.

[*English*]

Mr. Jean Dubé (Madawaska—Restigouche, PC): Madam Speaker, it is certainly a pleasure for me to rise today on this very important issue that we have been debating from day one in committee and in the House of Commons.

[*Translation*]

The motion before the House today is very important for the regions affected. I listened carefully to my colleague from Acadie—Bathurst, who said what people are feeling. It is interesting to see the effect of his speech in the House, because people's feelings are just as he described.

I would also like to comment on the motion moved by the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

I moved a motion at the human resources committee's first meeting on October 21, 1997. I moved that the committee review the changes made to the unemployment insurance program to assess their impact on Canadians and make recommendations to

the government on how to make the EI program fairer for all workers.

I had the support of every opposition party and even some government members. My motion was defeated by six votes to five. It was very close. On the government side there are also some concerns. People are suffering.

[*English*]

Why I brought this motion so early into committee after elections at the first committee is because it was urgent. People in Atlantic Canada and some other regions of Canada through the reform to the unemployment insurance act are suffering. It is not that we want employment insurance. People want to work.

The Liberal reform to EI has created much hardship among Canadians who are most in need, who are unable to defend themselves. That is why they elected us.

We saw on June 2 what Atlantic Canadians said. I think it was very clear. They elected mostly Tories in New Brunswick. There are not very many Liberals I do not think. I heard comments from the hon. member from P.E.I. a while ago. I am really surprised that it is coming from Atlantic Canada. I am sure that he has citizens in his riding who are suffering from the employment insurance reform. I hope they heard what he said and I hope they remember what he said.

• (1325)

We have to come up with a strategy. Our party has been lobbying from day one to reduce EI premiums. That is a solution for job creation. These people do not want unemployment. They want jobs. One of the problems is that there are barriers to job creation.

EI premiums are a tax on jobs. We have been asking questions of the finance minister since day one. I believe it was my first question in the House of Commons. We called the Liberals pickpockets. It was not considered unparliamentary after it was analysed. This is a way to create jobs and to get people off unemployment and off welfare.

The hon. member said a while ago that if people are not on unemployment they will find jobs. In some regions of Canada they are on welfare. Believe me, that is not too appetising when we consider the fact that in order to get a job in today's economy one must have a good education. In order to get a good education one has to have money. If people do not have money they cannot get a good education and they will not get a job. These people are behind the eight-ball and will be there for a while.

The Progressive Conservative Party of Canada has been calling for the federal government to reduce EI premiums from \$2.70 to \$2 per \$100 of insurable earnings. We have been saying that since day one. Even the government's chief actuary agrees that the EI fund would maintain a sustainable surplus with the kind of EI premium

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cuts that we are proposing. If the government does not take our word for it, it can at least take the word of the chief actuary.

The Canadian Federation of Independent Business has long opposed the government's tax grab on the EI surplus. The Minister of Finance points smugly to what he likes to describe as a happy economy. In that happy economy is some facts he chooses not to mention. I will mention a few he does not wish to mention.

Per capita personal income is down after inflation and taxes are taken into account. We do not hear anything about that. The number of Canadians living below the poverty line has risen under the Liberals. Those living below the poverty line are in a deeper hole than in 1993. We do not hear the government bragging about that. Canadians are saving less of their take home pay while taking on more debt. Once again, we do not hear the government bragging about that.

We hear government members saying that the Tories were there before and it was over \$3. It is a broken record. It is certainly not helping today's citizens. If I were to go back to 1971 when Pierre Trudeau was here, what would it do for today's society? It would not do anything. It is certainly not creative.

Members will be interested to hear that more Canadians went bankrupt last year than ever before. We have not heard about that. We do not hear the Minister of Finance stating that. Some 85,000 Canadians declared personal bankruptcy last year. This is unacceptable.

Canadians want to work. They do not want EI. Until we are able to remove the barriers to job creation we have to protect the people who are going through difficult periods, people with families. It is our responsibility as legislators, as members of parliament, to protect all Canadians. In times of trouble and in difficult times it is up to us to bring the issue to this floor and to protect them. We must treat them equitably and fairly.

When we look at Atlantic Canada, we look at the fisheries and we look at the wood industry. We have seasonal workers in Atlantic Canada. The reform to the Employment Insurance Act is certainly not providing for them. I wonder how government members would feel fishing on top of six feet of ice. They just cannot do it.

• (1330)

These people have to be protected. People cutting wood for the paper we are writing on here certainly cannot cut that wood in the winter with over six feet of snow. These people have to be protected. There seems to be nothing there for them at all but hardship.

[*Translation*]

Young people also are hurt by the employment insurance and by unemployment. Their jobless rate is twice the national average. It is truly incredible.

I have this to say to young Canadians who are out of work: since youth unemployment is only part of the larger problem of joblessness in Canada, there will be no viable solution to deal with youth unemployment as long as there is no lasting economic growth and development. We have a lot to do before young Canadians can become full members of our society. This is also why I moved that motion then.

Today I am happy to speak to the motion by my colleague from the Bloc Québécois. In my riding there is an association called Future Street People. Can you believe this, future street people. We asked to meet with the minister. He turned us down.

I strongly believe we can solve this problem, but we have to work together. In the meantime, we must protect people in need.

Mr. Odina Desrochers (Lotbinière, BQ): Madam Speaker, I will be sharing my time with my hon. colleague from Saint-Hyacinthe—Bagot.

I am very pleased today to join with my colleagues from the Bloc Québécois in decrying the unacceptable behaviour of the Liberal government.

Even if the Prime Minister likes to think of himself as a great international diplomat and a great democrat, since the beginning of the year he has been acting like a political dictator. All of the government decisions are centralized and made at the office of "the little guy from Shawinigan", who is becoming more like a boy scout from Bay Street, in Toronto.

The Prime Minister is totally disconnected from the reality in Canada and in Quebec. We all know his position about the millennium scholarships fund. We know it is an unprecedented violation of an exclusive area of provincial jurisdiction.

We know about his position concerning the hepatitis C victims. I will never forget the shame I read on the face of several of my colleagues opposite when they had to vote against sick people. Why? Because the Prime Minister had ordered them to do so. They were forced to vote against their own conscience.

And what about his reforms to employment insurance? I say "his reforms", because every decision is made by his own office. Last week, my colleagues, and in particular the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, with experts and former recipients, considered the negative impact of the employment insurance, which has become the poverty insurance.

Poverty insurance for our young people: one young worker in four is eligible for benefits, while, in 1990, three young workers in four who paid employment insurance premiums were eligible. That is possibly what the Liberals call the new youth employment strategy.

Supply

Poverty insurance for pregnant women: several of them are no longer eligible. Nice way to promote the family.

Poverty insurance for seasonal workers in areas such as construction, fishing, agriculture, truck crop harvesting and many others.

I have tried to find something positive in this reform. I have looked again and again, but I have not found anything yet.

The time has come to bring back on the right track the Prime Minister and the Minister of Finance, who are using the employment insurance fund surplus as they see fit without giving any consideration to the real needs of workers.

I am proud to add my voice to those of my colleagues from the Bloc Québécois who are in touch with the people of Quebec and who are not afraid to stand up for the most disadvantaged in our society.

• (1335)

I am adding my voice to theirs in condemning the Liberal government for the disastrous effects of the unemployment insurance reform and for what Ontario Premier Mike Harris has called theft, speaking about the use of the employment insurance fund surplus that comes from contributions paid by employers and employees.

The Bloc Québécois also condemns the federal Liberals, namely the Prime Minister, the Minister of Finance and those who hold the power in this increasingly centralizing government, for their inability to adapt the employment insurance program to the new realities of our society, particularly with regard to young people, women and independent workers.

I would like to talk about another problem stemming from this infamous reform, namely the fact that the Department of Human Resources Development has been fiddling with designated areas since the 1996 reform. The changes that were made penalize the majority of rural and semi-urban areas in Quebec.

Let us take, for example, my riding of Lotbinière. With this geographic gymnastics, we end up with two regional unemployment rates: one at 6% and the other at 11.4%.

In everyday life, this means that a worker who lives in Leclerville, in the Lotbinière RCM, where the unemployment rate is at 6%, has to work 700 hours to be eligible for 14 weeks of EI benefits, while another worker living a few kilometers away in Parisville, in the Bécancour RCM, an area where unemployment stands at 11.4%, has to work only 490 hours to get EI benefits for 22 weeks.

Try explaining that to the unemployed. It is sheer nonsense.

The Mouvement des sans-emploi de Lotbinière has made numerous representations to the human resources development department, but nobody in this department could tell us who made the decision on these territorial divisions, and nobody could tell us either who could correct those mistakes.

Even the minister is no longer answering the information requests of local citizens. What is he waiting for? He is probably busy handing out the EI fund surplus to the Minister of Finance. That is the Liberal priority.

Let me turn now to the people, very often young people, who work on the family farm. Revenue Canada and the human resources development department take the position that, because of kinship, these workers are very often excluded from the plan, even when these jobs have all the elements on a standard contract and the employer would have to hire other people anyway.

In other words, a father should say to his son that if he wants to make sure he is eligible for EI insurance, he should work for some other farmer. Nonsense. Most of the time, these young people will take over from their parents on the farm.

Moreover, these people whose jobs are deemed uninsurable by Revenue Canada are being deprived of benefits and must often reimburse benefits that they received in previous years. This approach is unfair and infringes on people's freedom.

In fact, this form of discrimination against those who employ relatives forces owners of farm businesses, where the bulk of the work is often seasonal, to hire workers from outside, instead of their own children.

I take this opportunity today to say to the human resources development minister that I am deeply disappointed with his department's decision to shut down the student labour office in Plessisville.

This office, which had been in place for several years, was meeting the needs of young people from the regional county municipality of L'Érable. The government has explained to us that, this year, in order to reach students, it is posting available jobs on at least five sites in the municipality. As if posters could talk.

But where will students have to go to be entitled to the same services that were offered last year in Plessisville? To Victoriaville, where everything has been centralized for the summer season. This is yet another nice way to get closer to the local people.

But we know why the regional directorate of the Department of Human Resources Development acted in this way. This department went through so many cuts that regional directorates are limited to offering minimal and essential services.

In his last report, the auditor general, when commenting on services offered by the Department of Human Resources Development, said that individualized services in this department would no

Supply

longer be as efficient, given the significant cuts made in the last few years.

Also, what is the minister waiting for to respond to the urgent requests of the maple syrup producers who were hard hit by the ice storm in January? Where are the millions of dollars missing? This department is a shambles.

• (1340)

In conclusion, as it said in this morning's newspapers, this government's trademarks in the last year have been arrogance and especially a lack of compassion on the employment insurance issue.

[*English*]

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Madam Speaker, based on the fact the member is a sovereignist or separatist and is very much interested in seeing his province separate from the rest of Canada, I want to get some advice from him and his party's position on the employment insurance system.

The employment insurance system takes premiums from employees and employers and redistributes that money in provinces that have high unemployment. In Quebec they get more money than they put into the system.

If Quebec were to separate it would be running a deficit in that account if it had to create its own system. Would it not be to his benefit to tell us what kind of system he would put in place to deal with an issue like that or if he believes in the EI system?

The other question deals with the active measures, part two. We transfer federal dollars under the EI system to the province of Quebec to operate part two of the EI system. The understanding is this fund was a consensus in Quebec, was supported by all factions of Quebec, both the labour movement and the employers. Can the member tell me if he is in favour or opposed to part two of the EI system?

[*Translation*]

Mr. Odina Desrochers: Madam Speaker, I would like the hon. member across the floor to know that when Quebec is entirely on its own to administer the revenue and other taxes it collects from Quebecers, particularly the employment insurance that will be repatriated to Quebec, we will certainly have a far more efficient and far more humane way of using that surplus. In Quebec, our attitude is far more social democratic than that of all the hon. members over there.

I see this as very positive, because in their present system they are penalizing workers by forcing them to go on welfare for no

logical reason. If we ever administer the employment insurance fund, it will be done in a far more humane way.

We understand that some situations, or economic contexts, are difficult as far as employment is concerned. People may lose their jobs, but they then need training, they need help, and then, if they cannot manage to find work, they can be prepared for going on welfare. That is the humane way of doing things, and that is the way things will be done in a sovereign Quebec.

[*English*]

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Madam Speaker, I listened with considerable interest to the hon. member opposite and I want him to respond to the following. As he and all members know, under the EI legislation \$2 billion is available to the provinces and territories for active re-employment measures and related labour market services.

These provisions provide unemployed Canadians, including youth and women, with improved skills and opportunities for employment. Employment insurance also helps women by increasing their earned income through a \$50 minimum earnings exemption and by removing the artificial 15 hour ceiling on part time work and through employment benefits such as wage subsidies and earnings supplement.

What would the member have against those two moves? On the one hand we have money being given over to the provinces and the territories and on the other we have assistance for women. What exactly does he have against those two ideas?

• (1345)

[*Translation*]

Mr. Odina Desrochers: Madam Speaker, I would like to tell the hon. member across the floor, first of all, that the money comes from the provinces. The money is collected from taxpayers living in all of the provinces of Canada. That is the money the government is trying to administer in the employment insurance fund.

You will see that, in Quebec, we are going to do things properly, because an agreement has been signed, not long ago, on manpower training. Judging by the way Minister Louise Harel and her colleagues in the National Assembly are preparing this program, I am sure that training will be far more appropriate and far more responsive to the needs of the community, because it will be in the hands of the Quebec government, and in the hands of the governments of the other provinces.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Madam Speaker, I cannot help but notice this morning, during the debate on a motion put forward by my colleague from Kamouraska—Ri-

vière-du-Loup—Témiscouata—Les Basques, that the arrogance and cynicism shown last week by the Minister of Finance and also the Minister of Human Resources Development are contagious.

The hon. member for Malpeque, in Prince Edward Island, and the hon. member for Kenora—Rainy River, in Manitoba, were laughing at us, making disparaging remarks while we were delivering our speeches, while we were talking about the poverty created entirely by the Minister of Finance and the Minister of Human Resources Development. Their smiles, their cynicism and their disparaging remarks make them unworthy of speaking on behalf of those they claim to represent.

I was listening earlier to the hon. member for Acadie—Bathurst, who defeated Doug Young. During question period and debates concerning employment insurance, Doug Young used to demonstrate the same pompous arrogance and cynicism and make the same disparaging, uncalled for and unparliamentary remarks as these members of parliament. My hon. colleague from Acadie—Bathurst defeated him.

I hope the same thing will happen to the members for Malpeque and Kenora—Rainy River. If their constituents are watching us, I want to tell them “Defeat them in the next election. Go to their riding offices and hold them accountable for their actions. Ask them why they laughed when we were talking about the poor, the unemployed and all the people left out of the employment insurance reforms. Voters from Malpeque and Kenora—Rainy River, go knock on the doors of these pompous members of Parliament who claim that the people in their ridings are quite satisfied with the employment insurance program. Go tell these cynics that it is not true. Go tell these sarcastic members they are not worthy of the seat they are occupying. They are no more worthy than the finance minister”.

His not being here today will not stop me from mentioning that last week he appeared before the Standing Committee on Finance to present his analysis of the supplementary estimates. Do you think that given the excellent job by the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques we were going to stick to the supplementary estimates?

We talked about employment insurance and while I was presenting all the arguments against the Liberal reform implemented since 1996, the finance minister did exactly the same thing as the members for Malpeque and Kenora—Rainy River. He was laughing at people’s misery. He was laughing at the results of his policy. He was proudly boasting about his accomplishments as Minister of Finance.

Any dummy could have done what he did; it is easy to put your financial house in order when you choose two targets: students, who were hit with billions and billions of dollars in cuts to post-secondary education, and the unemployed, who were robbed year after year of \$6 billion for a grand total of \$19 billion.

Supply

I listened to my Liberal colleague for Malpeque, who makes fun of the unemployed and the underprivileged, saying that the EI fund does exist, but it does not really. What the finance minister has been doing for the past four years is basically this: he has been taking employee and employer contributions and putting them into his own pocket.

• (1350)

When the time came to pay his debts to eliminate the deficit, he paid cash. That is why there is no money left in that fund. He stole it. At the end of the current fiscal year, he will have stolen \$19 billion. Next year, it will be \$25 billion, and that amount will continue to grow year after year.

If the member is too thick-headed to know what is really going on with regard to employment insurance, he should not be here. He has no right to laugh about the terrible things that are happening in Canada, especially concerning the management of the employment insurance fund.

What is going on with regard to employment insurance? What is going on with regard to the job market? It is quite simple. Until the early 1990s, more than 80% of unemployed Canadians, including women and young people, were able to rely on a form of help called unemployment insurance. They could rely on that help for a certain amount of time, enough to relocate and to find another job.

Since 1996, since the reform brought in by the member for Lasalle—Émard and finance minister and by two successive human resources development ministers—the first being the one who was defeated by my colleague from Acadie—Bathurst and the second being the one whom it would be in our interest to defeat in the next election—, the proportion of employment insurance beneficiaries has shrunk almost by half.

Today, only 42% of those who would normally qualify are eligible to receive benefits; less than half of those people, 42%, are now eligible because of the new requirements set by the Minister of Finance, by the Minister of Human Resources Development, in fact, by the Liberals. A lot of people no longer have access to employment insurance because of the reform.

These are general figures. Only 42% of the unemployed qualify, which means the other 58% do not. More than half of those who are affected by the scourge of unemployment no longer qualify for EI benefits because of more stringent conditions and a longer qualifying period. In short, the unemployed have been thrown out on to the streets.

The Liberals are telling us they want to help young people, but 75% of all young workers who are unemployed, people who have graduated and are in their twenties, do not qualify for EI benefits.

Supply

Some of them are less educated, but others have graduated and are out of work nonetheless. It can happen to anybody.

Last week, the finance minister was quite proud to tell the finance committee that we may have a budget surplus next year, not a EI fund surplus, which we know about. He is making fun of us. He laughs at people right under their noses. He is cynical and sarcastic, as we saw this morning.

In his last budget, he told us there would be no surplus and no deficit for the next three years. He is laughing at us. If nothing changes, the budget surplus will be more than \$20 billion three years from now. He is cooking the books.

He was quite proud and he kept laughing when I told him that in 1989, there were 400,000 fewer unemployed and \$3 billion more in benefits being paid out. The finance minister was laughing this morning, and his colleagues too. His colleagues from Malpeque and Kenora—Rainy River laugh when we tell them we have 400,000 more unemployed workers today and that they get \$3 billion less in benefits. They find this very funny.

Last week, I asked the finance minister a question about this problem. I did not get any answer. I will ask my question again today. Perhaps, we never know, he is listening in a corner of his office, behind closed blinds because he does not want to meet anyone at this point. I have just one question for the finance minister: when he gets up in the morning and looks in the mirror, is he ashamed of himself? It is a real shame to have acted in such a way to put our financial house in order.

There are two major sources: the Canadian social transfer, that is federal transfers to the provinces to fund welfare, post-secondary education and health care, and the employment insurance fund, into which the minister has been dipping, year after year. He puts the money in his pockets and when the time comes to sign a cheque, he uses the money he has taken from workers and employers.

The finance minister did not bother answering me. He did not because I am convinced that he now has doubts. If he does not have any doubts, there is a lack of intelligence somewhere.

• (1355)

But one cannot undertake a reform in this hurtful way and say with one's hand on one's heart: "But what is happening to Canada? Poverty has been on the rise for five years". I should say so. There are more poor children than before. Why? There is no need to be a rocket scientist to know why. One cannot cut billions of dollars from the employment insurance fund and welfare and then expect to get away with it by saying "What is happening? There are more unemployed people than before".

These are the people responsible, the ones who are laughing this morning when they are shown the true face of poverty and unemployment. I hope that Quebeckers and Canadians will open

their eyes and especially their ears wide. Such cynicism cannot go unchallenged.

[English]

Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Madam Speaker, the last speaker certainly strayed some distance in terms of describing the attitude of a couple of members on this side of the House, myself included. I hope Canadians listen to what we are saying and not the descriptions used by the member opposite.

We on this side of the House take very seriously the situation of the unemployed. That is why we have tried to make improvements to the system. The reality is that the system had to be changed to ensure it will be there in the future for the unemployed and the workers who need it.

Is the member opposite suggesting that we take out the provision in the Employment Insurance Act that allows low income families with dependants to receive a higher benefit level than they did under the old legislation? Is he suggesting that we should do away with the hours based system? This has brought 500,000 people into the system who otherwise would not be entitled to benefits. Is he suggesting that we deny part time workers who work less than 15 hours a week? Is he suggesting that we take them out of the system? Two hundred and seventy thousand women benefit by that section of the legislation. Is that what he is suggesting? Is he going to bury his head in the sand and go back to the old unemployment insurance system? That system is an end run where people never try to maintain long term jobs.

[Translation]

Mr. Yvan Loubier: Madam Speaker, we simply want justice and fairness. Currently, everyone, without exception, contributes to the employment insurance program. This includes young people, women, older people and middle aged workers. However, access to the program has been significantly reduced over the past 10 years.

Before 1990, over 80% of unemployed workers were eligible for employment insurance. Now, only 42% qualify, and only one in four young people qualify.

The member may claim he was not laughing earlier, but we have witnesses who can confirm that he did not stop laughing while we discuss alarming figures on poverty and unemployment. The Liberals are laughing in our face.

People, particularly the poor and the unemployed, should come here more often and watch from the public gallery. They would see the attitude of the members responsible for the cuts and the human misery. They would see the members responsible for the significantly reduced access to the EI program and for social inequity in Canada. They would see that they are dealing with members who are cynical and sarcastic and who do not care at all about their fate.

The Speaker: It being almost 2 p.m., we will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

FORESTRY

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, northwestern Ontario has been chosen by the Canadian Forestry Association as the forest capital of Canada for the year 2000.

• (1400)

The northwest's bid, led by Development Thunder Bay and Dryden Economic Development won out over rivals Calgary, Alberta and Haliburton, Ontario.

The Forest Capital Award is especially significant for the year 2000. Not only is it the millennium year but it is also marks the 100th anniversary of the Canadian Forestry Association.

This designation means that the region can go ahead with a series of legacy projects and a calendar year of events celebrating the economic, social and spiritual values of the forest.

Canada has much to celebrate.

* * *

FRASER VALLEY CONSTITUENTS

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, what is it about the Fraser Valley that turns out such good quality people?

Last week Mr. William Henderson, head of technology education at Robert Bateman Secondary in Abbotsford received the Prime Minister's Teaching Excellence Award.

That is not the only award the Fraser Valley has been winning lately.

On May 19 four Abbotsford students overcame stiff competition to win gold medals at the Skills Canada national championship. Yale student Don Poirier won a gold medal in the Architectural CAD competition. Robert Bateman Secondary students Mike Olson and Mike Thompson won gold medals in computer animation. Not to be outdone, Career Technical Centre student Cecil Leclair won first place in the Principles of Technology competition.

Technical expertise is not the only thing Fraser Valley students are good at. On May 17 and 18, 13-year old Mathew Pitts of Chilliwack Middle School took on all comers and won the Canadian Chess Championship for grade eight students.

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I could go on and on. I will sum up by saying Fraser Valley is a wonderful place to stay and it is a wonderful place to visit, but it is the wonderful people of the Fraser Valley that make it the nicest riding in all of Canada.

* * *

SYDENHAM RIVER CLEAN-UP

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Mr. Speaker, I rise today to congratulate the town of Wallaceburg and the dedicated community groups who are working together to clean up the Sydenham River.

On Saturday I was on hand when scuba divers entered the river in the centre of town to remove unwanted items. The clean-up project came about because of a very unfortunate accident. A year ago a young boy tragically drowned in the river as he was caught in some underwater debris.

My constituents and I praise the Wallaceburg Rotary Club, president Jim Tumelty and councillor Chip Gordon as they combined their efforts with the local police, firefighters, power squadron, volunteer divers, the Royal Canadian Legion Branch No. 18 and the Environment Club from Wallaceburg District Secondary School. Together they are improving the safety of the river. Their hard work and enthusiasm are to be commended.

* * *

TEACHING EXCELLENCE AWARD

Mrs. Claudette Bradshaw (Moncton, Lib.): Mr. Speaker, on behalf of the constituents of the greater Moncton area, I rise in the House today to congratulate Mr. Andrew Campbell who was awarded the 1997 Prime Minister's Award for Teaching Excellence.

A teacher at the MacNaughton Science and Technology Centre in Moncton, New Brunswick, Mr. Campbell has been chosen for a certificate of achievement and has been awarded a cash prize of \$1,000. This amount will be used to purchase resource materials, teaching aids and other tools to help enhance the teaching environment at the MacNaughton Science and Technology Centre.

[Translation]

We should always take the time to recognize and to thank our teachers for their dedication to promoting the development of our children.

[English]

Once again, I speak on behalf of everyone in the greater Moncton area when I say to Mr. Campbell, thank you for your wonderful contribution and congratulations on your well-deserved award.

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EMPLOYMENT

Ms. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, the government is working hard to help unemployed Canadians return to work. Last year nearly 400,000 jobs were created and the unemployment rate has dropped to its lowest level in eight years.

Employment insurance represents a key element in our efforts to encourage job creation and economic growth for it removes the disincentives to work which existed under the previous system. It uses active employment measures to help unemployed workers to return to work, such as the \$800 million investment in re-employment benefits and the \$300 million transitional jobs fund which has created more than 300,000 jobs in the last two years in high unemployment regions.

Clearly EI is doing an excellent job of helping unemployed Canadians get back to work as quickly as possible. For this reason I want to express my support for this program and urge all members to work with us to make sure EI can continue to provide workers with the assistance they need and deserve.

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REFORM PARTY OF CANADA

Mr. Derrek Konrad (Prince Albert, Ref.): Mr. Speaker, this weekend in the beautiful forest city of London, Ontario, the membership of the Reform Party of Canada constructed its bridge to the 21st century.

Based as always on the principles and policies which have taken us from protest movement to official opposition, resolutions to consolidate opposition to this weak and stalled Liberal government were passed resoundingly. More than 1,000 delegates from across Canada voted to forge a united alternative to form the next government and to begin nationwide discussions for a newly aligned federation in a new Canada act.

● (1405)

It is the innovation and the solid foundation laid by the early Reformers joined with the energy and enthusiasm of our youth that will provide a bright future not only for the Reform Party but for all Canada.

This weekend the leadership for a new generation was born in the actions taken by the Reform national assembly solidly based on the party's principles, its policies and its people.

* * *

ACCESS AWARENESS WEEK

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, this week various communities will be celebrating the advances made by Canadians with disabilities in their communities.

Access Awareness Week reminds us that we are working toward a goal to enable people with disabilities to enjoy the full participation in the economic and social life of Canada. It also gives us an occasion to reflect on the work being done and to call on our partners to renew our commitment to Canadians with disabilities so they can create and build opportunities for themselves.

Just recently the Prime Minister received the prestigious Franklin Delano Roosevelt International Disability Award at the UN on behalf of Canadians. This award recognizes our commitment to work with Canadians with disabilities for their full participation in Canadian society.

But as the Prime Minister said, much remains to be done. I urge all members of the House to build on this award and to continue to work to enable Canadians with disabilities to take their full place in the economic life of this country.

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WINDSOR—ST. CLAIR CONSTITUENCY

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, at the Reform convention this weekend the name Windsor—St. Clair became synonymous with the ongoing attempt by that party's elite to vest even more power in their leader and his Calgary gang. The so-called Windsor—St. Clair report was the vehicle they used to try to do this.

Let me tell you that the good voters of Windsor—St. Clair should not be associated with internecine Reform power struggles. The real grassroots in Windsor—St. Clair do not even support Reform. They vote for real representation in the House by voting Liberal.

* * *

REFORM PARTY OF CANADA

Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.): Mr. Speaker, this past weekend London, Ontario played host to the best example of democracy in Canada, a Reform Party assembly.

It was absolutely wonderful to see the grassroots members of our party overwhelmingly support initiatives like the united alternative and the new Canada act and other policies that would be beneficial in governing this country. Yet these independently minded individuals also rejected a number of resolutions that they felt would be detrimental to the country.

Our assembly once again demonstrated the difference between Reformers and Liberals. In the Reform Party grassroots members give direction to the leader, whereas in the Liberal Party independent thought is prohibited. Their leader rules with an iron fist, or sometimes a choke hold.

REFORM PARTY OF CANADA

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, every so often the Reform Party tries to put a new face on its tired old policies in the hopes that somehow it will be able to attract new members.

With its membership growth stagnated, its latest attempt is called united alternative but the big problem is that it looks exactly like the Reform Party. It will have the same leader, the same so-called principles and the same policy as the Reform Party. Some alternative. Canadians considered the Reform alternative in the last election and they turned thumbs down.

I cannot say it any better than an Ontario delegate to the convention who was quoted as saying that he wondered why anybody from another party would attend a Reform organized assembly knowing in advance the party's principles were untouchable and its leader would desperately try to remain leader.

The vast majority of Canadians know that no matter what kind of sheep's clothing the party wraps itself in, Reform's wolves are not what Canada needs.

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[Translation]

CANADIAN ARMED FORCES

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, last week, *Maclean's* magazine reported on 13 women who were victims of harassment, sexual assault and rape in the armed forces.

Following this article, 11 other women came forward, bringing to 24 the number of women who have been victims of such abuse.

• (1410)

The Bloc Québécois wishes to acknowledge the courage shown by these women in reporting experiences that bring back painful memories.

We urge all women in the military who suffered such abuse to come forward, to put an end to this situation and create in the armed forces a work environment based on respect, equality and dignity.

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[English]

VETERANS AFFAIRS

Mr. Gordon Earle (Halifax West, NDP): Mr. Speaker, 26 Royal Canadian Air Force officers were condemned to the Buchenwald concentration camp by the Nazi Gestapo in 1944. One of these was a constituent of mine, Mr. William R. Gibson.

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Five months ago, I wrote to the Minister of Foreign Affairs demanding that the Canadian government seek reparations from Germany. Five months later it appears no action is being taken. These veterans are not getting any younger. Each day this Liberal government does not take action is a day it further disgraces itself to these veterans and all Canadians.

The German government has already made similar reparations to Britain. The United States is also actively dealing with this matter. I understand in all that veterans from 19 other countries who suffered the same fate have received some action from their governments. Australia and New Zealand have provided their own compensation for veterans in similar positions.

These veterans deserve justice today. Over half a century is an obscene amount of time to wait. Justice delayed is justice denied.

* * *

[Translation]

REFORM PARTY

Mr. Benoît Serré (Timiskaming—Cochrane, Lib.): Mr. Speaker, the polls in Quebec are clear when it comes to the presence and role of the Reform Party. Nobody wants anything to do with them.

The only people interested in this political party are the Bloc Québécois. It is truly strange. The Bloc Québécois is the party that criticizes the Reform Party for its anti-Quebec stand. Now the Reformers are looking at them as possible allies.

It is the separatists who will welcome this shift. I can hardly wait to hear the new Sovereignist-Reform party line. As a third way, it is pretty sad.

* * *

[English]

ENVIRONMENT

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, May 31 to June 6 has been designated World Environment Week. This is an opportunity for all Canadians to reflect on the beauty of our nation with all its forests, mountains, rivers and lakes, a landscape that defines a country. It is also a time when Canadians hope the Prime Minister will for once reflect on his poor environmental record and reconsider the importance his government gives to this portfolio.

I urge the government to tackle the problems reported by the commissioner of the environment and by the environment committee during the past few weeks.

This government has no plan to protect Canada's biodiversity. It has no viable plan to address climate change and it is failing to enforce its own environmental assessment guidelines.

Oral Questions

I also urge the government to revisit its cuts to the department which will hamper our ability to meet our environmental commitments both at home and abroad.

This government must recognize that reducing the size of the environmental budget has a direct impact on the Canada we will leave to future generations.

* * *

[Translation]

SENIORS BENEFIT

Ms. Caroline St-Hilaire (Longueuil, BQ): Mr. Speaker, here is a poem about this government's treatment of women over 65:

Her endless round of work complete,
madame was much dismayed
when, on retirement, it appeared
that she would not get paid.
The new reform, so brightly wrapped,
ignored all she had done,
and though they were her rightful due,
of payments there were none.
"But what about my kids," she cried.
"Is no allowance made?
Without them you would all be lost,
and others would need aid".
The man who held the purse strings said
"Have I not been quite clear?
You never drew a pay cheque, so
you're on your own, my dear"

* * *

[English]

CALGARY DECLARATION

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, the British Columbia legislature has ratified by unanimous vote the nine premiers' Calgary declaration on Quebec's status as a unique society within the Canadian federal system.

The B.C. legislature, to secure unanimity, also cited several areas of prime concern in B.C.-Ottawa co-operation. These additions do not legally derogate from the ratification of the Calgary declaration.

While not a formal amendment of the Constitution, the Calgary declaration when ratified by the nine provincial legislatures will acquire its own constitutional legal quality of which judicial notice may be taken.

* * *

• (1415)

REFORM PARTY CONVENTION

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaking, last weekend the Reform Party held its seventh assembly meeting in London, Ontario. The Reform Party laid out a challenge

to all Canadians, a challenge to come together, to work together and to build a stronger Canada; a Canada that lives within its means, where taxes are lower, where useless regulations are removed and job opportunities thrive; a Canada where all of its citizens, whether living in New Brunswick, Ontario, British Columbia or any of its provinces and territories have equal rights and equal responsibilities; a Canada where there is equality for all and special status for no one; where a social safety net is there for those who need it and is not used as a dependent system; a Canada where justice is put back into the justice system and victims' rights are put first; where parliamentary institutions reflect the will of the people and not the political leadership of a party; where aboriginal and non-aboriginal people work together with equal rights to build a stronger future for all.

Join Reform's united—

The Speaker: Oral questions.

ORAL QUESTION PERIOD

[English]

GOVERNMENT CONTRACTS

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the government's purchasing rules say that whenever it buys anything costing more than \$30,000 it has to go to competitive bidding.

Last winter, at a closed door cabinet meeting, this government decided to award a \$2.85 billion contract to Bombardier without competitive bidding.

What possible excuse does the Minister of Public Works have for awarding a contract of this size and complexity without a competitive bid?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, first, the contract went to a consortium that included Bombardier and other companies. At the time it brought forward a proposal that was quite unique. The proposal was such that no other competitor would have existed in this country. There was absolutely no one else who could do something of this particular magnitude.

We proceeded with the contract that will save some \$200 million over 20 years in providing this service and 90% of the jobs that will be saved or created will be in western Canada.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, this contract is unique all right. Let me show you how unique it is.

Public Works' contracting guidelines expressly say that if the government is going to sole source a contract public notice must be given 14 days in advance of awarding the contract to give companies a chance to respond, to question or to express interest. In this case cabinet made a decision to bypass this rule and not advertise the procurement at all.

Oral Questions

This is in the ballpark of the Minister of Public Works. Whose decision was it to bypass the regulations of his department? Was it his decision?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, in addition to the fact that there was no other known competitor and that no other company could have matched a project of this magnitude, there was a timing problem. If we were going to be able to get other countries within NATO to become a part of this program, then a very timely decision had to be made. Otherwise we would have lost any opportunity, if we had gone through a very lengthy process, where there would have been no other competitors in any event.

Again, the government will be saving a lot of—

Some hon. members: Oh, oh.

The Speaker: My colleagues, with the usual banter back and forth it sometimes gets a little difficult to hear either the questions or the answers. I would appeal to you to be a little more considerate.

The hon. Leader of the Opposition.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the minister is wrong on both counts. NATO has indicated that there was time flexibility on this contract and the assistant deputy minister of Public Works said that there were other companies that could have done the job.

• (1420)

We have a big contract, we have a military contract, where there has been bungling before, and we have it with Bombardier, whose people have been thick as thieves with Liberals at the highest levels.

Whose decision was it to bend the rules in favour of Bombardier? Was it the minister responsible or was it the Prime Minister himself?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, first of all there was no bending of the rules. Secondly, this was a decision taken by cabinet in light of all of the information that was brought forward and the capability of companies to be able to do the job.

It is not just Bombardier. Frontec Corporation of Edmonton, CAE Electronics of Montreal and British Aerospace of the United Kingdom are part of a consortium that is involved in this particular project. This consortium, together, can deliver on this project. It can save a lot of money for Canadian taxpayers. It can encourage foreign countries to send their pilots to this country. It can save the base in Moose Jaw and create lots of jobs in western—

The Speaker: The hon. Leader of the Opposition.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the minister is wrong again. He is listing subcontractors and we are talking about the prime contractor.

Rules were broken. The 14 day advertisement rule was broken and it could only have been bypassed by a cabinet decision.

How long is the Minister of Public Works going to sit there and say nothing? This is his department and his regulations were broken.

We ask the question again. Whose decision was it to bypass the rules? Was it the decision of the minister or the Prime Minister?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the hon. member seems to have a tough time understanding that no rules in fact were broken. This was a government decision and it was the right decision to make in view of the timing. Otherwise we would have lost the opportunity. We would have had to close the base. Would the member opposite like to have the base at Moose Jaw closed with the resulting loss of jobs in that area?

We have saved those jobs. Ninety percent of \$1 billion in industrial regional benefits will be in western Canada, with over 5,000 person years of employment. It is a good deal. It is one in which the private sector will carry the risk and we will get training for our pilots. It will amount to a saving of \$200 million over 20 years.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the simple fact is that the 14 day requirement to publicly advertise a sole source contract was not kept. If that rule was not kept, it could only be because of a decision by cabinet to override it.

Now I will ask for the fourth time: Was that decision the decision of the Minister of Public Works who is responsible for procurement or was it the decision of the Prime Minister himself?

Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I think the Minister of National Defence already answered that it was a cabinet decision. This is a very unique and modern project that will allow the private sector to work co-operatively with the government.

Let me inform the House that this project was announced in November. The Reform Party has just woken up now because of a newspaper story. My department and my officials offered the Reform critic the opportunity to view all the books to see how this was done. This is a new concept and everything was done in an open manner.

* * *

[Translation]

ALLIANCE QUEBEC

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, on the radio this morning, I heard the new president of Alliance Quebec, William Johnson, state that he had many friends in the Liberal Party of Canada.

Oral Questions

He even said that the Prime Minister once called him to congratulate him on some of his positions.

My question is for the Deputy Prime Minister. Can the Prime Minister, who is apparently an admirer of Alliance Quebec's new president, tell us whether the government supports Mr. Johnson's positions, which were adopted last weekend and which in effect have become Alliance Quebec's platform?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, the new president of Alliance Quebec is contemplating court challenges which seem pointless to us and are probably doomed to fail anyway because, for one thing, under section 59 of the Canadian Charter of Rights and Freedoms, the National Assembly or the Government of Quebec may limit access to English-speaking schools to preserve French.

• (1425)

Also, in a 1988 decision, the Supreme Court ruled that a policy of making the French language predominant on commercial signs was justified. The president of Alliance Quebec would be much better off working together with all Quebecers, both French- and English-speaking.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, if I understand correctly, the Minister of Intergovernmental Affairs just spoke in favour of Bill 101, and I congratulate him on this.

Some hon. members: Oh, oh.

Mr. Gilles Duceppe: I would therefore ask this government if, in any future court challenge involving the expenditure of public funds by the federal government, it will refuse to award any grants to Alliance Quebec for this purpose.

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, there are two sources of funding involved. First, there is the community component of the official languages support program, which benefits 90% of francophones outside Quebec. In this case, the Government of Canada could withdraw its grant should the mandate not be fulfilled. This remedy has never been used so far, but we have never ruled it out.

There is also a court challenges program, but it is only for challenges concerning the Charter. It apparently does not apply to the president of Alliance Quebec, as he does not seem to understand that, on the contrary, the Charter safeguards the possibility of limiting access to English-speaking schools for as long as necessary to protect the French language in North America.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, despite what the Minister of Intergovernmental Affairs has just said, the new president of Alliance Quebec says he was assured by a

Treasury Board official on the weekend that there would be no problem for the grant from Ottawa.

Given this assurance, are we to understand that the case has in fact already been heard and that, regardless of Alliance Quebec's activities—including partition, which the minister did not mention, civil disobedience, and a court challenge of Bill 101—the grant is in the bag?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, just as the Government of Quebec does not cancel a grant to a sovereigntist group that implies that the right to vote could be dependent on the French language, so the mere fact of electing a president does not mean the cancellation of a grant.

If this were the approach, all organizations in Canada, whether in the field of language or not, would rise up and ask what kind of world they were living in.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the minister's answer is far from satisfactory. I will give the minister another chance.

Does the minister think the Government of Canada should provide up to 90% of the funding of an organization that is proposing civil disobedience and the partition of Quebec? Does he think that a 90% funding level is appropriate?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, in that case, the majority of Quebecers would be wrong, because a poll of Quebecers indicates that a majority feel that regions wanting to remain within Canada should be allowed to do so.

No one in this country would even be thinking about carving up Quebec's territory if certain people had not begun actively promoting the breakup of the country.

* * *

[English]

HEPATITIS C

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, while the health minister stalls and blunders on hepatitis C compensation lawyers line up to feed on victims' insecurities.

In Manitoba we now have evidence that victims are being coaxed to give up 25% of their compensation in exchange for legal representation.

Can the minister not see that his stalling is driving victims into the arms of lawyers only too willing to take a hefty cut out of their compensation?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, as the leader of the party knows, there is a working group in place which is meeting this very week in Edmonton with representatives of the Hepatitis C Society and others to examine a whole range of

Oral Questions

options available to better deal with the interests of all those who acquired hepatitis C through the blood system. I think it is best for us to let them get on with their work so we can approach a solution with a national consensus.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, today's hepatitis C negotiations in Edmonton will be a complete waste of time unless the federal government puts money on the table.

It is simple: the feds put money on the table and negotiations go forward, or the feds do nothing and victims are doomed to an endless shuffle between doctors' offices and the law courts. What is it going to be?

• (1430)

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the member would do well to recall that it is precisely to spare people unnecessary litigation that the government initiated a process which resulted in the offer to some 22,000 people who were infected between 1986 and 1990.

As to the rest, the member would have us put the cart before the horse. We prefer to do the homework first, and that is why all interested parties are at work this week on the working group to find a solution for which there is a national consensus.

* * *

FOREIGN AFFAIRS

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, there is a powder keg smouldering in south Asia right now.

Team Canada went to China to make money. We know that the government cares more about money than it does about regional security.

I ask the Deputy Prime Minister what steps Canada has taken to condemn China, since it is now evident that it was China which transferred technology to Pakistan and made last week's nuclear blast possible, or is Canadian foreign policy for sale?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I reject the premise of the hon. member's question. Canadian foreign policy is not for sale.

We have strongly condemned the most recent Pakistani nuclear tests. We have imposed the same sanctions on Pakistan in this regard as we have on India.

Our foreign minister intends to take part in the meeting of G-8 foreign ministers on June 12. We have a strong statement through our foreign minister out of the NATO ministerial council. We are clearly acting together with our allies on this important matter.

Certainly, with respect to the hon. member's comments, I think we better check the facts as to what he is talking about.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, speaking of allies, President Clinton went against the advice of the state department, his defence department, the CIA and the department of justice to give sensitive missile technology to the Chinese.

Will the Prime Minister and the Deputy Prime Minister commit today to discuss Canada's deep concern with President Clinton's role in this unstable and dangerous situation between Pakistan and India before the president goes to China this month?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, first I think we should check the factual basis for my hon. friend's allegations.

Certainly we are in close contact with the United States. We want to work with them to help assure the stability of the region in the interest of the people of the region and the entire world.

* * *

GOVERNMENT CONTRACTS

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, a \$2.85 billion contract was dumped into the lap of Bombardier by the Liberal cabinet.

With all the political connections, the large donations to the Liberal Party and the fact that there was no competition in this award, it is obvious that cabinet bent the rules.

Who decided to bypass all the competition rules? Was it the public works minister or was it the Prime Minister?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, I noted that the hon. member and his colleagues supported our purchases of submarines. They never complained about the fact that we did not go out for tender calls, proposal calls in that case, because it obviously did not make sense. There happened to be some slightly used ones available.

Every case has to be examined on its merits. This case was examined on its merits and it was determined that this was the best possible direction to go in. There was really no other choice.

The timing was such that cabinet decided if we did not get this bid in we would have lost the jobs in Moose Jaw. We would have lost all our opportunities and we would not have saved the money we are saving.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, this is the largest service contract ever issued in Canada.

Oral Questions

With all the family connections to the Prime Minister, with the political donations to the Liberal Party and the fact that no competition was allowed, cabinet bent the rules.

Who made the decision to bend the rules? Was it the Prime Minister? Was it the public works minister, or was it both of them?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, we reject categorically the insinuations of the hon. member that the rules were bent and that there was political influence.

The rules were followed as far as I am aware and the conditions and circumstances are proper on this occasion.

What shows the lack of credibility of the member is that he did not say one word about the sole source purchase of the submarines. What are the differences? Why is he complaining about that? Why is he against 5,000 jobs for western Canada, 90% of them, and thousands of jobs all across the country because of this project?

* * *

• (1435)

[Translation]

EMPLOYMENT INSURANCE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, last week, economist Pierre Fortin harshly criticized the employment insurance plan.

Today, economist Marc Van Audenrode has added his voice to that of Pierre Fortin saying that Canada's plan used to be more generous than most of those of the OECD countries and is now less generous on average.

If the minister is trying to justify his cuts affecting young people by the need to keep them in school, how will he justify his cuts affecting workers of all ages?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the government is undertaking a major reform of the plan the opposition member describes as generous, but which is totally ineffective within the context of the Canadian economy, as he knows full well. Studies around the world considered the Canadian system to be outdated and a disincentive to work.

I think we have done our job in modernizing the employment insurance system and in adapting it to the modern reality of the labour market.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, this same economist noted that our employment system had become less generous than the system in New England and was now comparable to Alabama's.

Does the minister really want Canada's employment insurance system to be comparable to the worst offered by our neighbours to the south?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, once again we note that the Bloc is interested only in the passive measures of the system that was compared with systems in certain states solely in terms of passive measures, whereas the design and philosophy of our employment insurance plan is not to have people on employment insurance but to help them return to the labour market.

That is why we increased budgets for active measures in order to help them return to the labour force. That is why we created the transitional job fund. This is much more interesting for Canadians than a cheque every two weeks.

* * *

[English]

HEPATITIS C

Mr. Maurice Vellacott (Wanuskewin, Ref.): Mr. Speaker, today in Edmonton health ministers will be discussing compensation for hepatitis C victims.

Apparently one of the proposed options by this government is to do nothing, to offer no new federal money. Will the health minister rule out this option of doing nothing, of simply sticking with the status quo?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, it is not health ministers who are meeting. It is senior officials from all governments. A number of options are before those senior officials.

I should stress to the member and to the House that the federal government has not taken any final position in relation to any of them. We think it is important to do the homework first to find out whether there is a basis for a national consensus because that is in the interest of those with hepatitis C.

Mr. Maurice Vellacott (Wanuskewin, Ref.): Mr. Speaker, the minister seems to be suffering from amnesia because he along with his government on May 5 in the House voted unanimously that at today's meeting the topic would be "how to address the financial needs of all the victims".

The topic was how to address the financial needs of those victims, not whether to address the financial needs. Why is the health minister and the government not honouring his commitment in that recorded vote? Why does he not rule out the status quo this very day?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, we believe it is important to let these officials do their work. They are together right now examining the options. They have representatives of the Hepatitis C Society there answering questions and responding to specific factual matters that we raised.

Oral Questions

Let us let the working group do its job and then we will be in a position to assess where we go from there.

* * *

[Translation]

EMPLOYMENT INSURANCE

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development. Only 41% of unemployed workers are still collecting employment insurance. Instead of correcting the situation, the minister prefers to target those who still qualify for benefits. This is the case for forestry workers, who are being deprived of benefits while being asked to pay significant arrears.

How can the minister reasonably justify a forestry worker being deprived of benefits because officials discovered that he was working with a horse instead of forestry equipment?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, we will take a close look at the situation. I do not think that using a horse instead of forestry equipment makes a big difference in terms of employment insurance benefits. I can assure you that we will give due consideration to this matter.

• (1440)

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, how can the minister justify that, in addition to significantly reducing assistance to seasonal workers, his department is now issuing guidelines to target forestry workers and review their situation, for the purpose of cutting their benefits?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, we hear many biased views about the impact of the reform on seasonal workers, but there are also things the other side of the House never wants to talk about.

One of them is that seasonal workers, who sometimes work only a few weeks but as many as 42, 45 or 50 hours a week, now benefit from a protection not provided by the old system.

This is a more balanced approach, and this is the balance we are seeking.

* * *

[English]

FOREIGN AFFAIRS

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, Malcolm McKechnie, Canada's deputy ambassador to Italy, was the frontman for the government's recent whirlwind tour over

there. McKechnie stayed at the posh Excelsior Hotel for three weeks when he was just getting things ready. The cost was \$10,000.

I would like to ask the junior foreign affairs minister this question. Why was this approved by the Prime Minister's office and who was it in there that signed the authorization?

Mr. Ted McWhinney (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, as parliamentary secretary and not in another title I must say that the figures quoted are slightly exaggerated, by one-third.

Now let us come to the substance of the issue. The gentleman concerned had been posted to Rome on his first posting. He did not yet have diplomatic quarters. His assignment was to prepare the diplomatic conference.

The decision was made by the embassy which was in charge, not by the PMO or by the foreign ministry, to have him work in the hotel where the delegation and conference would be and to work on a 24 hour a day basis—

The Speaker: The hon. member for Edmonton North.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, I know we all work tremendous hours, but I bet you a dollar there is a Holiday Inn over there that would be a whole lot cheaper than the Excelsior.

I look at the amount of money taxpayers that are on the hook for this. Whether it is \$7,000, \$8,000, \$9,000 or \$10,000, it is an exorbitant, horrifying amount of money that the Canadian taxpayer had to fork out. This is scandalous.

There is no way the parliamentary secretary is able to defend this. I will ask him one more time why this amount of money was wasted on Mr. McKechnie by the government when he could have had a free bed at our embassy.

Mr. Ted McWhinney (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, as already explained, there were no diplomatic free bed premises available at the time he arrived.

It seems a not unreasonable administrative decision by the people in charge of the conference, the embassy, to put him in the hotel where he would be arranging it. He was in charge of the administrative arrangements. He was working 24 hours a day, around the clock.

* * *

[Translation]

MILLENNIUMSCHOLARSHIPS

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

This morning, the students of Quebec vehemently denounced the millennium scholarship project. They announced a series of

Oral Questions

actions that will take place to block the project. When the very people who are to benefit from a government program are the ones to speak out against it, unanimously and unequivocally, it is because it is not appropriate.

Does the minister not find it paradoxical that he is determined to put a program in place that the people it is destined for do not want?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, our government wanted negotiation and we committed to it in good faith.

The decision to break off negotiations was made by the Government of Quebec two weeks ago. The Government of Quebec stuck obstinately to its doctrinaire position on the right to withdraw with full compensation.

The Quebec National Assembly passed a unanimous resolution, which the Government of Quebec supported but chose to ignore when it wrote to the Prime Minister, still referring to its dogmatic position instead of the resolution adopted by the National Assembly.

* * *

CHILD LABOUR

Mr. Jacques Saada (Brossard—La Prairie, Lib.): Mr. Speaker, my question is for the Parliamentary Secretary to the Minister of Foreign Affairs.

One of the scourges afflicting the children of this world is being forced to work at a very young age in conditions that are often hazardous and always unpropitious to their schooling and development.

I would like to know what Canada is doing about these nearly 250 million children whose childhood is being stolen from them in this way.

• (1445)

[English]

Mr. Ted McWhinney (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, I thank the hon. member for his question. It is a top priority of this government to act on child labour. We will seek the co-operation of the opposition parties, as we did with the land mines convention. We would like to have it.

We have already established the child labour challenge fund. We have held consultations with other governments on child labour. We adopted legislation on sex tourism. We participated in the Oslo child labour conference. It is our agenda that was adopted.

HRDC has hosted a conference with NAFTA partners. CIDA has adopted a strategy for children. Health has undertaken a study on child labour here.

The Speaker: The hon. member for Medicine Hat.

EMPLOYMENT INSURANCE

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, Canadians have been hearing about the EI surplus for some time now. I wonder if the Minister of Human Resources Development can tell us where this \$15 billion in cash is sitting.

Is it in a bank account? Is it invested somewhere? Maybe it is under someone's mattress. Exactly where is our \$15 billion EI surplus?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, it is in the consolidated revenue fund.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I guess that is cold comfort for people who thought it was going to be set aside for a rainy day.

As the minister knows, the EI fund is imaginary like leprechauns and unicorns, like the Bre-X gold fields and like the Prime Minister's homeless friend.

When will the finance minister break the bad news to all Canadians? When will he tell them the job safety net that was supposed to be set aside is spent and gone? What does he have to show for the \$15 billion that Canadians put in there other than an IOU?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, since our government took office we have made four cuts to EI premiums.

They have gone from \$3.30 down to \$2.70. For every 10 cents we cut in those EI premiums, it costs over \$700 million. The hon. member has to come clean. If he wants us to make the cuts there, where is he going to cut? Is he going to cut that out of reductions to the debt? Is he going to cut that out of other tax relief? Is he going to cut it out of transfers to the provinces? Is he going to cut it out of transfers for pensions or health care?

[Translation]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, the Minister of National Revenue should be ashamed for saying that he made workers pay the debt. While the Minister of Finance is spending the \$17 billion surplus in the EI fund, fewer than 40% of unemployed workers are receiving EI benefits.

Will the Minister of Human Resources Development stop conducting studies and take action? Will he change the EI eligibility criteria in order to help the 780,000 workers who are not receiving benefits?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, as I have said on many occasions in this House and throughout the country, it is clear that our government is concerned about the fact that only 42% of unemployed workers are covered under the existing EI system.

Oral Questions

My department has asked Statistics Canada to add a number of questions over the coming months so that we may get a clear picture of the situation these unemployed workers are facing. My department will be able to analyze the information provided by Statistics Canada and make informed decisions.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, the sooner they quit doing studies and get on with it, the happier I will be.

Seventeen billion dollars is a lot of money. Why is this government refusing to help unemployed workers facing hard times? Sixty per cent of them are not receiving benefits and, of those who are, many are getting barely 30% of their salary.

Will the Minister of Human Resources Development show that he has a heart and increase EI benefits so that poor families can buy clothing and food for their children?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, our government does have a heart and it does not want to see these people—

An hon. member: That is not true.

Hon. Pierre S. Pettigrew: —condemned to live on EI for the rest of their lives, to a cycle of EI and unstable work.

Some hon. members: Oh, oh.

Hon. Pierre S. Pettigrew: On the contrary, what we want is for Canadian workers—

• (1450)

The Speaker: Dear colleagues, I am sure that we all want to hear the answer. The hon. Minister of Human Resources Development.

Hon. Pierre S. Pettigrew: Mr. Speaker, what I wanted to say before the members opposite interrupted was that we want Canadian workers to have access to the labour market. That is why we have increased active job measures.

We have created a transitional jobs fund in order to help thousands of Canadians stay off EI and enter the job market, because that is the best way of being sure that one can buy clothing for one's children, to pick up on what the member said.

* * *

[English]

NUCLEAR TESTING

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, on Saturday Pakistan detonated its sixth nuclear device, adding to the five set off by India last month. Pakistan has China to thank for making this possible.

In the past when the world looked to Canada for leadership to help reduce regional tensions, Canada was there. On Friday the *Times* of London called on Canada to again assert our leadership role.

Will the Prime Minister send negotiators to India, Pakistan and China to diffuse this nuclear arms race?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, Canada has already offered to mediate the Kashmir situation with both India and Pakistan. Unfortunately to date India has not been willing to accept Canadian mediation.

If it will help the situation, Canada is ready to offer its good offices at the request of the international community. Canada has already taken firm action to deplore the actions of India and Pakistan. Canada is playing its part and will continue to do so to try to restore stability in that part of the world and avoid any nuclear conflagration. I think we are acting effectively and we will continue to do so.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, I have heard of nuclear warheads but never before of a nuclear war horse.

Yesterday U.S. senator and former ambassador to India Daniel Patrick Moynihan said the world is closer to a nuclear war than we have been at any point since the Cuban missile crisis.

China, a communist totalitarian regime, is providing Pakistan with the technology to take on India, the world's largest democracy. Any meaningful Canadian intervention needs to engage China as well as India and Pakistan.

Will the Prime Minister commit to sending an envoy to India, Pakistan and China today?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I think the factual basis of the hon. member's allegations about China needs to be tested. I repeat that Canada is ready to play a full role in helping to mediate the matter. However, to do it most effectively it has to be done in concert with other like minded countries, and that is what we are doing.

* * *

PEOPLE WITH DISABILITIES

Ms. Sophia Leung (Vancouver Kingsway, Lib.): Mr. Speaker, recently Rick Hansen met with me to discuss neurotrauma and initiatives to promote prevention and rehabilitation.

My question is for the Minister of Human Resources Development. Is the government going to provide assistance for people with disabilities in western Canada?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I am very pleased to say the

Oral Questions

Government of Canada is working to ensure that people with disabilities can participate fully in Canadian society.

We have recently announced employability assistance agreements for people with disabilities with British Columbia and Manitoba. Under the British Columbia agreement, the Government of Canada will contribute \$25.25 million annually over the next five years to help the British Columbian government assist persons with disabilities to find employment. Details of the agreements with Manitoba and other western provinces will be available soon.

* * *

EMPLOYMENT INSURANCE

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, last week the finance minister denied that cutting EI premiums would create some jobs. However, last fall when he cut 20 cents from the EI premium he could not wait to tell the whole world about all the jobs it was going to create.

On which occasion was the finance minister telling the truth?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I am pleased that the hon. member draws attention to the job creation record of this government. When we took office unemployment was at 11.4%. Since then 1.2 million jobs have been created by our buoyant Canadian economy.

• (1455)

We have the strongest job growth rate in the entire G-7. This is a result of the measures we have put into force. We are the first member of the G-7 to eliminate its deficit. We are now paying down our debt. The figures we see today show record business confidence. We had a gross rate in the first quarter of—

The Speaker: The hon. member for Lévis.

* * *

[Translation]

SPIRIT OF COLUMBUS PLATFORM

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, my question is for the Minister for International Trade. Since September 1996, Davie industries has been negotiating financial guarantees for a contract to rebuild the Brazilian oil platform *Spirit of Columbus*.

Given that the platform has been anchored in Quebec City since September 1997, that SDI has provided its share of the financial guarantees, and that nearly 30% of the job is already completed, why is the federal government dragging its feet in giving the financial guarantees so that MIL Davie can complete this major contract?

[English]

Hon. Sergio Marchi (Minister for International Trade, Lib.): Mr. Speaker, I met with ministers from Quebec on this issue. I also directed EDC to work with its counterpart in Quebec, la Société de développement du Québec. Both came up with a single plan. The last time I checked the file both those societies were working with Davie and the other stakeholders to come to grips with the situation.

* * *

PUBLIC SERVICE

Ms. Bev Desjarlais (Churchill, NDP): Mr. Speaker, today's senior managers in the public service will receive performance bonuses of up to 10% after having received pay raises of up to 19%. Services have been cut. Rank and file workers are being penalized with wage freezes and court battles for pay equity. The pay equity tribunal ruling is expected in July. Already the Treasury Board president is hinting at appealing the decision.

Why will Treasury Board not treat all employees equally?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, the increase in the salary mass for managers over four years will be 7.96%. I have already indicated that we are ready to grant 2% a year for the next four years to the various unions, which is exactly the same percentage increase.

Already 10 of the groups have accepted to negotiate and have concluded negotiations. On Thursday the auditors agreed to figures of between 2% and 2.5%. Once again—

The Speaker: The hon. member for Fundy—Royal.

* * *

THE ENVIRONMENT

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, last week I asked the environment minister to respond to the environment commissioner's report on this government's handling or mishandling of the environment.

This report clearly states that if the performance of the government does not improve the environment and the health of Canadians will be damaged. The commissioner states this government has no plan to protect Canada's biodiversity, no viable plan on climate change and it is failing to enforce its own environmental assessment guidelines.

Why is this minister allowing the government to deliberately abandon environment at the cabinet table?

Hon. Christine Stewart (Minister of the Environment, Lib.): Mr. Speaker, this government has not abandoned the environment agenda. It is very important to us.

We have important legislation before the House right now, the Canadian Environmental Protection Act, which brings in very important amendments allowing the government to enforce better environmental quality for all Canadians.

As a nurse I am very concerned about the quality of our air and our water. I am very concerned, as is the government, about climate change. We want to protect our nature.

The Canadian Environmental Protection Act will allow us to improve the quality of our air and our water. I will be bringing in regulations this fall to do with sulphur in gasoline.

* * *

THE ECONOMY

Ms. Susan Whelan (Essex, Lib.): Mr. Speaker, there is general agreement that Canada needs more computer experts and engineers to thrive in a knowledge based economy.

What is the Secretary of State for Science, Research and Technology doing to address the concerns raised by participants in Ottawa at the congress of the social sciences and humanities that social and cultural skills are also necessary in a knowledge based economy?

Hon. Ronald J. Duhamel (Secretary of State (Science, Research and Development)(Western Economic Diversification), Lib.): Mr. Speaker, first let me congratulate the 8,000 plus participants at the congress who come from a host of disciplines and whose wealth of knowledge contributes to the quality of life of Canadians.

We are doing a great deal. There are two examples. The Social Sciences and Humanities Research Council budget will be increased to \$103 million by the year 2000. The federal government is funding a centre of excellence, Telelearning, that puts together what the social sciences and other sciences are able to do. In this case it gives Canadians the tools to adapt to the new knowledge based economy.

* * *

● (1500)

ABORIGINAL AFFAIRS

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, it has been six months since the Delgamuukw decision was handed down by the Supreme Court of Canada.

Ownership of every square inch of British Columbia is in doubt. Industry is saying not one more nickel of investment until this is settled.

My question is for the minister of Indian affairs. Other than striking a committee to look at this matter, what is the minister doing about it?

Routine Proceedings

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, the whole intention of writing modern land claims in British Columbia is to achieve certainty.

Along with our partners, the province of British Columbia and the first nations, we are working to respond not only to Delgamuukw but to build on the B.C. treaty process.

I would note that the business community of British Columbia supports the government getting on with settling land claims and achieving certainty. I would hope the hon. member opposite would include himself and his party in such an important undertaking.

ROUTINE PROCEEDINGS

[English]

COMMUNICATIONS SECURITY ESTABLISHMENT

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, pursuant to section 32(1) I have the honour to table, in both official languages, copies of the annual report of the Communications Security Establishment commissioner.

* * *

[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 18 petitions.

* * *

INTERPARLIAMENTARY DELEGATION

Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.): Mr. Speaker, I have the honour to table, in both official languages, the report of the 28th annual meeting of the Canada-France interparliamentary association.

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HOUSE COMMITTEES

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT

Mr. Guy St-Julien (Abitibi, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the fourth report of the Standing Committee on Aboriginal Affairs and Northern Development.

Pursuant to its order of reference dated Tuesday, May 5, 1998, the committee has considered Bill C-30, an act respecting the powers of the Mi'kmaq of Nova Scotia in relation to education, and has agreed to report it without amendment.

Routine Proceedings

• (1505)

[English]

INCOME TAX ACT

Hon. Charles Caccia (Davenport, Lib.) moved for leave to introduce Bill C-412, an act to amend the Income Tax Act (food expenses).

He said: Mr. Speaker, very briefly the purpose of the bill is to allow people engaged in the bicycle courier business to deduct certain food expenses from their taxable income.

The amendment would allow recognition of the fact that couriers consume large amounts of extra fuel, so to speak, to perform their duties. Those who use their cars for business purposes can deduct expenses under certain circumstances. The bill is intended to extend such benefits to bicycle couriers.

The policy goal is to encourage greater use of bicycle couriers, given the health and environmental benefits of having fewer cars and more bicycles on our city streets. This measure is also intended to encourage bicycle couriers to file tax returns, resulting in increased tax revenues for the federal government.

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

* * *

PETITIONS**PUBLIC SAFETY OFFICERS**

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to present two petitions today. The first concerns police officers and firefighters.

The petitioners would like to draw to the attention of the House that our police officers and firefighters are required to place their lives at risk on a daily basis as they execute their duties and that employment benefits of those killed in the line of duty do not adequately compensate their families.

The public mourns the loss of police officers and firefighters killed in the line of duty and wish to support their families in a tangible way in their time of need.

The petitioners therefore call upon parliament to establish a public safety officers compensation fund for the benefit of families of police officers and firefighters killed in the line of duty.

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition has to do with the family.

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

The petitioners also concur with the National Forum on Health that the Income Tax Act discriminates against families who choose to provide care in the home to preschool children.

The petitioners therefore call upon parliament to eliminate tax discrimination against families who choose to provide direct parental care to preschool children.

HIGHWAYS

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, it is my honour today to present three petitions.

The first one bears 1,385 signatures of electors resident in New Brunswick, primarily in the districts of Havelock, Petitcodiac and Salisbury.

These electors are concerned with the federal-provincial agreements for financing segments of highways which do not preclude the collection of provincial highway tolls on jointly financed projects.

The petitioners therefore call upon parliament, specifically with reference to one existing road, to terminate any plans which would allow future tolls to be collected on the River Glade to Moncton portion of highway No. 2 in New Brunswick.

The second petition is also with respect to highways. This is about the fifth or sixth petition I have received with respect to the death strip in western Saskatchewan. It brings the total number of signatures I have now presented in the House on this subject to 2,210.

The petitioners draw attention to the fact that the two lane highway between Gull Lake, Saskatchewan, and the Alberta border on the Trans-Canada Highway has caused the deaths of 39 people in the last 20 years.

They humbly call upon parliament to instruct its servants to immediately commence negotiations with the Government of Saskatchewan to jointly fund the upgrading of this vital national transportation link by constructing two additional lanes.

I might note that today on another death strip on the Trans-Canada three people were killed near Golden, B.C., again because of the decrepit condition of the highway.

RAIL LINES

Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.): Mr. Speaker, the final petition contains 36 signatures from residents of Saskatchewan.

• (1510)

This is one of several that have already been presented in the House calling upon parliament to immediately legislate a morato-

rium on rail line abandonments in the three prairie provinces pending completion of Mr. Justice Estey's review and the presentation of his report on the grain handling system.

ABORTIONS

Mr. Werner Schmidt (Kelowna, Ref.): Mr. Speaker, it is an honour to present two petitions dealing with the same subject.

The first petition has been signed by 615 petitioners who petition parliament to support the motion of the representative from Yorkton—Melville that in the opinion of the House the government should bring in legislation in accordance with provisions of the Referendum Act, 1992, which would require a binding national referendum to be held at the time of the next election to ask voters whether or not they are in favour of government funding of medically unnecessary abortions.

The second petition is on exactly the same subject, the same motion. It is signed by 125 petitioners who present it to parliament for its consideration.

CRTC

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I rise to represent people mostly from my riding but others as well who have a problem with the CRTC.

An executive summary of their petition would be that they want to preserve freedom of religion, conscience and expression, and to stop the CRTC policy which seems to systematically favour sexually explicit and violent programming over what is called good, wholesome programming.

* * *

[Translation]

QUESTIONS ON THE ORDER PAPER

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

The Deputy Speaker: Is that agreed?

[English]

Mr. Jean Dubé (Madawaska—Restigouche, PC): Mr. Speaker, I rise on a point of order. I have been up many times over the past several months on Question No. 21.

Question No. 21 was asked on October 3, 1997. It is a long time to wait for an answer to a question. I am sure the parliamentary secretary is doing his best to get the question answered.

I asked the question last week. Will we get the answer before the break? Could the parliamentary secretary answer?

Supply

Mr. Peter Adams: Mr. Speaker, the member is quite right. I know he has been following Question No. 21 very closely.

I pointed out previously that we have received almost 1,000 petitions and we have responded to 70% of them, the vast majority within 45 days. In the case of the questions we have answered approximately 75%.

Question No. 21, as the member knows, involves consultations with every minister in cabinet. That is what is taking the time. I assure the member he will have a reply as soon as is humanly possible.

The Deputy Speaker: Shall the remaining questions stand?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[Translation]

SUPPLY

ALLOTTED DAY—UNEMPLOYMENT INSURANCE

The House resumed consideration of the motion.

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I would like to advise you that I will be sharing my time with my colleague, the member for Waterloo—Wellington.

I am pleased to rise today to speak to the motion before us. I believe it is important to set the record straight with regard to the Bloc's motion and the employment insurance program.

Lately it has become obvious that the Bloc is living in the past. Instead of moving forward and looking for ways to help people escape unemployment and go back to work, the Bloc is still recommending ways for people to draw employment insurance as long as possible.

The Bloc is still recommending ways to foster greater dependence on employment insurance while being critical of the new employment insurance plan designed to help people get back to work.

● (1515)

[English]

We have no interest in going back. Our government and our reforms are about moving forward and helping Canadians meet the challenges of the 21st century. The old EI system was in need of total overhaul. The system was 25 years old and needed to be changed to adapt to today's labour market. It was totally focused on

Supply

passive income support. It did nothing to help unemployed Canadians move toward work.

The new economy requires Canadians to constantly upgrade their skills and knowledge in order to be competitive in the world of work. The new employment insurance system is precisely about finding a balance between giving people the temporary support they need when they lose a job and helping people with the tools they need to get back to work.

We needed to reform employment insurance, to modernize the system, to make it fairer and more equitable, to break an ongoing cycle of dependence on employment insurance, to give unemployed Canadians access to programs that would help them get back to work and try to create jobs in areas of high unemployment.

[*Translation*]

We are convinced that, contrary to what Bloc members are saying, Canadians would rather work than receive employment insurance benefits. We believe they want to retrain to acquire the necessary skills to find employment in the new economy. We believe Canadians are more optimistic regarding their future than what the Bloc will ever say in this matter.

Canadians' optimism, coupled with our budget policies, helps foster an economic climate favourable to job creation. Since 1993, over 1.2 million new jobs have been created in Canada. Last year alone a further 450,000 Canadians found jobs in Canada. The unemployment rate is at its lowest in nearly eight years. In every province the number of people on welfare is down, including in Quebec where it is the lowest it has ever been in the past five years.

Our review of the old unemployment insurance plan revealed a need for change in various areas. The old plan was based on weeks worked rather than hours. It was unfair. Whether you worked 15 hours or 60 hours a week did not make any difference. Your benefits were calculated according to the number of weeks you had worked. If you worked fewer than 15 hours a week, you were just not eligible for unemployment insurance. For thousands of workers, particularly women, this meant being trapped in a ghetto of 14 hour a week jobs because employers avoided paying EI premiums by giving them less than 15 hours of work every week.

When these workers lost their jobs, they did not have access to income support or any other form of support to find another job. Now, for the first time, all part time workers are covered under the plan. Unemployment insurance was a passive income support system. However, a passive approach does not make people's lives better. It only maintains them in their current situation longer.

It may be a good thing for the opposition, but not for the many workers looking for help to find a new job, a better job, and not only for a cheque every two weeks. Our government chose to establish a plan designed to help workers prepare their future with optimism. That is why we came up with a series of active employment measures: to help people get back to work.

• (1520)

That is why we have taken part of the savings generated by the employment insurance reform and reinvested them in measures that help people rejoin the workforce instead of maintaining them on employment insurance.

That is why we are transferring \$2.7 billion to the Quebec government, so that active employment measures designed to help people go back to work can be developed locally to meet local needs.

It is because of this employment insurance reform that we were in a position to negotiate with the Quebec government a historic agreement on the development of the labour market. That agreement led to the solving of a difficult issue with the Quebec government, one that pleases everyone and shows that Canadian federalism is being modernized and is adjusting.

In order to help people get back to work, we invested \$300 million in the transitional jobs fund. The purpose of that fund is to promote employment, specifically in very high unemployment regions.

We anticipate that this investment, made over a three year period, will ultimately result in the creation of 30,000 new jobs.

[*English*]

We also felt that unemployment insurance encouraged dependence. The passive approach lured many Canadians into an ongoing cycle of short term jobs and unemployment insurance. Worst of all, studies showed us that easy access to employment insurance often encouraged young people to leave school and start on a cycle of short term work and employment insurance. Part of our changes had to be based on trying to break this cycle of dependence and to help people find and take available work.

[*Translation*]

Have employment insurance reforms succeeded in helping Canadians? The Bloc should ask the woman in Sidney, Nova Scotia, who is working 14 hours per week in a departmental store. Under the former system, that woman would not have qualified, but now, after 30 weeks of work, she is eligible for benefits.

The Bloc should also ask the young father from Trois-Rivières, who is working at three different jobs for 14 hours per week. Under the old system, none of these jobs would have qualified him, but that person can now collect benefits after 11 weeks of work.

We could also put the same question to the young woman from the Cornwall area who, through our positive employment measures, received financial assistance to help her plan and set up her own business, after losing her job at the local office of a large insurance company. Her business, Excellent Secretarial Services, is doing very well indeed.

Supply

I think it is important to correct a misleading and incorrect statement the Bloc Québécois keeps making about the negative impact of our employment insurance reforms on women.

I would like the Bloc members to tell us why they are against our employment insurance reforms, which eliminated the 14 hour trap for women. Around 270,000 women are now eligible for employment insurance for the first time.

Close to 70% of those who are getting the new family income supplement are women who now qualify for this supplement.

We are more ambitious than the Bloc members. What we want is for workers, whether they are young people, women or experienced, to really be able to remain in the labour force. And should they lose their jobs, they will get from our system the tools and the means they need to get back to work, unlike the Bloc members who are simply trying to ensure the people stay on employment insurance benefits as long as possible. It is their only goal.

• (1525)

[*English*]

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, I am pleased to have this opportunity, as brief as it is, to ask the hon. minister a question and put a comment or two forward.

It seemed to me at least, unless I was getting the wrong impression, that he was bragging during his presentation about the 270,000 women who are now covered under EI for the first time with the changes brought forward by the government. He was bragging about the new eligibility criteria. He was quoting statistics.

I refer to a working mother in my riding I recently heard from. This lady works as a permanent part time employee with the school district as a bus driver. Recently she had to take a six week medical leave of her duties and applied for medical benefits through employment insurance. After waiting several weeks she finally received her cards to fill out. Shortly after a letter from HRDC arrived informing her she did not qualify for any benefits. She did not have enough hours. A claimant needs 700 hours in a 52 week period and her total number of hours was only 648.

Her concern is, and I agree, that she is paying for insurance that she is ineligible to collect. Legislation does not take into account consideration of this scenario and there are no exceptions to the rules.

This woman is not alone. I think these people see EI as simply another tax. When some individuals call EI premiums a payroll tax, that is exactly what it is. It is especially true when those individuals are ineligible to collect benefits. To take those premiums off their pay, as small as it is, is unethical when they are in a situation where

they have this additional tax, and it is simply a tax because they cannot get any benefits. We already have the highest tax in the G-7.

I wonder if the hon. minister would care to comment and refer his comments to the situation with this working mother and the fact that while on medical leave she was unable to get any benefits despite the fact that she pays her premiums like all other working Canadians.

Hon. Pierre S. Pettigrew: Mr. Speaker, I am very pleased to see that the Reform Party is now hinting that maybe we should make it easier to give benefits to Canadians. I do not know exactly what is the Reform position. It is the first time I have heard such a statement from the Reform Party which normally thinks we are not tough enough on unemployed Canadians and that we should have even more difficult access to the employment insurance aspect.

In the case of the woman he raised, she did not have the number of hours to qualify. It is pretty obvious that if a worker has not reached the number of hours to be covered by the system at this stage, they cannot have unemployment benefits.

When she has worked the additional 52 hours she needs to qualify, whether in this job or some other job, she will be covered by the employment insurance system because every hour counts and we will add it to what she has already worked.

[*Translation*]

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, the Minister of Human Resources Development should try to put himself in the shoes of ordinary Canadians. He gave us the example of a woman from Sydney.

I will try to be brief. In a region such as the Gaspé Peninsula, which is severely affected by TAGS, where active measures are sorely lacking, where nothing is being done and which is being deprived of \$50 million because of reduced benefits and reduced eligibility, how does the minister think that people can find new jobs? Why can he not consider restoring some fairness in the system?

I would like to quote from his leader. I will be very brief. The quote is from a letter sent in 1993 to a group called Action-Chômage, in which the current Prime Minister described the measures put forward by the Conservatives as being very coercive.

• (1530)

He said: "While they seem to show compassion on the eve of the election, they are forgetting the names of the victims".

Hon. Pierre S. Pettigrew: Mr. Speaker, I can assure you of one thing. Our government is sensitive to the concerns of these Canadians. The reason we have established a transitional jobs fund

Supply

is to create jobs in areas where unemployment is too high. That is why we want to invest more money in high employment areas.

We have seen that, so far, in Atlantic and eastern Canada, our reform has helped a lot of unemployed people find work to accumulate the additional number of weeks needed to maintain their level of benefits. I think this incentive to find work seems to be having positive results so far.

Mr. Yvan Bernier: Mr. Speaker, I rise on a point of order. I believe the Minister of Human Resources misled the House when he spoke of the transitional jobs fund.

I would like all Canadians to take note that the fund—

The Deputy Speaker: Order, please. I think the hon. member is rising on a point of debate. If there is a discrepancy between what the minister said and what the hon. member understood, that is not a point of order.

[*English*]

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Mr. Speaker, it is both unfortunate and frustrating that the House is once again embroiled in a debate based on an outdated understanding of the employment insurance system.

There can be no debate that the progressive and equitable reforms to employment insurance introduced by this government are good reforms. They are good for Canadians out of work, good for the economy and good for the country.

Canadians inherently know this and certainly the residents of my riding of Waterloo—Wellington know it and understand it, and this is in fact true.

With the new Employment Insurance Act this government is helping Canadians to find work. Instead of just doling out cheques, we now respond to the real employment needs of people who have fallen on hard times and we tailor strategies to help them succeed.

While our hon. colleagues on the opposite side of the Chamber seem stuck in a time warp, the so-called good old days when the system perpetuated dependency, we instead are moving forward, shifting the focus to one of dignity and self-sufficiency by creating meaningful opportunities for all Canadians.

The new employment insurance system both reflects and responds to today's labour market. Technological revolution and global trade are rapidly changing the world of work. Jobs are disappearing in some sectors, while new positions are being created in others which require different skills.

Intense international competition is also pushing Canada to produce higher educated and higher skilled workers. This new

reality is very difficult for individuals who find themselves falling short of these requirements or who are already left behind. That is why we are investing in programs that are more targeted, more results oriented and proven to work for the people who need them.

The new employment insurance system is designed to help unemployed Canadians not only cope with but capitalize on the new economy. We are enabling individuals temporarily out of work to acquire the necessary skills to secure jobs in the new working world.

We are helping Canadians, especially those most at risk of exclusion, to adjust to the knowledge-based economy. We are empowering them to adapt to economic change so they can once again lead productive and satisfying lives.

Employment insurance reforms are fundamentally about finding a balance, about giving people the temporary support they need when they lose a job and providing people with the tools they need to get back to work.

We do not have to choose between economics and people. Success is a question of making the right choices in order to build a better society.

Societal development goes hand in hand with economic development. As our population becomes more productive, our country will be more productive.

● (1535)

An equally important benefit for all Canadians is that the new employment insurance system allows us to work more efficiently and less expensively, providing the public with the services they need and the services they can afford.

Long term affordability of the system is at the heart of the reserve in the employment insurance account. The government must pay employment insurance benefits in all circumstances, even when the account has a deficit, as it did during most of the 1980s and the early 1990s. The reserve means that the money is there when it is most needed, during an economic downturn, and ensures that we do not have to raise premiums at the worst possible time.

In modernizing the system we also make it fairer and more equitable. For the first time, every hour of work counts. Counting total hours instead of meeting a minimum number of weeks makes it easier for most people, particularly women, young people and seasonal workers, to satisfy entrance requirements. Whether we talk about the part time worker, the mother to be who will be able to collect maternity benefits, the construction worker laid off during the winter months or the student working as a department store clerk, employment insurance benefits have been restructured to strengthen the value of work. The system now recognizes that

whether work is full time, part time or integrated from time to time, every Canadian's contribution counts.

Perhaps the most important improvements are enhanced active employment measures that are helping countless unemployed Canadians get back into the workforce. Wage subsidies, earning supplements, self-employment assistance, job creation partnerships and skills, loans and grants are giving many a real chance to start new careers.

I remind my hon. colleagues that we have broadened eligibility so that all Canadians who received employment insurance or unemployment insurance in the past three years can benefit from these measures. So too can people who collected maternity or parental benefits during the last five years and then withdrew from the labour force to care for their child. This means that up to 45% of provincial social assistance recipients are eligible for active employment measures to get the skills and the experience they need in order to re-enter the workforce.

Improved claimant assistance such as counselling and closer case management will also help unemployed people return to work as quickly as possible. That ultimately is what the changes are all about, helping Canadians to find and keep good jobs.

The labour market development agreements with the provinces, long sought after by the province of Quebec, ensure that active employment measures are tailored to local needs.

The Bloc fails to acknowledge that these new measures, \$2.7 billion over the next five years in Quebec alone, are financed from savings the government is now achieving as a result of employment insurance reform. Without these savings the government would not have the necessary funds to pay for skills upgrading which is essential to becoming more employable.

Canadians do not want a handout, they want a hand up. They want the chance to acquire new skills and advance their education. They want to be able to provide a better standard of living and quality of life for their families. We must enable them to achieve their dreams.

We would do no one any favours if we adopted the regressive measures proposed by my hon. colleagues. They would have us return to the days of passive income support. They would deny individuals the opportunity to upgrade their skills and make themselves more employable.

I point to the government's impressive track record as proof that our approach is working. The unemployment rate is at its lowest level in almost eight years. Since the beginning of 1997 543,000 jobs have been created in Canada.

Equally interesting, there was a 6% decline in job losses during the first year of reform. So it is not surprising that the number of beneficiaries and the total employment insurance benefits paid out

Supply

have decreased since March 1997. Clearly we are on the right track, so let us stay on it and let us make sure we carry it forward.

[*Translation*]

The federal government has worked unceasingly to keep the Canadian economy on a solid foundation.

The federal government will continue to provide programs which meet Canadians' expectations and needs.

• (1540)

The federal government will continue to look after the interests of all Canadians.

[*English*]

For all the sound and reasoned arguments put forward by myself and the members of my caucus today, I urge my fellow parliamentarians to set aside this unnecessary motion. Let us work together to create conditions conducive to job creation and economic growth. Let us work together to help Canadians get back to work.

[*Translation*]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I would like to respond to the speech by my hon. colleague and to ask him a question.

I always react to categorical remarks and to accusations that the Bloc Québécois is living in the past. I believe we live in the present, but we do not share the current government's concept of what the present is. Allow me to explain.

Up to this date, close to \$16 billion have been collected in indirect taxes. I call them indirect taxes because Canadians and Quebecers pay provincial income tax, federal income tax, and both provincial and federal sales taxes, and then on their weekly paycheque another indirect tax is deducted, which adds up to \$7 billion or \$8 billion each year.

In my opinion consumers have had it with government taxes, and this one is an indirect tax. There is not even any provision for it in the government's books. It is sneakily collected from all workers and all employers, and it is years since this government has contributed to the fund. Now it has taken upon itself to set the contribution rate as it pleases and to adjust this indirect tax to pay down its deficit.

Perhaps my colleague could answer the following. What is his answer to the voters in his riding when they say they are tired of paying taxes, taxes and more taxes, income and otherwise, and now just one more? What is his answer to this, particularly when we have already been told that in this government's employment enhancement measures a 10 cent reduction per \$100 represents the creation of 30,000 jobs?

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This is not true, according to the way we see things. People are having problems with employment insurance, which is an indirect tax on people. What is his answer to his constituents?

[*English*]

Mr. Lynn Myers: Mr. Speaker, I want to say at the outset that there is a lot of evidence that we as a government can put forward in terms of the kinds of things we are doing for Canadians from coast to coast. I reference specifically the programs that are in place to assist workers at a time when they need it most, which is most important. I think Canadians across the country understand that and respect it.

The hon. member talks about being in the past. I was doing some research into what the Bloc has recently introduced by way of private members' bills on this particular issue. What those bills would do, in effect, would be to reverse the EI reforms that we as a government have put in place. I would reference, for example, Bill C-295, Bill C-296, Bill C-297, Bill C-298 and Bill C-300. These five private members' bills would turn back the clock and reverse the kind of progressiveness that we as a government are ensuring is in place for all Canadians no matter where they live.

I would also point out to the hon. member that \$2.7 billion over five years is going to Quebec alone in order to ensure that there are active employment measures in place. That spells good news not only for Quebecers, but for Canadians all across this great country of ours.

We as a government are moving in the right direction with foresight, according to the needs of Canadians.

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, what I would like to know is what stings a government when it comes into office.

I have here a letter from the Prime Minister sent to a region in Quebec, which says, and I will quote briefly from it, "Clearly the government is not very concerned about the victims of the economic crisis—he was talking about the Conservatives at the time—because instead of going after the heart of the problem, they go after the unemployed".

• (1545)

Now they are in power. Does this mean that they were living in the past in 1993? Were they stung by a bee as they took office so they could go after the unemployed too? It is shameful. I would like the hon. member to tell me what stung the Liberal members.

[*English*]

Mr. Lynn Myers: Mr. Speaker, I want to thank the member opposite for the question.

I am astounded at the fact that the NDP in this case would take us on in terms of what our position is. It really has no financial credibility. As members all know, that party's election platform, which was widely rejected by Canadians, proposed to spend an additional \$18 billion in four years if it had been elected. It is the leader of the NDP who told Canadians that she never planned on forming a government, so I guess those kinds of outrageous statements can be made to try to rope the people in.

The people are not fooled by such nonsense. Canadians have worked too hard to eliminate the deficit to allow their government to go on a free wheeling and irresponsible tax and spending spree.

When the member opposite from the NDP makes those kinds of outrageous statements, it is incumbent upon those of us on the government side to ensure that that kind of nonsense is put in its place. It has no place in this great country of ours and as a government we will ensure that.

[*Translation*]

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, I will share my time with my colleague, the member for Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok.

I am pleased to join my colleagues, the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques and the member for Québec East, and to take part in the debate on the opposition motion they presented in this House, which reads as follows:

That the House castigate the government for the catastrophic effects of its reforms to unemployment insurance; for having taken over funds destined for unemployed persons; and for its inability to adapt the unemployment insurance system to the new realities of the labour market, particularly where young people, women and self-employed persons are concerned.

It was not yesterday that the Bloc Québécois started criticizing the reforms to unemployment insurance and its devastating effects on the people of Quebec and Canada and more especially on groups of workers in vulnerable situations on the labour market, such as young people and women, who are being pushed into the maze of social assistance.

Last week, the Bloc Québécois initiated an employment insurance week to draw the government's attention to the experience of the unemployed in Quebec and Canada.

As we might expect, the Liberal government again displayed its insensitivity to these groups of men and women, who, after contributing to the plan, are denied access to it when they need it most.

However the media did not ignore the questions raised by the Bloc Québécois when it reminded us that only 41% of unemployed workers get benefits and that only 26% of young workers—one in four—who contribute to the plan end up getting benefits.

Supply

All of last week, we have seen and heard reports on television and on the radio highlighting the fact that the employment insurance plan is inadequate, given the conditions on the labour market. This is employment insurance in name only. We should rather be talking about a deficit insurance plan, because the government has had no qualms about diverting EI funds to erase the deficit first and now, with hardly any embarrassment, to build up budget surpluses.

This whole situation is utterly unacceptable, and groups all over Quebec are condemning the employment insurance plan and the government's policies that have thrown so many people into poverty.

We have to stop this bleeding of public funds. The employment insurance should be redesigned to ensure a better balanced support for various groups of workers in Quebec and in Canada.

• (1550)

It is nothing short of shameful that the EI fund is bursting at the seams while the federal government has to admit the sorry state of poverty in Canada. In 1989, 14.5% of children lived in families below the poverty line. There are now 20.5%. There is a direct link between this and the finance minister's drastic cuts in social programs.

The federal government can try all it wants to counter through piecemeal programs the impact of poverty on children in Quebec and Canada, but it should first give the heads of single parent families better opportunities to enter the labour market and support them in between jobs.

It is the same for young Quebeckers and Canadians who hold precarious jobs, contract jobs for a few weeks or a few months. This is the reality of the workforce for several of them.

And to encourage them to accumulate this invaluable work experience that will allow them to apply for better paying and more stable jobs, the human resources development minister has found nothing better than to impose a minimum of 910 hours of work on these newcomers during their first year of employment.

This is what I could call an employment insurance welcome tax. Indeed, it is a welcome tax for new members in the workforce, workers who will be the foundation of our economy and who will ensure the existence of our social programs in the future. Is this not a situation that should be of concern?

This is quite a gift from the Liberal government to our young people. On one side, it pushes them toward welfare and on the other, with red flags in hand, it claims to help these young people with the millennium scholarships slogan. Once again, Quebec's student group representatives came to say no to the Prime Minister

and their speeches were eloquent, according to those who had the opportunity to listen to the RDI special program this morning.

The Bloc Québécois is more valuable than ever, given the arrogance of this government that pretends to be sensitive to the Canadian and Quebec people. Our clashing voice in this stagnant pool of Liberal members who are waiting for their leader's cue, even when their personal beliefs are at stake, is echoing the voice of Quebeckers who have been let down by this dominating and centralizing federal system.

In the riding of Jonquière especially, my team and I have received many testimonies from people affected by the cuts in the employment insurance system.

Among the situations experienced by my fellow citizens, there is the sad situation of several part time workers who used to be eligible for unemployment insurance and are now unable to accumulate the number of hours required in a 52 week period.

Seasonal workers, especially construction workers in our region, are also greatly affected by the employment insurance reform. For these seasonal workers, it is almost impossible to accumulate the number of hours required to be eligible for employment insurance, because work periods in the construction field are limited and the reform encourages clandestine work.

We have been told that some employers take advantage of the situation. They hire workers at a lower rate and do not pay any premium for these workers, which explains why about a hundred honest workers complain every week, because they are not eligible for employment insurance or welfare.

Other problems with section 17 of the employment insurance regulations have been brought to our attention. Some people who work for the same company but live in different regions, like the Chicoutimi—Jonquière area and northern Quebec, are being treated differently under the current employment insurance scheme.

• (1555)

The number of hours worked to become eligible and the number of weeks of benefits differ from one region to another, which means that a resident of Alma could receive benefits during nine weeks more than a resident of Jonquière.

If, as the Minister of Human Resources Development put it, he is really "following this reform very closely in order to ensure that it continues to serve Canadians well", I would invite him to take note of all the flaws the Bloc Québécois has spotted in his reform of the employment insurance program.

Last week, the health minister announced a new subsidy to ParticipAction. Let me encourage this organization to launch a new fitness program especially designed for the Liberal members, something to stimulate their brains and help them connect with

Supply

today's reality, so they can notice the living conditions of the unemployed, since almost half of the contributors are no longer eligible for employment insurance benefits.

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I was very impressed by the speech of the hon. member for Jonquière. I know that she is an extremely hard working woman and that she is also very present in her riding.

What fascinates me most is the difference between the comments of the member for Jonquière and those of the Minister of Human Resources Development. My colleague referred to the insensitivity of the minister and of the Liberal members.

I wonder if there are people in her riding who tell her that they have a hard time making ends meet at the end of the month, or that they used to qualify for a much better system that allowed them to make the transition to another job, whereas now they are pretty much left on their own. Because they are no longer eligible, these people end up on welfare, which means they have to rely on the state.

The minister continues to say "our government does not live in the past, but in the present". This is another ill-conceived notion of the present. The minister says that they are taking active employment measures, that they are creating a transitional jobs fund. Incidentally, there is not one penny left in that fund.

The minister is taking technocratic measures. I am sure the hon. member for Jonquière could provide us with examples of people who are in dire straits, people who, at the end of the month, have very little food left to put on the table, people who are overwhelmed by their situation.

I wonder if the hon. member could elaborate on the insensitivity of that department, and compare it with the sensitivity she shows in her views and in her good work in the riding of Jonquière.

Ms. Jocelyne Girard-Bujold: Mr. Speaker, I thank my colleague for asking me such an important question.

The people who come to me in my riding are people who are no longer in the system. They do not qualify for employment insurance or for welfare. The lack of understanding on the part of this government for people who work hard is beyond me.

My area has the highest rate of unemployment in Canada. It is nothing to be proud of. But I can tell you that people who come to me are people who have unstable jobs, who work 14, 15 or 16 hours a week and do not accumulate enough hours to qualify for employment insurance.

They will certainly not get rich by working only a few hours at minimum wage. At the end of the day, their employment insurance cheque will not amount to much.

All they want is to be able to survive, but the new employment insurance reform does not take this into account. People are not treated with common sense as they should be.

• (1600)

I wonder when the minister and his government are going to have the same common sense as ordinary people. The people in our area do not steal or cheat, they are hard working.

If I contribute to a health insurance plan, it means that when I am sick I am entitled to benefits. But people are paying employment insurance contributions and they cannot even benefit from them. They want protection against something they fear, protection that will help them get through tough times.

But no. The minister opposite and his colleagues have decided that even if you contribute to an insurance plan, you cannot draw on it unless you meet some ironclad criteria. This is unacceptable; this is the reason why the Bloc Québécois and the people in my area are denouncing these social iniquities.

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, I will give a brief historic overview. Just from the name of my riding, which includes the four RCMs in the Gaspé and the Magdalen Islands, it is obvious that we represent a large area.

My region is a resource region where seasonal jobs represent more than one third of all jobs.

For the benefit of the minister opposite, there are approximately 12,000 seasonal jobs in the Gaspé and the Magdalen Islands, mainly in farming, fishing and forestry and the processing of these products, as well as the tourist industry, including lodging and food services. That pretty much describes our seasonal jobs.

The proportion of seasonal work in my region is three times that in the rest of Quebec. This means that, in the Gaspé and the Magdalen Islands, there are three times as many people on EI, 10.7%, compared to the Quebec average of 3.9%.

With a labour market characterized by seasonal variations in employment, my riding was hard hit by the EI reform.

Statistics from Human Resources Development Canada show that, since 1993, the number of EI recipients in my riding has dropped by 4,000, or one-third, but the number of jobs did not increase in the same proportion.

According to the HRDC figures, changes to the employment insurance plan have reduced by \$30 million the funds generated in my region.

In addition to seasonal jobs, there is a high proportion of part time jobs in the Gaspé Peninsula and the Magdalen Islands. In fact, 70% of local jobs are either part time or seasonal, compared with 46% in Quebec.

But regions like the Gaspé and the Magdalen Islands are particularly hard hit by the tightening of eligibility criteria.

One of the disastrous consequences of decisions made by the government opposite was that, as figures from the 1991 census showed, the average household income in the Gaspé was \$34,800, compared with \$40,800 in Quebec as a whole, a \$6,000 difference.

Between 1987 and 1995, we experienced a 15% drop in jobs in the Gaspé. These jobs have not been replaced, as shown by the growth in unemployment, which went from 16.4% in 1987, to 20.2% in 1995, to 25.7% in 1997.

Another disastrous consequence of the blind decisions made by the people over there is that the people are leaving. In the past 10 years, 7,300 people have left our region, a 7% drop in our population.

With figures like these, we in the Gaspé and the Magdalen Islands have the dubious distinction of being possibly the poorest region in Canada. It is not something we want to be known for.

The employment insurance program is a real catastrophe for regions where unemployment is rampant. Only one in two jobless people is eligible.

• (1605)

Would you buy life insurance if you had only a 50% chance of any death benefits being paid? There is only one thing that is certain, Mr. Speaker, and that is that we are all going to die one day, but if we count on federal government coverage, our widows will not live very high off the hog.

The employment insurance program is also catastrophic for regions with flourishing employment and a low unemployment rate. Employers and workers thought they were paying into insurance that would provide a measure of protection in case of job loss, but that is not the case. The workers in those regions are directly funding federal programs they never asked for, and on which they were not consulted in the least. All the foregoing was just a bit of an overview of the situation in my riding.

My colleagues have spoken before me, but I would like to touch on the various measures presented by the Bloc Québécois as private members' bills. It would be nice if some of the hon. members over there, even those in government, would adopt them as their own and help them through. I am talking about relaxing the eligibility criteria.

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The minister has told us about a lady from Sydney who, much to her credit, worked 14 hours a week for 30 weeks. But the minister is misleading the House in saying that the lady was not eligible for employment insurance before. This lady needs 910 hours. The minister does not know his multiplication tables, then, because in his example 14 times 30 is 420. Strike 1 for the minister.

He has also told us just now that there is a transitional job creation fund. I dare him to rise in this House and tell us how much money is left in that fund. Not money that has already been committed, but money that is left to be spent. He said that the program will expire in 1999. How many projects can be submitted? Is there any money left, yes or no?

Strike three: the same minister—and I hope he or his parliamentary secretary will have the courage to rise—told us that, as a second active job creation measure, he transferred \$2.7 billion through administrative agreements with the province of Quebec. That is absolutely false on two points. The amount of \$2.7 billion is not only for Quebec, but for Canada as a whole. The worst part is that they are thumbing their noses at us in this House.

Unless I am mistaken, in a memo that I have here regarding this \$2.7 billion, the agreements provide that this money cannot be spent until 2002. The minister has knowingly misled the House on three points, which I have just mentioned.

If Minister Saint Peter ever has to face Our Lord Jesus Christ, well I just told you that the cock crew three times. He misled the House three times, and that has to be rectified.

If nobody rises on the other side in a few moments, I will take it as meaning that the members opposite are perfectly capable of saying anything they want but do not have the courage to right their wrongs. This is totally unacceptable.

I would like that the Prime Minister was there at the time, on the opposition side. I do not know if my colleagues read this letter in its entirety earlier, but it speaks volumes.

The letter, signed by the member for Shawinigan, is dated February 17, 1993 and was sent to a group called Action-Chômage from Kamouraska.

The Deputy Speaker: I have to interrupt the member. He knows my knowledge of the French language is not perfect. I heard what he said and I inquired as to the English translation. He said that the minister has misled the House.

• (1610)

This is unparliamentary and I would ask the member to withdraw what he said, namely that the minister has misled the House.

I hope the member will do this immediately.

Supply

Mr. Yvan Bernier: Mr. Speaker, I will withdraw these words if they are deemed unparliamentary, but could the clerks at the table suggest to the Chair and to me another way of describing what the minister has done.

I have pointed out three statements in the minister's remarks that are incorrect. If this is unparliamentary, I am at a loss as to how this should be said.

The Deputy Speaker: There are always differences between members about what a member has said and what another member thinks he has said.

In this case, the minister said something and the hon. member for Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok disagrees. They harbour different views. But it is obvious the minister did not do what the hon. member has accused him of doing, because there is a difference in opinion, and the hon. member was not convinced by the minister's arguments. The hon. member did not err, although the minister may have a different opinion.

There are differences like that all the time. It is the nature of debate in the House, but the hon. member cannot use unparliamentary terms to say that the minister did this or that. All members always want to speak the truth in the House, but the question of knowing what the truth is has been a matter for debate from time to time.

I know the hon. member can participate in the debate like all other members without using those words, and I thank him for withdrawing them.

Mr. Yvan Bernier: Mr. Speaker, I thank you, but if this is the new way of putting it, I have to say I profoundly disagree with the minister.

It is nevertheless all to your credit, Mr. Speaker, that you picked up on my words, when I would have expected the minister to defend his honour himself.

I will close with a quote from the member for Shawinigan, who wrote the following to an Action-chômage group in February 1993. He said, about the Conservative government of the time, "Instead of going after the heart of the problem, they are going after the unemployed. These measures will have troubling repercussions, because they discourage workers". The current Prime Minister went on to say "When the people have an opportunity to speak in 1993, there will be a change in course. I am sure that a new team offering new approaches and policies will help Canadians recover the confidence and hope they lost with the present government". He was still talking about the Conservatives. The signature is that of the member for Shawinigan.

In closing, I would like to sing part of a famous song by Félix Leclerc, which goes like this:

On the eve of election
He'll call you his son
The following day, a hundred to one
Your name he will shun

And that is exactly what happened.

Some hon. members: Hear, hear.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, first I would like to congratulate my colleague from Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok for his presentation aimed at illustrating the problem we have in our region. In the Gaspé and the Acadian peninsulas, the problem is about the same.

• (1615)

I ask my colleague whether he finds it acceptable for the present Prime Minister to accuse the former Conservative government as my predecessor, Doug Young, did by saying that this would be disastrous for New Brunswick. I would like to know what he thinks about this.

As I said earlier to my colleague on the other side of the House, what happened to the Liberals between the time they were in opposition and the day they took office? Something happened to them, and the member, who has more experience than me, can perhaps explain this.

The Deputy Speaker: The hon. member for Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok may respond.

Mr. Yvan Bernier: Mr. Speaker, I hope that when you name my riding, my time is not shortened accordingly.

I note, with my friend from Acadie—Bathurst, that this is deplorable. This may also be the reason why the people have lost confidence in politicians, because others who came before you and me did not keep their promises. They made all kinds of promises, they promised to look after their constituents' well-being but they did not deliver.

During the 1993 election, we told the people in Quebec that there was no difference between the Conservatives and the Liberals.

I am sorry, Mr. Speaker, I know you are very interested in the debate between the member for Acadie—Bathurst and myself, so I will address the Chair.

It is very regrettable, but the democratic system demands that we learn to live with the people across the way. There is only one opportunity to get them to listen to reason and that is when there is an election. In 1993, the Progressive Conservatives got a taste of it, and in 1997 the Liberals came close. The hon. member for Acadie—Bathurst shook things up when he defeated Doug Young. I did the same when I won Mr. Gagnon's seat.

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What I am saying is that it is up to the public to take action when the time comes. Right now, if people want to see other amendments, they must continue to put pressure on their local MP. And, with your leave, Mr. Speaker, I would urge all Canadians in the rest of Canada, in central and western Canada, to remember that the country to which they are so attached—it is perhaps sad that it is a sovereigntist saying so, but I will say it anyway—owes its development to the east. The sun still rises in the east.

We have not yet learned how to gather strawberries in January and fish crab in February. To everything there is a season, and we cannot change that. The Minister of Fisheries and Oceans sets the periods during which we may fish. It is not my fault if biology tells us that we cannot fish lobster for more than 10 weeks in a given zone.

But what do we do with the fisher after that? Do we send him to Montreal on a computer course? If he became a good computer programmer, would he ever return to lobster fishing?

Instead of wanting to cut all the assistance programs, what steps have Fisheries and Oceans and Human Resources Development Canada taken with the provinces concerned to improve marketing of these species and see whether there are not other species that can be marketed at the same time, so as to increase the income of fishers, dockhands and plant workers? We, too, would like not to need EI any more, but there is a difference between not needing it any more and starving. It is frustrating.

Every weekend, I return to my riding, and what I find the most surprising today, here in the House, is that the public is still calm. But I could not guarantee the physical safety of certain Liberal members across the way in the spots I visited again last weekend, because discontent is growing and it is palpable.

[*English*]

Mr. Gar Knutson (Elgin—Middlesex—London, Lib.): Mr. Speaker, it is an honour to rise today. I would like to advise the House that I will be splitting my time with the member for Mississauga West.

The last comment from my hon. friend in the Bloc was that he cannot guarantee my safety in his riding because of the tension. This use of hyperbole, of gross exaggeration is so typical of when members of the Bloc Quebecois speak. It is ridiculous. We see this in its motion. It talks about the catastrophic effects of the reforms that we have had in unemployment insurance.

• (1620)

I ask the member, is it catastrophic that roughly one million more people are working today than were working in 1993? Is it catastrophic that the unemployment rate has dropped from 11.2% to 8.4% and is continuing to drop? Is it catastrophic that our job

creation numbers in the last four months have been outstanding? We have created more jobs on a percentage basis than has the United States. Is it catastrophic that there were 171,000 new jobs in the first four months of 1998? Are these examples of the great catastrophe my friend in the Bloc Quebecois is talking about?

Is it catastrophic that the OECD is forecasting the highest growth, 3.8% for Canada, of any of the countries in the G-7? Is it catastrophic that inflation is at its lowest level in 30 years? When there is lower inflation we get lower interest rates and we get more investment by business. With more investment by business we get more jobs. The jobs that we already have in our economy become more secure as businesses invest in new plant and equipment and make those jobs more sustainable.

Is it catastrophic that our deficit has dropped from \$42 billion when we took office in 1993 to zero today, again putting more pressure on lowering interest rates and higher investments by firms?

My final comment to my hon. friend about saying that the tension is so palpable that he cannot guarantee my safety in his riding, he should come to St. Thomas to see the new investments. He should come to see 1,000 new jobs coming out of investment by Magna corporation because of the upswing in the auto industry. He should come and see the new investment in a new truck plant by Freightliner which is a subsidiary of Daimler-Benz. Both those plants will be making products for the world. It represents a confidence in this country I wish my friend across the way and his colleagues in the Bloc Quebecois shared.

I know the Liberals will talk about the good news all day today and the people in the opposition will talk about the bad news. Clearly one thing is true, that we are better off as a country than we were in 1993. That is why Canadians rewarded us with a second mandate and a majority government.

Having said that, any examination of the unemployment insurance system today, or the employment insurance bill, should acknowledge that the benefits to unemployment ratio has dropped. It has dropped from roughly 80% sometime ago to 43%. That on the face of it suggests a problem. We do have a surplus that is quite large. Both those elements taken together should cause us to reflect some on the cuts we made to the EI system.

Without getting into it in some detail, I had a discussion with front line workers in my local Canada employment office on Friday. They thought that sick benefits needed to be looked at. Right now the length of the term for people on sick benefits is 15 weeks. If we are going to make the system more generous we should expand the number of weeks available for sick benefits.

Another point which was mentioned in the meeting was that we need to provide more support for unskilled workers. If they get laid off from their job right now, the number of weeks on EI is calculated using a formula based on the number of weeks worked

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and the local unemployment level. We need to identify people within the unemployed group who are in particular need of greater support. Maybe we could provide them with longer term income support.

Older workers would also fit within this category. It may make sense that we provide older workers with longer term income support. An article in Friday's Toronto *Star* reported that Statistics Canada had said, and which all of us probably know anyway, that older workers take longer to find jobs and are more likely to exhaust their benefits.

Maybe we should take this time of dropping the EI ratio and the rising surplus to examine the whole issue of support we provide for older workers. Perhaps that is an area that could have some tinkering or some extra benefits.

• (1625)

Another issue that comes up is the whole issue of dropping the EI premium rate. The premium rate has to come down in a gradual and measured way. The thing we want to avoid is taking premiums up when we enter the next recession, which none of us want to see come soon. We all have to admit that the economy goes up and down. Eventually we are going to be in an economic downturn which would be the worst time to raise premium rates. It makes sense to lower them only when we are confident that lowering them is somewhat permanent and can work its way through the economy.

In the last three years the Government of Canada has dropped the employment insurance premiums paid by employees and employers by about \$2.6 billion. This year alone Canadians are paying \$1.4 billion less in EI premiums than they did last year. They are paying less because the government has reduced the EI premium rate four times in the last four years, from \$3.07 per \$100 of earnings in 1994 to \$2.70 this year. This is the second largest reduction since the 1970s. The downward trend began when the government took office and will continue as fiscal circumstances permit. As premiums come down, it makes it easier to hire people and I think it is good news for all of us.

The 1998 EI premium rate was set by the employment insurance commission with the mandate given to it by the EI Act. In making the announcement last November, the government said it had gone as far as it prudently could in lowering premiums at that time. The rate provides for a cumulative surplus at the end of 1998 in the range of \$15 billion to \$19 billion, depending on economic performance. Some of us would say that this huge surplus of \$15 billion to \$19 billion is a catastrophe. Let me tell the House what is a catastrophe.

Prior to 1993 we had a UI expense that had grown from roughly \$8 billion annually to about \$18 billion annually. It was a social program that was fundamentally unsustainable and cried out for

reform. If we had not dealt with that problem the people who would have been hurt the worst would have been the unemployed themselves, because eventually the program would have collapsed on itself and we would have had no program.

The premium rate must also be set at a level that will ensure the EI account will have sufficient funds to pay benefits even during a recession. The government wants to avoid raising premium rates if and when there is a downturn in the economy. A major increase in EI premiums during such a time would be harmful to the economy and to Canadian workers.

Canadians remember only too well what has happened in the past when the previous government lowered premiums one year when the times were good and raised them up the next year when times were bad.

During the recession of the 1990s the account went into a \$6 billion deficit. Major cuts to benefits and sharp premium rate increases were used to stop the account deficit from getting worse.

We can all remember the bad old days when we were cutting benefits basically in the depths of the recession. In effect the program acted as a destabilizer rather than an economic stabilizer. That is exactly what we want to avoid in the future, keeping in mind the unpredictable nature of the business cycles. The experience of the last recession taught us a lesson and provides guidance for future decisions.

The current surplus makes prudent provisions against rate hikes in the event of unforeseen economic and global changes. Being prudent now means we will not have to cut benefits and raise premiums when the unemployed premium paying workers and employers can least afford it. Being prudent means that we are prepared to respond to unpredictable shifts in the labour market. Being prudent also allows the government to address unemployment where it is most severe.

The rise in the EI surplus gives us a flexibility we did not have before. I would suggest that the hon. members from the Bloc not use such ridiculous terms as "catastrophe" and appreciate that the economy is in far better shape than when we took office and give us the credit for that.

Mr. Charlie Penson (Peace River, Ref.): Madam Speaker, I listened with interest to the member for Elgin—Middlesex—London talk about the EI fund and the money that was in there and how well the economy is doing.

The discussion today about the \$15 billion or \$16 billion surplus in the EI fund reminded me a little bit about the famous Jim Carey, a Canadian of course who has done very well. In one of his movies, called "Dumb and Dumber", they found a briefcase full of money. They were in the process of returning it to a lady in Colorado Springs, travelling across the United States, and when they discovered what was in it they decided to borrow a bit to finance

expenses along the way. By the time they got there and returned it, it was full of IOUs.

• (1630)

That seems to me a good analogy to use for the EI surplus. Supposedly we have a surplus in the EI fund, but there is nothing there at all. It is just a line entry in general revenue and there is nothing there. The analogy I think is pretty good, "Dumb and Dumber".

The member talks about how well the economy is doing. We have an economy where we export a lot of product to the United States. Forty per cent of our GDP comes from exports. But I notice in the last 30 some years that our unemployment rate has been about 4% higher through good times and bad than that of the United States. We can actually chart it. In the 1980s we can see the 4% spread. In good times and in bad times it is always there.

I wonder what the hon. member's explanation would be as to why Canada is in the position where it always has an unemployment rate which is 4% higher than the United States which is one of our major trading partners.

Mr. Gar Knutson: Madam Speaker, I am delighted with the question that the hon. member has asked me. I suggest that any understanding of basic economics would provide the answer.

We provide more generous social programs. We can walk down the main street of the city of Toronto and then walk down the main street of a city like Detroit and see the difference. When my hon. friends were in London last weekend, if they had driven two hours and gone to the city of Detroit, down Michigan Avenue, they would have seen a host of differences between the way things are done in the United States and Canada.

Mr. Charlie Penson: They all have jobs.

Mr. Gar Knutson: They all have jobs, my friend is shouting across the way. Then perhaps he could have taken two hours on the weekend and driven down Michigan Avenue. He would have seen that they do not all have jobs. A number of people are homeless. A number of people are suffering. There is an underclass in the United States which does not exist in this country. Why? Because we have more generous social programs. When people fall out of work they are not as desperate to find jobs. They know they are not going to lose their health care benefits, at least under a Liberal government. What would happen, God forbid, under a Reform government, who knows. But they know they are not going to lose their health care benefits if they become unemployed. They know there is a social program to take care of them for a while. We have higher unemployment because we have better social programs.

If hon. members would stop heckling and listen for a bit they would also have heard that in the last four months our economy,

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compared to the United States, has out performed the American economy.

Mr. Charlie Penson: So why is there 4% more unemployment?

Mr. Gar Knutson: There is 4% higher unemployment because we have better social programs. When a person falls out of a job in Canada they are not faced with the same desperate problems as they are when they fall out of a job in the United States. We are not prepared to tolerate the same things that the Americans tolerate. We are not prepared to tolerate a permanent underclass.

If we were prepared to tolerate a permanent underclass the way they do in the United States, we would have lower unemployment. If things are made more desperate, people will take jobs at low wages, even though they would prefer not to.

Mr. Steve Mahoney (Mississauga West, Lib.): Madam Speaker, I am going to strive mightily to focus my remarks through you. I know that I sometimes tend to get into a dialogue with members across the way, but I will try to avoid that if I can.

I find what is going on here to be quite remarkable. This is an attack on our success. The normal tactic of an opposition party is to attack the failures, the shortcomings, the shortfalls. The normal approach—

An hon. member: Attack the workers and the poor.

Mr. Steve Mahoney: Listen to the member from the NDP. I am going to get to the NDP even though we are addressing the Bloc's motion. I think the NDP's position in all of this should be aired publicly so that we can see exactly what its solutions are.

This is really an attack on the success of this government.

• (1635)

How can we possibly be running a surplus when we have been reducing premiums? The NDP would probably shout their solution, but the reality is because the economy has never been in better shape. The reality is that unemployment has been reduced from 11% to 8%. In fact, as all members know, when this government took power in 1993 it inherited an unemployment insurance premium plan that was at \$3.07 for every \$100 of income. Today it is down at \$2.70. We have reduced the premiums.

How does it work? Premiums are reduced, which means there is lower revenue, but there is more of a surplus. I think the equation is simple. There has been a successful reform of unemployment insurance to make it employment insurance.

I do not really consider employment insurance to be a social program. I know it is referred to as that. The NDP, of course, would say that we should just jack up the premiums. That would put more of a burden on business which, at the end of the day,

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would cost jobs. We all know that. But I do not consider it to be a social program. Welfare is a social program and an important one for people who need that assistance.

We could say that our health care system is a social program. But to me employment insurance is not unlike workers' compensation at the provincial level. There is a premium and for that there is coverage. It is more of a business plan.

In this country if, through no fault of their own, a person loses their job, the company downsizes or it is seasonal employment, whatever the reason, this national government will stand behind them to help them survive and to help with retraining. It is not done to the extent that the NDP would do it. The NDP would just give everything away.

One of the things I find interesting about this is that we are actually debating government policy in a motion put forward by the Bloc. The wording is outrageous. It tries to say that it is catastrophic. It is just nonsense.

I was sitting here thinking about Bloc members. Why are they here? Why are they in this place? It is really quite amazing. They are putting forward issues on government policy when we all know why they are here. They are here to tear the government apart. They are here to tear the country apart. That is why they are here. That is their mandate. That is their goal.

The member for Beauharnois—Salaberry recently made a speech in the United States. He explained the reason the Bloc wants to separate from what the Americans were saying is the greatest country in the world. The Americans were having some difficulty understanding how a party which had been elected democratically to the House of Commons could actually be travelling around the world advocating the break-up of this country.

The Americans are pretty straightforward. They are straight shooters. It is pretty clear to them that they would not allow that in their government. They would not allow that in their democracy.

The member was making a speech. He said that the reason they want to separate from Canada is that they want to have a more democratic society. Can you imagine a society more democratic than Canada, which would actually allow a party to be elected which is subversive and which wants to tear the country apart? How could we possibly get more democratic than that? That is their agenda. We know that.

• (1640)

I find it interesting that the Bloc members would put forward a motion today that deals with an employment insurance fund which they do not want anything to do with anyway. Or do they think they

can separate from the country and still tap into a national employment insurance fund? Maybe that is the game. Maybe that is the thinking. They can keep their national jobs if they separate from Canada. It is truly amazing.

This attack on the success of the government by a party that wants to destroy the country is sending a message to Canadians. Obviously the opposition parties are out of things to find the government at fault for, so now they are starting to attack the things the government does best. What do they want?

They say there is no surplus. What did they say when there was a deficit? They said that it was horrible. Insurance premiums were too high and there was a deficit in the fund. It was real then.

I heard a Reform member say that there is no money in the fund, that it is just a line entry. When it was overdrawn there was sure as heck real money missing from the pot, so why can they not now admit that there is a surplus?

Again I use the analogy of "Dumb and Dumber". I think Reformers were making the sequel to "Dumb and Dumber" in London on the weekend. I will leave it to the imagination of the House to determine who was dumb and who was dumber. I will be anxiously awaiting the release of that wonderful new movie. Maybe one of the members opposite will play Jim Carey in the sequel.

I have compiled what I consider to be the top 10 facts concerning what this government has put into place and succeeded with in terms of employment insurance reform.

Fact number one: In 1997 premiums were cut by \$1.4 billion. Since we have taken office the premiums have been cut by \$4.5 billion a year. We have reduced premiums four times in the last four years, from a high of \$3.07 per \$100 of insurable earnings under the Tory government to \$2.70. It is even lower than the \$2.80 forecast in 1997.

Fact number two: Last year this Liberal government under this Minister of Finance had the second largest reduction in employment insurance premiums in the history of the country.

Fact number three: \$2 billion is available to the provinces.

Fact number four: 69% of part time workers are women and under employment insurance approximately 270,000 women in part time jobs have their work insured for the first time.

Fact number five: The 1998 budget contained a premium holiday for young Canadians between the ages of 18 and 24.

Fact number six: This new measure builds upon the new hires program that ends in 1999. All firms are eligible for this program.

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Fact number seven: These and other measures will save \$1.4 billion in payroll taxes for workers and businesses in 1998 alone.

Fact number eight: The budget builds on the youth service Canada program currently funded at \$50 million per year.

Fact number nine: It is true that EI revenues are important to achieving our fiscal targets, but employment insurance premiums are part of government revenues and benefits are part of government expenditures. You cannot flip-flop and have it either way.

Fact number 10—

[*Translation*]

The Acting Speaker (Ms. Thibeault): Since many members wish to speak, in order to hear as many questions as possible, I will take two one-minute questions.

Mr. Claude Bachand (Saint—Jean, BQ): Madam Speaker, first of all, I feel personally concerned by the remarks made by my colleague, who is asking members of the Bloc Québécois what they are doing here.

Does he think that the 22,000 voters in the riding of Saint-Jean who voted for me all did so by mistake? Democracy being what it is, 44 of our members were elected to this place and sent here by their constituents.

• (1645)

As far as democratic values are concerned, I think we must recognize that any decision made by the voters is the right decision. I wish the hon. member would not continually hassle us with that.

Earlier, he alluded to the nasty separatists bringing in a catastrophic motion. Is he suggesting that the premiers of Ontario—Mike Harris—of Alberta, of New Brunswick and of Nova Scotia, who would probably vote in favour of the motion before us if they were members of this House, are completely out of touch? Is he suggesting that they too are separatists? In my opinion, Mike Harris is not the biggest supporter of Quebec's sovereignty.

[*English*]

Mr. Steve Mahoney: Mr. Harris could be called an anarchist, perhaps, not a separatist.

To respond to the member, the final point that I could not make does respond. The employment insurance commission and its actuary have recommended that the government maintain a substantial surplus in the fund to prevent the need to raise premiums in the event of a recession. That 10th and final point is very important.

I am sure there were people who did not vote for the hon. gentleman and they should not be disenfranchised. If they truly believe in democracy they should not have members travelling

around the world under the guise of representing parliament telling people in other parts of the world that they want to separate so they could have a more democratic society. That is absolutely outrageous.

[*Translation*]

The Acting Speaker (Ms. Thibeault): It is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Charlotte, Hepatitis C.

[*English*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Madam Speaker, the member talks about the good things the government has done.

Before the government came to power I was old enough to watch television and I remember that at that time the Liberals said they would get rid of the GST. They never got rid of the GST. One Liberal member had to give her resignation and came back after an election.

I have a letter from the Prime Minister dated February 17, 1993 that states when the Conservatives were doing the changes to the EI it was a disaster. It was taking from the working people and it was not morally right. If he wanted to get elected in 1993 he would change all that. Change how, by beating on the kids and the parents of this country? That is how he did it. That is how the government got rid of the deficit and balanced the budget. They are proud of that? They should be ashamed of themselves.

Mr. Steve Mahoney: Madam Speaker, the NDP solution to everything in the world is simply to spend more. "The myth that the solution to every problem is increased spending has been comprehensively dispelled under the Conservatives. The level of public spending is no longer the best measure of the effectiveness of government action in the public interest".

Would the member be surprised that the quote is from one of his gurus, the Hon. Prime Minister of Great Britain, Tony Blair, a Labour prime minister who has finally come around to realize that you do not solve all the problems in the world by throwing more money at them.

That is what the NDP would do. That is what I saw them do in five years. Talk about catastrophic, he should have been in the Ontario legislature under Bob Rae for five years. I could show some catastrophes there. That is their solution, spend more.

It does not work anymore; a new reality. You must run surpluses, pay your bills and build a better country. That is what we are doing.

Mr. Rob Anders (Calgary West, Ref.): Madam Speaker, here we are again, another session of us giving the folks at home an update of what is happening in Ottawa.

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To Henry and Martha in Rimbey, Alberta I say put your feet up on your chair and here we go. It is another lesson in what is happening with the EI fund. What it basically boils down to is a \$15.7 billion surplus that is being collected by the finance minister. People are probably asking themselves where it is going.

• (1650)

It is not actually being set up in an EI fund. It is going toward general revenue, which means it is kind of being rolled along with everything else. Remember that Canada pension plan increase people are all feeling now. It is being rolled along with that as well. It is all really part of a tax grab. That is what it basically amounts to.

A lot of people will not qualify for employment insurance out of this fund. One, they are collecting too much money to even reasonably be able to pay it out. The other thing is that there are a lot of students who are paying into this fund who, because of the temporary nature of their work, will never qualify. Really it is amounting to a percentage tax on their income.

I ask for unanimous consent for this motion to be votable.

The Acting Speaker (Ms. Thibeault): Is there unanimous consent?

Some hon. members: No.

Mr. Rob Anders: Madam Speaker, basically what is happening is that there are students and part time workers who will never qualify for any benefits from the EI fund.

Self-employed people are not only paying the EI fund for an employee but because they are an employer, they are paying for being an employer as well. Therefore it is double the amount.

When they lose their job or if their business goes bankrupt or something happens they are never going to be able to collect on it. In these cases it is a simple matter of a tax. There is no linkage whatsoever to their employability.

Members have heard mention today that this is basically a phantom account because it is going into general revenue. It is a mythical account. It is as mythical as unicorns. It is as mythical as leprechauns, as mythical as that pot of gold. This is a pot of gold that the finance minister is hoarding. He always says it is there, it is over the rainbow. He says that if we ever run into trouble, it is going to be there for us. As a matter of fact, it is not. There is no fund. It is a joke. It is a cruel joke on behalf of the finance minister to all us taxpayers. It does not exist. It is all being rolled in through general revenue.

We have to appreciate the finance minister, the tax minister basically, for his humour on this. He tries to humour us and twist it by saying he is not the one responsible, that it is actually the auditor general who is forcing him to put all this EI fund as it were into

general revenue, that he would not want to do it. He would not want to touch the idea with a 10 foot pole but the auditor general is the one to blame.

I do not know if we buy that. When the finance minister was in opposition he did not say payroll taxes were a problem for creating jobs. He did not say they were an obstacle in creating jobs. He said they were a cancer on jobs. He said that payroll taxes kill jobs. Now he sings a different tune. He obviously has a different set of glasses on now and has the gall to stand in the House and say he is saving up his slush fund, which does not really exist anyhow, this pot of gold, for a rainy day.

I do not know when he was telling the truth, now or then, one of the times at least.

• (1655)

Last year the EI surplus, the difference in the money that taxpayers put in and what was actually paid out, was \$7.1 billion. Without the lowest interest rates in about 40 years and without the surplus in terms of employment insurance this government would not have a balanced budget. It would not exist.

Why does the government not come clean and make proper priorities? Right now we have a government that is still continuing, while it is taxing every working Canadian with this employment insurance that is bringing in over \$7 billion a year beyond what it pays out, to give money to corporate welfare. There are still profitable companies receiving grants and subsidies. Bombardier was mentioned today in terms of a very lucrative contract it got because of contributions it made to the Liberal Party.

The government is continuing to spend close to \$4 billion a year in foreign aid and on crown corporations like the CBC. Yet it is going ahead and sapping this money out of jobs.

Some economists had some things to say about this. A recent paper by Canadian economists Livio Di Matteo and Micheal Shannon found that for each one percentage point increase in payroll taxes it kills 44,400 jobs.

I ask the House and the finance minister, if he is watching, to dream with me. For every single percentage point he could lower the payroll taxes, whether CPP or EI, he would be creating more than 44,000 jobs. I ask him to please consider that and talk to that nasty auditor general who is forcing him to put all these funds toward the general revenue.

It is not just economists who are crying out about this. Over the length of my speech I will go through a number of groups that have problems with what the finance minister is doing with this. Some of the premiers have problems with this. Premier MacLellan of Nova Scotia has problems with this.

An hon. member: A Liberal.

Supply

Mr. Rob Anders: That is right, a Liberal. My goodness, imagine a fellow Liberal criticizing the EI situation. Premier Klein in Alberta, a Tory, is criticizing this. The Premier of Ontario criticizing this. I think many of the Liberals are elected in the province of Ontario.

We noticed that all these people are saying we should have a cut in the EI premiums because it will create jobs. Even the finance minister, once again a Liberal, the one who is making the decisions in this case, admitted when he was sitting over on the opposition side that cutting EI premiums creates jobs. Does the finance minister remember that?

Economist Dale Orr says the premiums could be reduced from \$2.70 to \$1.85 and still cover the benefit costs. That is now three economists, three premiers and the finance minister when he was in opposition. It is starting to add up.

It goes on. The Canadian Federation of Independent Business in a survey of 19,000 medium and small sized businesses in this country has come back with the results. More than half of respondents said that if the finance minister cut the EI premiums they would be able to hire more workers. I do not know who is a more credible source on job creation than the CFIB and 19,000 small and medium sized businesses.

Up to this point we have had politicians and economists but we actually also have people who work for the government. The government's chief actuary believes we could cut it down from \$2.70 to \$2.00 and it would still provide a cushion of \$10 billion to \$15 billion in the EI fund.

How could anyone go against all these sources? It is not just all these people. We have a combination of all the opposition in the House of Commons and, just for the spice of life, Bob White with the Canadian Labour Congress. If we have the Reform Party, the CFIB, Bob White of the Canadian Labour Congress, three premiers and other Liberals who are asking for a cut in the EI premium, how could anyone be against that?

• (1700)

I would like to go on with a few other comments to drive home a couple important points. Alberta paid \$1.86 billion into EI in 1997. Members are probably asking how much Alberta took out. If we put in \$1.86 billion, how much did Albertans draw upon? It was \$670 million. If we do some quick math we come to the determination that it was in excess of \$1 billion that Albertans paid in and never received anything back. That includes training programs, by the way. That is \$1.19 billion.

The labour force in Alberta comprises 1.513 million people. That amounts to \$786.52 that Albertans could have had in their wallets. Let me repeat that \$786.52 was what the finance minister took out of Albertans' wallets to put into his pot of gold scheme

which he says the auditor general was forcing him to do, if we can believe that. That is what Albertans could have had in their pockets as discretionary income to spend as they saw fit.

Albertans know that money in their wallets does a lot more than it does in the finance minister's wallet. Let me say again that Albertans could have had \$786. That is what the finance minister is taking from Alberta workers. Shame on him.

Let us tally up some of the numbers. Payroll taxes per employee in 1993 dollars but measured in 1966 were \$803. Today they are \$3,272. That is a big increase. I do not know how any finance minister across the way could say he is doing a good job when payroll taxes have jumped like that. Does the House remember the 73% increase in the CPP?

At this point I give notice that I am sharing my time with the member of parliament for Elk Island.

The Acting Speaker (Ms. Thibeault): I am afraid it is already too late. There are only seven minutes left in your speech. You should have told the Chair about it before.

Mr. Rob Anders: Madam Speaker, here we go for seven minutes more in terms of this lesson on employment insurance.

Let me ask a question for the folks at home. If the finance minister kept up his practice of taking \$7 billion a year more than he gives back, what would that amount to by the turn of the century? It would be \$26 billion. The finance minister plans to take \$26 billion more than what he is giving back in employment insurance.

That is a big slush fund. That is exactly what it is, unfortunately, because it is going into the general revenue fund. We will never see it coming back. A lot of students will never be able to draw on it whatsoever. A lot of self-employed people will never be able to draw on it.

With the amount of money the government is taking out of the province of Alberta with its younger demographic and its lower unemployment rates because of the Alberta advantage, there is no way we will ever see that amount of money coming back. It just will not happen. Let us face it.

What will this actually amount to? The average taxpayer is paying \$420 per year more than what he or she is getting out of the EI fund. In Alberta, as I said, it was as much as \$786 a year. For every Canadian, if we average it out across the board, it is \$420 the average Canadian is paying above and beyond what he or she is able to collect in terms of programs, benefits, training or anything under this plan. Shame on the finance minister for these types of numbers.

One basic law of economics is that if we tax something we get less of it. Thus taxing jobs means we will get less jobs and therefore will have higher unemployment.

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If the finance minister admits, as he did previously when he was sitting on this side of the House, that payroll taxes are a cancer on job creation, he must know—he certainly did back then unless he has forgotten—that by cutting the payroll tax he will be helping to create jobs. Once again I say that for every point we are able to decrease payroll taxes we create more than 44,000 jobs.

• (1705)

If we go ahead and we figure out what has happened with the Canada pension plan, that being more than a four percentage point increase, and if we look at what we have in employment insurance where it is taking nearly a full point above and beyond what it should, that is five points right there that the Liberal government has put on job creation. It has taken 200,000 jobs at the very minimum out of the Canadian economy.

How can we argue with all the opposition parties and the unions? The Canadian Federation of Independent Business is arguing on behalf of job creators, the companies. Economists across the board and even government bureaucrats are saying that these types of things should be addressed. How can we possibly ignore that?

The only person who could ignore it is the finance minister who forgot his previous promises in previous statements and went ahead and took this money, along with the lowest interest rates in 40 years, and used it as an excuse to balance the budget. He still allowed corporate welfare, money going to people overseas to fund dictators and some outrageous programs in the country. How could he do that? I do not know how he justifies it?

I would like to bring home a little story from Alberta. It is pertinent in this case. Premier Ralph Klein of my province said that Canadian workers should be given a break and that the \$5.7 billion EI surplus should be used to lower premiums. He got some agreement on that. It was not just the premier who was saying it. The representative of the Alberta Union of Provincial Employees, Dan McLennan, said:

Certainly, we feel that the federal government could do a better job with EI—

It is not just Bob White with the Canada Labour Congress. Dan McLennan with the Alberta Union of Provincial Employees is agreeing that the federal government could do a better job.

Let me run through the list one more time: Bob White of the Canada Labour Congress, Dan McLennan of the Alberta Union of Provincial Employees, Premier MacLellan, Premier Klein, Premier Harris, the economists I have been quoting, all opposition parties, the finance minister when he was in opposition, and actual people within the government bureaucracy. I do not know how the government can possibly justify any of these things. It does not make any sense.

I will open it up now to allow some of my friends across the way to come forward with good questions as I know they will.

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, I never heard so much rubbish in my entire life. This has to be the most regressive mathematics or antiquated theory I have ever heard in my entire life.

What is it that they are asking? Are they saying that if we were to charge retail taxes we should renovate supermarkets across the country? Or, if we were to charge taxes on gasoline we should fix up the pumps, bridges and roads? If we were to do this our government would not be able to function. Society as a whole could not function.

The member and his party have to remember that if today we are charging for insurance policies we are not spending it because the economy is doing well. What would happen if tomorrow the economic situation changed and we had a downturn in the economy? Is he saying that we should tell every employee in the country that we are sorry but the pot has run out of money because the Reform Party stood in the House of Commons and asked us to spend all the surplus we accumulated over the past three years during good times? Should we say that it is a bad time they will not be given anything at all? What a depressing approach these guys have come up with. It is absolutely terrible.

• (1710)

They are complaining about the government trying to get its house in order when it comes to the insurance policy governing CPP, the insurance policy when people retire in the future. They are telling us that we should not do that: How dare we provide Canadians with the proper insurance policy so that if they want to retire in the future there will be a little money for them. They are saying it is terrible for the government to provide a proper policy and proper protection for the people of Canada in the future.

Is the member telling the youth, people and workers of Canada that today the government should spend all the money it has in terms of surplus? Is he telling Canadians who are working today that tomorrow if they do not have work and there is no more money left in what he is calling a pot, which is not a pot because it is general revenue, not to expect anything from the government? If that is the case he had better not stand up at all.

The Speaker: I am going to put him down as questionable here.

Mr. Rob Anders: Mr. Speaker, I will tell the House what taxpayers expect. They expect they will get that money back. They expect they will not overpay and that they are rightly owed what they deserve. That means that the government should be giving

that money back to them rather than taking it out of their pockets and that EI premiums should be cut.

I can talk about regressive mathematics. It is paying a half million dollars a year for every section 45 appeal to try to let a murderer walk free. Regressive mathematics is giving money to crown corporations when they are cutting money in the Canada health and social transfer for education. Regressive mathematics is sending money overseas and giving it as foreign aid and funding dictators when they are cutting money to the Canada health and social transfer for health care. Regressive mathematics is giving out corporate welfare subsidies and grants to corporations when they are cutting seniors benefits and the old age security. That is what is regressive mathematics, and the Liberals should be ashamed.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I have a few comments as well as a question or two for my colleague. I am intrigued with this idea of the surplus. They keep saying that we have to have this surplus.

If we have a surplus it means that the money will be accumulating somewhere. The fact of the matter is that it is simply going into the general revenues of the government. That is a fact. We have it right from its documents.

I am very curious about the fact that the employers and employees are paying this money. If it really were a surplus, if there really were a separate fund and even if they use it to reduce the indebtedness, should they, to be honest and fair to the employers and employees, use it as a loan from them to pay off other debts and attribute the interest?

I am not terribly good at math. I just did it for 31 years. That is all. If we have an accumulated surplus of \$15 billion and we assume a nominal rate of 6%, it would provide \$900 million in surplus, almost a billion dollars a year in interest alone. This is money that has been taken from employers and employees and applied toward the debt. There is no accountability. There is no answering for it at all.

I would like my colleague to comment on that. I would also like him to comment a bit on something that is Reform Party policy. We would like to rationalize employment insurance funds and personalize them. Again I have done a few calculations. If we take the maximum members are paying, employers and employees together, it comes to \$210 a month over the year.

• (1715)

I ask my colleague to take these numbers at face value and we can do the arithmetic together later. That money accumulates. If it were put into an individual fund it would give an incentive to an unemployed person to top up his or her income with as much part time employment as possible, whereas with the present scheme

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they get nothing. It would also permit the person to look very hard for a job because he would be using his own money instead of somebody else's money when he is unemployed. In the event that he is able to go through life without being unemployed, it could add to his retirement income.

At a nominal 6% if he were to pay for 10 years before asking for a benefit it could give him a benefit of \$685 a week for a whole year, way more than we get under the present insurance plan. But the money would be his besides. If he were to use it for retirement it could give a retirement benefit of \$346 per week in perpetuity without ever touching the \$300,000 which has been accumulated with interest.

That to me would be a very creative scheme to solve the unemployment insurance and also put a lot of money into the hands of the people who earned it instead of just having the government taking it away from them.

Mr. Rob Anders: Mr. Speaker, those are some good ideas. I sit day in and day out on the human resources development committee that decides some of these things, or at least we like to pretend we do. I think some of those ideas should be considered.

This would be a system whereby people feel they have real ownership of their plan, where they know that the government is not going to abscond with the money and do with it as it pleases, a system whereby they have a real sense of ownership and a sense of pride and an ability to put more in if they like and an ability to have it roll over and become part of their retirement income. I think those ideas are bang on. I wish we could make the changes necessary to do that.

I see government members across the way who sit on the HRD committee as well. I hope they give those ideas consideration. Money right now is going toward employment insurance. Students and some self-employed Canadians have no ability to collect on the fund. With the high premiums that are charged to everybody else there is little likelihood they are ever going to see back in a given province or a territory the type of money they have put into it. If they had the ability to put that money into their own type of fund and therefore draw out what they needed when times are tough, whatever surplus was left, whether it is \$300,000 or more, with they would be able to roll that over into a pension fund. Would that not be impressive?

It would be a great incentive for them to want to make sure they maintain the funds in their own private fund. It would give them a real nest egg for retirement, something totally unlike what we have with the Canada pension plan.

Chile has a plan where people feel they have a sense of ownership. They brag about the benefits of that plan.

The Speaker: I know the hon. member has more to add but the time has run out.

Supply

It has been pointed out to me that I mentioned that the member for Ottawa Centre was questionable. I did not mean that he was questionable. I meant that he was questioning some of the statements made. I hope he will accept my apologies

[*Translation*]

We will now hear from the member for Bourassa. I would like to ask him if he will be sharing his time with another member.

Mr. Denis Coderre (Bourassa, Lib.): Mr. Speaker, I will be sharing my time with the member for Oak Ridges.

I am pleased to rise today to speak to the motion before us.

I think this motion is another example of the attitude of the member and his colleagues from his party who are trying to demolish the progressive legislation that our government put in place during its first mandate.

We have listened to Canadians. The Government of Canada has modified the outdated unemployment insurance program to adapt it to the new realities of the job market. After two years of consultations, we have fulfilled the wishes expressed by Canadians in that regard.

We have created a forward looking employment insurance program that is more flexible, that meets the needs of a greater number of workers and—I really want to stress this last point—that is self-sustaining.

• (1720)

The main purpose of the new employment insurance program is to help all unemployed Canadians, regardless of where they live, to go back to work, and that includes Quebecers from the member's riding. The government is very pleased to have been able to help more than 3,100 residents of the riding of Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques to find jobs since 1993.

With employment insurance, we have put in place a system that is more fair and equitable. We wanted to put an end to the vicious circle of dependency encouraged by the previous system. The employment insurance program is better equipped to create jobs in regions where unemployment is high.

Our employment insurance system strikes a balance between providing workers who lose their job the income support they need, and giving them the means to return to work.

For example, the system is specifically geared to workers who are entitled to the family income supplement, which helps low income claimants with children. For these people, this supplement is more than double the weekly benefit supplement that they used to receive under the old system.

Moreover, the employment insurance system sets at \$50 the minimum amount of eligible supplementary earnings, thus allowing low income claimants to increase their employment income without having their employment insurance benefits cut. Those who are entitled to the family income supplement are exempt from the intensity rule. Moreover, the system pays back the employment insurance contributions made by those who earn less than \$2,000 a year.

The employment insurance system is not only compassionate, it is also well thought out. For example, by determining eligibility based on the number of hours worked instead of the weeks of employment, the system is more fair and gives greater consideration to the realities of the current labour market.

It is true that people must work for a reasonable period of time before qualifying for benefits, but this is only reasonable. Again, the system is compassionate towards those who did not work long enough to receive benefits. The new system provides better support than did the old one.

For example, any person who collected ordinary benefits in the past three years can benefit from active re-employment measures. The same goes for those who collected maternity or parental benefits during the last five years, and who left the workforce to take care of a child.

These active re-employment measures give unemployed workers an opportunity to gain the skills and experience necessary to find a job. We are helping, among others, up to 45% of provincial welfare recipients.

In his motion, the hon. member claims that employment insurance treats women unfairly. I do not know where he got this idea. The system is far from unfair to women, quite the contrary.

Since the employment insurance plan has been implemented, part time workers, a number of whom are women, are not limited to 14 hours a week jobs like they used to be. Does the hon. member realize that the plan now covers about 270,000 women who were not eligible under the former unemployment insurance plan? Does he realize that nearly 70% of recipients—I must be touching a nerve, because members opposite are hollering—who get the family income supplement are women, and that nearly 700,000 women who work part time will have their contributions reimbursed?

More important, contrary to measures promoted by the Bloc Québécois, we are well on our way to helping women re-enter the labour market through active employment measures and job creation projects. Any reasonable person will admit that putting people back to work is better than keeping them on benefits for a longer period of time.

The hon. member is worrying about the impact of employment insurance on young people. Let me tell you that young people

today would agree that developing their full intellectual potential is crucial if they are to get a well paid job in today's knowledge based economy.

It is a fact that eligibility criteria have been made more stringent for newcomers on the labour market, but the intent is not to penalize young people. Quite the contrary, studies have proven that too easy an access to the former unemployment insurance plan was an incentive to drop out of school for small short term jobs followed by dependency on benefits.

Is that what the hon. member wants? I am sure his constituents will be happy to hear that. The government does not think it is a good idea to encourage young people to become dependent on benefits. Our goal is to encourage them to stay in school as long as they can and then help them make the often difficult transition from school to the labour market.

• (1725)

The hon. member of the Bloc Québécois and his colleagues should know that the new employment insurance plan is very advantageous for seasonal workers. Many of them work long hours and are therefore at an advantage under the new system, which is based on the number of hours worked. I repeat: many seasonal workers work long hours and are therefore very much at an advantage under the new system, which is based on the number of hours worked.

If the Bloc Québécois had its way, it would revert to the old unemployment insurance system, that passive system that Canadians, including Quebecers, rejected as outdated. We will not do that.

We look toward the future and the future has already begun. The Government of Canada and the Government of Quebec signed a labour market development agreement under which we will invest \$2.7 billion in the next five years. The province will be able to develop and manage programs specifically tailored to the needs of Quebecers.

But, as usual, for the Bloc Québécois, there is nothing good and bad things are our fault.

However we are ready for the future and the employment insurance program has a role to play in that future, even though the members of the Bloc refuse to admit it.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, I have seldom seen such a demagogic exercise as the one we have just witnessed.

In studies paid for by the department and conducted by an economist chosen by the department, to assess the 1994 reform, we find the following:

Supply

Just like workers in provinces or industries where unemployment is high, in particular the Atlantic provinces and to a certain extent the province of Quebec, primary industries and the construction sector are much more likely to lose jobs. Any worker chosen at random from these provinces or these industries could expect to lose a lot more weeks of benefits than a worker in any other region of Canada, under Bill C-17.

For instance, a fish plant worker and a forestry worker both received an average of 25 weeks of benefits before the new system came into force. Since the reform, that number has fallen to 20, which means that Bill C-17 has had a disproportionate impact on the provinces and the industries that need this insurance program the most.

The system the Liberals have set up was highly and vehemently criticized by none other than the current Prime Minister, a few months before the last general election.

What does the hon. member for Bourassa have to say to all these experts who state that the employment insurance reform acts more or less like a tunnel leading to social welfare?

Mr. Denis Coderre: Mr. Speaker, if the separatists were serious, they would remember there was a consensus in Quebec to bring about major reforms in the old unemployment insurance program.

This is strange, because the separatists are advocating the same philosophy of active measures to put people back to work, but this time on the welfare issue. They proposed a welfare reform based on need. This is what we have done in fact.

The important thing is for people to get back into the workforce. I do not want a society that relies solely and constantly on these benefits. I want to find active measures for women, for seasonal workers and for young people to put them back to work.

What the members of the Bloc Québécois want is to live like in the good old system. It is clear that they are totally out of touch with reality. This is not what Quebecers want. They want active employment measures and this is what the minister has done.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, my colleague talks about people who are out of touch with reality.

What about the current Prime Minister who, when he was in the opposition in 1993, said that, instead of dealing with the roots of the problem, the Conservatives were attacking the unemployed? What happened to the hon. member's Prime Minister? Can he explain this to me, without looking for all kinds of excuses? Let him tell the truth. What happened to the hon. member's Prime Minister?

• (1730)

Mr. Denis Coderre: Mr. Speaker, a majority of 9,000 people gave me this seat because I was telling the truth. I am very happy to be a member of this political party.

I will remind my dear friend opposite that, when we came into office, with the huge deficit we inherited, and when I see what deficit the NDP had, for example in Ontario, when that party was in

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power, I do not need the hon. member's advice on the definition of truth or the definition of management.

It is clear that we did our homework, that we took adequate economic measures. There is never a perfect system, but I can tell you this: 700,000 more workers benefited from it. The people in my riding are very happy. In the riding of Kamouraska, 3,100 more people are benefiting from the new measures and this is what is important.

The Speaker: Before resuming debate, I would like to remind you that questions and answers should always be put through the Chair.

[*English*]

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, I appreciate the opportunity to participate in today's debate. There are a few clarifications I would like to make with respect to this motion as its wording places a negative connotation on the government's approach to employment insurance.

First I would like to put this topic in some context of the government's overall fiscal management and deficit reduction strategy. When the government took office in 1993, it recognized that the key to a prosperous future for Canadians was getting Canada's books in order.

Thanks to the government's determined and balanced approach, the vicious cycle of high deficits, high interest rates and slow economic growth was transformed into a virtuous cycle where lower deficits have helped produce lower interest rates leading to higher economic growth and lower unemployment and leading ultimately to the elimination of the deficit last year.

Hon. members are aware that the deficit is now dead. It is dead for 1997-98, 1998-99 and 1999-2000. This is the first time Canada has had a balanced budget in 30 years. This will be the first time in almost 50 years that the Canadian government will have had three consecutive balanced budgets.

Canada I am pleased to report in the current economic cycle has had the first balanced budget of any G-7 nation. In addition, the debt to GDP ratio fell last year, the first meaningful decline in 20 years. Again it will fall even more.

We have also pursued budgets of balance, budgets that recognize the need to continue to make key economic and social investments even with demands of fiscal constraint. Over the last four years we have invested in children by enriching the child tax benefit. We have improved tax assistance for the disabled and for charities. We have provided more help for post-secondary students and for those supporting them. We have placed a high priority on improving Canadian health care.

As the books improved, one of our first and most significant initiatives was to introduce legislation to increase the Canada health and social transfer cash floor from \$11 billion to \$12.5 billion. This will provide provinces with over \$7 billion more in cash from 1997-98 to 2002-03.

Now with the deficit millstone gone, we can afford to take even stronger action to help Canadians meet the challenges they face and take advantage of the opportunities of tomorrow. We will do this by pursuing and pushing the balanced strategy we have followed since coming to office, to build a strong economy and a secure future.

First, we remain committed to responsible management of the nation's finances. We will reduce Canada's debt burden to a two front strategy of stronger economic growth and a debt repayment plan.

Second, the improvement in our finances means we can make strategic investments such as the Canadian opportunities strategy. This strategy will improve access to knowledge and skills Canadians will need in the 21st century.

Third, the 1998 budget launches the process of general tax relief starting with those who need it most.

• (1735)

Over the next three years \$7 billion in tax savings is being provided primarily to low and middle income Canadians. These measures must be modest in the beginning because the fiscal dividend that makes them possible is modest as well.

The government has made it clear though that it will not allow unsustainable tax reductions to put in jeopardy either Canada's regard for fiscal health or delivery on the country's priorities such as health care and education. As the fiscal situation improves and the debt becomes more manageable relative to the growth of the economy, the amount of resources that can be channelled into other areas, such as increased tax relief, will grow.

This brings me to the subject at hand, employment insurance. As hon. members know, employment insurance first and foremost is an insurance system to help the unemployed bridge the gap between jobs. I can assure the House that our government has no intention of breaking that very important link.

Some of our critics have suggested, and quite wrongfully, that the government is being too prudent and is hiding surpluses that could be used now for other purposes like lower taxes and in particular the tax that supports EI. This is simply not the case.

There is no denying that the EI account has a material impact on the government's fiscal health and stability. The annual surpluses in the EI account have contributed significantly to achieving the

fiscal targets over the last four years. However, we should also remember that the government's improved fiscal outlook has a positive impact on employment and the EI account. The decline in the unemployment rate from 11.2% in 1993 to 8.4% at present makes that clear.

Look at what else has been happening. The government has lowered the EI rate four times, from \$3.07 in 1994 to \$2.70 in 1998. We would like to reduce the EI premiums further but the premium rate must be set to ensure that the EI account will have sufficient funds to pay benefits even during a recession.

In the event of an economic downturn a major increase in EI premiums would be harmful to the economy, as I think the members opposite would agree, and to Canadian workers. Clearly we must avoid that at all costs.

The premium rate will continue to come down but in a balanced manner and in the way to meet all the priorities indicated to us by Canadians, for example, personal tax cuts and health care spending.

I will return once more to the word balanced. Canadians asked for a balanced approach and that is what this government is giving them. We have reduced both the debt and tax burden and increased our spending priorities such as on health care. The fact is that the EI premiums are part of what makes the balanced approach work.

This is not to say that we are not reducing the EI premiums because we are. For 1998 alone, we cut premiums by \$1.4 billion. I have just indicated that we will continue to reduce them in a measured way in the future. To those who would say we should cut them faster and deeper than we are already doing, my question would be how? By not cutting the debt? By not reducing taxes? By not spending on health care? I do not think that is what Canadians want.

I should remind hon. members that the EI surplus is currently in the range recommended by the chief actuary of Canada. Let me provide the House with three important facts on which to reflect. The EI premium rate must ensure there is sufficient revenue each business cycle to pay EI costs at relatively stable rates. The current surplus makes prudent provision against rate hikes in the event of unforeseen economic and global changes. It also allows the government to address unemployment where it is most severe.

For example, similar in concept to the 1997-98 new hires programs, the 1998 budget gives employers who hire young Canadians in 1999 and 2000 an EI premium holiday. We must also remember that just a few years ago the federal government deficit was \$42 billion. At that time the government looked at all aspects of the fiscal situation and there was no denying the EI surpluses played a role in restoring fiscal health. This was not done in isolation however and contemplated other difficult decisions.

Supply

• (1740)

The motion put forward by my colleagues opposite uses phrases such as "catastrophic effects", "taking over funds destined for unemployed persons" and the government not adapting "to the new realities of the labour market". I do not believe this is the case.

Canadians and the government and no one else will make the economic and policy decisions for this nation. We have regained control of our fiscal future. By regaining control over the finances, we are setting out a plan to help all Canadians gain access to the tools of tomorrow's success.

I believe we have taken a balanced approach on this issue.

[Translation]

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, I listened to the hon. member's speech. I must say that some parts surprised me; however, I can see that other members want to ask questions so I will be very brief.

In his speech, the hon. member opposite said that he was glad that some premium money was retained, that everything was not redistributed. He talked a lot about the fact that the government balanced its books, but when it comes to the employment insurance fund he is glad that it is not balanced, that there is more money coming in than going out. He said he was pleased about that and hoped that there would be enough money in the fund to face the next recession.

I would like to ask the hon. member whether he knows that the Minister of Finance has already used the surplus to pay down the deficit, and that, therefore, his dream of being prepared for the next recession is not likely to come true? If this is what he wants, is he ready to side with the Bloc Québécois and vote in favour of the private members' bills we have introduced to establish an employment insurance fund that would not be part of general revenue?

[English]

Mr. Bryon Wilfert: Mr. Speaker, it is clear that in my comments I have indicated that the government is taking a balanced approach. It is very clear that the government has to make prudent fiscal decisions.

Clearly there is no question that in having that money set aside, if there is a recession in the future, and we of course hope there is not, we need to be prepared. The member seems to forget the fact that this government has reduced EI premiums continually over four years. There is no question that EI is used as a bridge between people who are unemployed and their next job. I believe the government's strategy is taking a very clear approach, one which will benefit all concerned.

Supply

There is no question that I cannot support the Bloc's position because I think the government strategy is one that has been working. It is one which will prove certainly in the short and long term to be the right approach.

Mr. Grant McNally (Dewdney—Alouette, Ref.): Mr. Speaker, I would like to set the record straight quickly as I know there are others who would like to speak. I would like to talk to some of the information which my hon. colleague provided with regard to things such as the balanced budget, debt repayment plan and a few other things such as comments he made regarding the EI fund.

My colleague said that the government is taking credit for a balanced budget. We applaud that and we think that is very good. But we also want to make note that this was done by Canadians and the rate of taxes they have paid. There have been a number of increases in taxes made by this Liberal government. The credit should go where it is deserved and that is to Canadian taxpayers.

An hon. member: Name them.

Mr. Grant McNally: My hon. colleague would like me to name them. I do not have enough time in this brief period to name the numerous, over 30, taxes that have been applied by this government since 1993.

This government also talks about being the defender of health care which I find quite incredible. There have been over \$7 billion in cuts to health care and education through the CHST.

I would also like to point out to my hon. colleague the fact that the debt repayment plan he mentioned is a contingency fund that the finance minister has said would be used only if money is available. That is not a concrete plan for debt repayment. The debt has not been decreased as my hon. colleague may have alluded to.

I would also like to ask my colleague about the \$15 billion surplus. That would seem to indicate to me that the premiums are in fact too high and could be reduced. I would like to ask him a question regarding a comment made by his own finance minister when he was in opposition and said that high EI premiums are a cancer to job creation. I want to ask the hon. member if he agrees with his own finance minister. Yes or no?

• (1745)

Mr. Bryon Wilfert: Mr. Speaker, if on this side of the House we walked on water the opposition would say "why can't you swim". It seems we continually hear from the other side that it could do it better. I think we are demonstrating that we are doing it better. I agree with the finance minister because obviously this government has taken the approach in the last four years of reducing EI premiums continually, which had not been the case previously.

Of course it was a partnership. There is no question that Canadians as a whole worked very hard to make sure we were able to reduce this deficit. It is now that the government through the fiscal dividend is able to share, in particular in health care. The national round table on health said that the government allocation of dollars was right on. I think the approach we have taken is the correct one.

[*Translation*]

The Speaker: The hon. member for Saint-Jean. Is he going to share his time?

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I will be splitting my time with my hon. colleague from Mercier.

I have found this afternoon most interesting, one of the questions from my hon. colleague from Acadie—Bathurst in particular. He asked one of our colleagues on the other side "Exactly what could have bitten you to make you end up in such a situation?"

In a few minutes I will refer to the letter from the current Prime Minister, then Leader of the Opposition. I think that what bit the Liberals was the forgetfulness bug. In other words, they have forgotten their past. They have lost their past history.

Not only is this party, which often pats itself on the back for its liberal values of openness and solidarity, proposing a bill like this one, but its entire policy leads us to believe that it is exactly the opposite.

The one with the most serious case of amnesia of all is probably the former Leader of the Opposition, the current Prime Minister. I refer to a letter he sent in 1993. This afternoon I heard reference to it, but I think it would be very important to quote the entire letter and to comment on it, in order to have a look at the situation the Liberals are in today. They have completely forgotten their past, their values of solidarity, the position they took at that time with respect to the matter we are dealing with now.

My first quote from the letter by the current Prime Minister, then Leader of the Opposition, is the following:

Yet the Minister of Finance

—the Conservative finance minister at the time—

says that not only will he reintroduce the same taxation, monetary and trade policies—but he will reduce government expenditures at the expense of the unemployed.

It was the Leader of the Opposition at that time, now the Prime Minister, who sponsored the measure we have before us today, employment insurance reform, and who put people in the mess they are now in. The current Prime Minister is the one who said that back then.

What about now? The basic problem is not being addressed. Instead the unemployed are being hit hard. Their benefits are being

reduced, and they are having trouble qualifying for employment insurance.

In passing I would like to get back to what my colleague who spoke before me said about the importance of balancing the budget, the importance of a zero deficit. How was it achieved? First by slashing transfers to the provinces to the tune last year of \$1.4 billion in Quebec alone, and on the back of the unemployed. Exactly the opposite of what the former opposition leader used to say.

I will read some more of the letter:

These measures fill Liberals with consternation.

Where is their consternation today? I listened to every Liberal speech made this afternoon in support of the Prime Minister and his cabinet. What happened to their consternation? In those days they were filled with consternation at the thought the unemployed were going to be harmed, but today they are doing even worse than the previous government.

I will quote some more:

By reducing benefits and penalizing more those who willingly leave their jobs, the government obviously does not care about the victims of the economic crisis. Instead of dealing with the root of the problem, the government goes after the unemployed. These measures will have disturbing effects as they will prevent workers from reporting cases of harassment and unacceptable working conditions.

• (1750)

What is going to happen now? Will workers faced with unacceptable conditions dare say "We are going to have to quit our job?" Will women who are harassed be able to say "I am going to quit my job, I am going to try to find something else, but in the meantime I can rely on the social safety net"?

No, and the statistics are here to prove it; nobody will contest them. Only 41% of unemployed workers qualify for employment insurance, half of them are forgotten. When it comes to young people this rate drops to 26%. And yet all we have heard so far is that young people should stay in school.

On the other hand, the young guy or girl who gets a job to put himself or herself through school starts contributing to the employment insurance plan from the first cent earned, the first hour worked. These young people contribute to the plan but cannot benefit from it.

I find absolutely deplorable all the remarks I have heard there this afternoon. The letter from the current Prime Minister and former leader of the opposition reads further:

In my opinion, it is unacceptable for the people of Canada to continue in this disastrous direction and further penalize the victims of this recession.

Supply

Not only did this government go further than the previous one, but I think it has gone much further in terms of the unfair conditions imposed on the unemployed.

We are being criticized for this great disaster, for being disaster stricken. They say we only talk of disasters. Given the statistics I just gave you, in a region like the one represented by my colleague, where nearly 40% of the population is unemployed, it is a disaster.

This minister would better drop the function and technocratic approach and come in ridings to see what it is like in the field, because my colleagues and I know how it is, and it is disastrous.

Whether our colleagues opposite like it or not, facts are what matter to us. That is why I have looked at questions in terms of the concept of reality this afternoon. It is as if these people were completely out of touch with reality and just follow the minister's lead or that of their Prime Minister and not consider the motion before us.

Bloc Quebecois members are not the only ones who happen to think this is outright theft, and that the victims end up paying the price. The premiers of Alberta and Ontario have said that this is nothing short of theft, and you can hardly suggest these people are out of touch with reality. They support our motion. People from all walks of life are behind the Bloc Quebecois on this motion.

And what about the unanimous support of the Assemblée nationale? Are there not Liberal members of the Assemblée nationale who are part of the great Liberal family and who claim to share fundamental values of solidarity? It may be true in Quebec, but it is certainly not the case in this House.

The government acts alone; it does not give a hoot about the victims and imposes its decisions. And then it brags about having a zero deficit this year and in the coming years. It should be said that the government achieved this at the expense of the unemployed and of provincial transfers.

I would like to remind the Liberal Party of the compassionate values it has always stood for. It should govern itself accordingly today. If this plan is a safety net, and if wealth redistribution is important, let the government turn to the wealthy, to the banks and the big corporations, and not to those who are on employment insurance because their region has been devastated by the lack of jobs.

The government should come to its senses, have some compassion and uphold the values it has always advocated. I therefore ask the government to support the motion put forward by my colleague, which is before us today.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, the hon. member aptly described the problem with employment insurance and how it affects people in his area.

Supply

• (1755)

Many who are listening to us on television today realize that I am frustrated. My frustration stems from the fact that there is real problem when, every day, we see in our riding families and children who are suffering because of the changes to employment insurance. In 1993, the Liberals promised they would not change the system.

We often hear from the other side that employment insurance leads to dependency, that it deters young people from trying to find work. Back home, it does not deter young people from working. The problem is that when they do not find work, they are forced to go on welfare.

Do you have the same problem in your area? Do people have to go on welfare, instead of collecting employment insurance and preserving a minimum of dignity?

Mr. Claude Bachand: Mr. Speaker, I want to thank my colleague from Acadie—Bathurst for his question. He mentions a problem that is indeed omnipresent.

I said that the Liberal government has been bragging about eliminating the deficit and getting it quickly to zero, but not only did it do it at the expense of the unemployed, it did it by slashing the transfers to the provinces. In fact, transfers to the province of Quebec has been reduced by \$1.4 billion. That includes transfers for health, social assistance services and post-secondary education.

Right now, when workers are unable to qualify for unemployment insurance, they end up on welfare and it is up to the provinces to take care of them.

Not only has the government cut the transfers, not only is it making the unemployed pay, but it is also pushing people toward social welfare and saddling the provinces with the problem.

With a \$16 billion surplus over two years, the solution to the problem we are currently facing is quite simple. We are not asking for a revolutionary solution. We only want to improve the system, to ensure that workers in regions like the Gaspé area my colleague represents can more easily become eligible. These regions need this insurance program and it is important that we do it this way.

The other solution would be to reduce the unemployment insurance premiums, as we have always heard it mentioned. A decrease of 10 cents would create up to 30,000 jobs.

These are the two solutions: improve the system for those who need it, who need a social security system, and reduce the unemployment insurance premiums to create jobs and get people back to work.

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, I have a question for my distinguished colleague from Saint-Jean regarding

the fiduciary role that the federal government has when it collects money from workers and employers and has the authority, at least morally if not legally, to distribute that money to those who paid it. It is still employment insurance.

Professional associations all have a trust account and, despite the loftiest of intentions, if we take money from a trust account and use it for other things than what it was intended for, just like the federal government is doing, if we use it to pay for groceries and other things instead of using it for its original purpose, can this not be challenged before the courts, as some people are beginning to suggest? I would like my colleague to clarify that for us since I missed that in his speech.

Mr. Claude Bachand: Mr. Speaker, I am glad my colleague raised this question. He missed that in my speech for the very good reason that I did not talk about it, but I thank him for giving me the opportunity to do so now.

It is true that the auditor general has proposed that the money be put into a trust account and be used to help those people who need it. I remind you of a question I asked and a point I raised earlier. What we have here is an indirect tax. People pay provincial taxes and federal taxes, and every week there is an indirect tax on their paycheque. This tax is not used to help people. For the last two years, it has been used to eliminate the government's deficit.

I think my colleague has made an excellent suggestion. A trust account is indeed what we need.

• (1800)

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, I in turn would urge all members of the House to support the Bloc Québécois motion. I will reread the major elements:

—castigate the government for the catastrophic effects of its reforms to unemployment insurance—

Nobody can deny the catastrophic effects.

—for having taken over funds destined for unemployed persons—

That is what I am going to take a closer look at, and nobody can deny that either.

—and for its inability to adapt the unemployment insurance system to the new realities of the labour market.

No argument here either.

—particularly where young people, women, and self-employed persons are concerned.

There is one aspect of the present situation that can only be described as scandalous, and I am choosing my words carefully. That is the fact that the now \$15 billion surplus—around December, it was estimated at \$12 or \$13 billion—came about, as my colleagues and I have pointed out, and many people have added their voices to ours over the years, because the government cut

Supply

benefits to unemployed workers, but also because it continued to levy a payroll tax that, let us be honest, is expensive.

The minister says he has reduced EI premiums to \$2.70 for 1998. But what members should know is that the department's senior actuary said that the present regime is costing only about \$2. That is the truth.

What does the Bloc Québécois say? We say that the government can have a surplus to cover the unforeseen. It does not have to be so high, because, as it is now, the system is so weakened that the fund will never be used up. It is like a bottomless pit.

Although the fund stood at \$12 billion when the government brought down its budget in the spring, members should know that it had planned a surplus of at least \$6 billion. If half of this \$6 billion were used to lower premiums and the other half to improve the system, so that more young people, women and seasonal workers were eligible, the system would make more sense and be better adapted.

The workers paying EI premiums, because this is the important point, are those earning up to \$39,000. This is the main point. Above \$39,000, workers no longer pay EI premiums. Why is it that people who work overtime, those who make higher salaries or who are not in danger of being forced to use employment insurance do not pay for what we call economic stabilization?

Employment insurance is not a welfare system, but an instrument of economic stabilization. What is the finance minister doing? He is changing it into another welfare system, but with the difference that it is funded by middle income workers. This is out of the ordinary.

The second element is that businesses are paying. Businesses that pay their employees less than \$39,000 are mostly small businesses. A small business employee will seldom earn more than \$39,000, except perhaps a few management people. This means that on these \$39,000, the tax paid by the business is 1.4 times the one paid by the employee. Small businesses do not pay this with their profits, but with their revenues.

This means we are in an absurd economic situation in a country that wonders why its productivity is low and the unemployment rate is too high, where workers who earn up to \$39,000, not the others, pay once again to reduce the deficit and to restore a bit a social solidarity in Canada.

• (1805)

The Minister of Finance was saying "We reduced taxes for 83% of Canadians and eliminated them for 400,000 people". But what he is saying? He is saying that the government did so with money paid mainly by small businesses and by workers earning less than \$39,000. This is redistributing poverty, to a certain extent. It is

clear that this makes no economic or social sense. I would be inclined to say this makes no political sense.

Mr. Ghislain Lebel: This makes no sense at all.

Mrs. Francine Lalonde: What this means is that the Minister of Finance, who said he wanted to reduce taxes, did not dare to make everyone pay, all those who do not necessarily earn income from a job, but from profits and speculation. They do not contribute. They benefit from the overall tax reduction, but they do not contribute.

Big corporations with their huge profits are not contributing either. The redistribution is done on the back of those earning \$39,000 or less and the businesses who pay their salary. This is absurd. This is even borderline illegal. How do they explain to workers and SMEs that they are the ones carrying the load of economic stabilization and redistribution? There is something utterly illogical in there.

The finance minister says "Our clients are the underprivileged". Since when should workers alone have to look after redistribution?

Again, even without touching the \$12 billion surplus, there is still another \$6 billion planned surplus. After paying everything, half of it could go to improving the plan and the other half to reducing contributions, particularly those of the SMEs.

The EI surplus must somehow bother the consciences of all my colleagues, including the Liberals. When the finance minister boasts he is redistributing, they conveniently forget that those who are paying for it are those who make \$39,000 or less. Yes, workers are ready to do their part, and so are SMEs, but not alone.

It is illegal, scandalous, it does not make any sense, it is economically counter-productive. There are many questions which are not raised in this country, including why we do not seem to be able to eradicate high unemployment.

Canada is at the point where it will be at head of the pack when it comes to unemployment, and at the tail end with regard to social spending. Under this government, Canada will have the worst of both worlds.

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, I would first like to congratulate my colleague from Mercier for her speech. In the last session, she worked with us on Standing Committee on Human Resources Development. Clearly her heart is with the unemployed. She is still very much aware, she experiences it, she still talks about it and she moves us.

• (1810)

I wish she could continue. I imagine there is no point asking the House for unanimous consent to allow her to continue longer, but I will offer her time.

Supply

I would like the hon. member to educate the Liberals a little about the system, the \$39,000, the cutoff point. Before it was \$43,000. But I think there was something more hidden away in all that.

Was it not also to try to staunch the flow of money from out of the system, since now the limit is not \$43,000 but \$39,000. Is it not bad enough that the Liberals are double dipping?

On the one hand, they set up a procedure that costs them less and, on the other, they establish a limit. I would ask the hon. member to continue on this.

Mrs. Francine Lalonde: Mr. Speaker, what my colleague is drawing attention to is the fact that, prior to this reform, the maximum amount on which a worker could be required to contribute was \$42,500. For some incomprehensible reason, the Minister of Finance cut that back to \$39,000.

We asked the reason when we were in committee, with an approximate French translation, and the answer we got was that people earning between \$39,000 and \$42,500 did not make much use of employment insurance. What an answer. So the people paying into the program should be only those most likely to use it?

That is not all. The reform has surprised a lot of people, particularly many workers in new sectors. There are sectors that involve contract workers. People get hired for a set period of time, and can earn a fairly high income during that time. In the past, there was a weekly maximum on which deductions could be taken. Now, for such cases, there is no weekly ceiling. This means that a young person who earns \$5,000 in one week, for instance, would have to pay EI on the entire amount.

Curiously, an older person working in another sector and earning \$5,000 would have his deductions stop once \$39,000 had been reached.

This comes pretty close to being illegal. I would not say it is a program that favours the middle wage-earners, but it is one intended to fill up the employment insurance coffers.

[*English*]

Mr. Jerry Pickard (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, what a difference a day or a week or a year or four years makes.

I remember not that long ago a government that sat in this House with a \$6 billion deficit account in EI. That deficit account was of tremendous concern to every Canadian. Who was making the payments for that deficit account? It was clearly the Government of Canada. Just a few short years before that there was a surplus of \$2 billion. What caused the change from a \$2 billion surplus to a \$6 billion debt? Obviously it is a cycle that does occur from time to

time. It is a cycle of good employment, steady growth and then a downturn.

There is absolutely no question that the responsibility of government is to smooth out those tremendous downturns and peaks into some realistic form to make sure workers have fair and equitable treatment whether it is in a difficult time when many are laid off or when we are doing well.

• (1815)

We have established several programs to smooth out the cycle of work and the business practice changes in this country in order to make sure that is done. EI is one of those programs.

When I look back to 1993 and the economy at that time I did not hear Conservative members suggesting reductions in premiums. As a matter of fact, the premiums were at \$3.07 and they were suggesting an increase at that time. They were suggesting that the premiums should rise to \$3.25 or more.

An hon. member: \$3.30.

Mr. Jerry Pickard: The parliamentary secretary points out that it was \$3.30.

Had the right wing element of this House been elected there is absolutely no question that the premiums would have increased and the cost of business would have increased.

I also recall that we had a deficit of \$42 billion at that time and the Reform Party, more than any other party, was clamouring that we should cut spending and make programs responsible. It said we should do the things that needed to be done to get this country back on a business scale that was reasonable. Yes, that is what it was suggesting. What would it have done with EI? We might not have an EI program in place today if the Reform Party had its way.

The EI program was very much in jeopardy, as well as the social programs in this country, from *a* to *z*. The Reform Party was clamouring for the government to cut and chop, cut and chop.

I recall the debate. Mr. Speaker, you were involved in that debate, so you can certainly recall it too. These fellows who are mourning today the fact that we have only cut EI premiums four times were saying we would have to increase those premiums and cut everything out from the support programs to make this government operate properly. They have totally reversed themselves.

I have been in the House for three years watching the Reform in opposition. I heard them say three years ago "Chop and burn. Slash and burn". I remember Liberal government members saying "It is bad news. The slash and burn policies they are suggesting will destroy the economy of this country". That was what the finance minister said. I do not think anything could have been more true than his statement that slash and burn would do no good.

We had to set reasonable targets. We had to look at each program and deal with each program. We had to move the agenda ahead in a proper and orderly way.

In four years we took a \$42 billion deficit and reduced it to zero. Why is the government being challenged today? It has had tremendous success. It has taken a program of overspending by \$42 billion every year and reduced it to zero. It then, with the EI program, took a \$6 billion deficit, turned it around and now there is a surplus. Building that surplus will cushion the unemployed, businesses and people who need support so that in the future when business plans change, when we run into a minor recession or when some other problem arises we will be prepared.

• (1820)

Liberals have always looked very carefully at what is happening in the economy at any specific time and have made certain that in good, solid years of business we do not bring in programs that will hurt people. Instead we plan for the future to guard against the difficulties that will come downstream. That is exactly what we are doing with the EI program. We are guarding against the potential of difficult times in the future.

Clearly it is very responsible to do that because so many businesses suffered so badly during the recession when the Mulroney Conservatives had to jack up the rates again and again because of the tough times.

They are in the House today, these Reformers who were the Tories. There is no question about that. This weekend in London their leader said "Unite the right, but call them Reform. Don't call them Tories". That is interesting. Call them Reform and make Preston Manning the leader. He wants the old Conservative Party—

The Deputy Speaker: The hon. member is an experienced member. He knows that he must not refer to an hon. member by name, but by constituency or title. I would invite him to do that.

Mr. Jerry Pickard: Mr. Speaker, I got so caught up in this that I went a little overboard.

However, the hon. leader of the Reform Party suggested that he wanted to unite the party. In other words, he wants to take the old right wing party, the Progressive Conservative Party, put in a new leader in, the present leader of the Reform Party, and call it the Reform Party.

I have some problems with that. I have some problems with how day by day, month by month, year by year the policies of the parties opposite change dramatically. There is good reason that has occurred.

When it comes right down to it, we have been extremely successful at turning the economy of this country around. We have been extremely responsible in our actions toward small business, in

Supply

our actions toward business in general in this country and in our actions toward preparing for any problems in the future. We are not leaving it to chance, pulling the support out and running at a full run.

Can anyone think of any reason the finance minister of this country would be prepared to do anything that would not be beneficial to the business of this country? Clearly he is working. He is consulting. He is getting input from people right across this country on a regular basis.

He knows that the smoother the ride the better the opportunities will be for business to compete. The better prepared workers are for any ups or downs in the economy, the better off this country will be. Stability is really the key.

Our finance minister has brought stability to this country. He has stabilized our finances so that other countries are now looking at Canada and saying "What a remarkable transition. What a remarkable change has occurred".

• (1825)

Canada was really at the bottom of the G-7 as far as its economic outlook and prosperity for the future because of its spending. We are now envied by everyone. Canada was struggling, but we now have a positive, well-prepared structure for the future.

The Prime Minister pointed out just a short time ago, before we eliminated the deficit, to all members of the House that governing gets tougher and tougher as we pay down the debt, as we pay down the deficit and move toward the situation where we have positive moneys coming in because quickly the opposition will latch on to spending. That is what I am hearing now. The opposition is saying that we should spend, cut taxes and do things which will alter the whole economic structure of this country.

Mr. Garry Breitkreuz: Mr. Speaker, I rise on a point of order. I believe the time will be expiring at 6.30 p.m. I wonder if the hon. member would give me one minute or 30 seconds for a question.

Mr. Jerry Pickard: Mr. Speaker, I find the intervention quite incredible because I have never had a Reform member give me time to speak. If that is a practice of the House, it is an interesting practice, but I have some issues that I want to bring forward and I believe I have 15 minutes to bring them forward. Now I am being asked to cut my time to 10 minutes and to give part of my time to the opposition.

Quite frankly, they have spoken all day. They have had all kinds of speakers up. If they have omitted something, I am not going to relinquish my time in order to give them extra time.

Let us look at where we are with our EI reforms. We have modernized the system and we have made it far more fair to everyone. In reality the thrust in this country has to be to create more jobs, to do things to get people to work and not to focus on

Government Orders

unemployment totally. We must focus on job creation because that runs hand in hand with EI.

EI premiums have been talked about a tremendous amount today. But let us look at the other programs the government has put in place to support business and to help business down the line.

The new hires program very clearly makes an issue out of what is happening in this country. We have actually given businesses who are going to hire youth between the ages of 18 and 24 a premium year off so they will not have to pay those extra premiums.

We have made benefits available to women who are among the largest number of part time workers in this country and we have extended the plan to 68% of the people who were not eligible for benefits before. We have extended our programs. We have tried to do everything we can to give the worker the best opportunity.

Quite frankly, when we look at programs for youth and the programs that we have put in place to help them, they were not the people who got major support from EI programs, but we are certainly doing what we can to get jobs for the young people of this country.

We have done what we can to make sure that women, who form the major part of the part time workforce in this country, will benefit from the opportunities in the EI program.

We are building a fund which will make certain that there will be stability for those people who will need stability when they are laid off. We have downsizing, company changes and an EI support fund that is in a positive economic position that will be able to help those people in the future.

• (1830)

We have made certain we are not going to take small business down a trail of pumping up its rates when there is a turnaround in the economy. These are the kinds of measures the finance minister and the government have taken to make certain there is stability, a level playing field for everybody and fairness for all those in the system. The fairness issue is extremely important.

[*Translation*]

The Deputy Speaker: Order, please. It being 6.30 p.m. it is my duty to inform the House that proceedings on the motion have expired.

The House will now proceed to the taking of the deferred divisions.

Call in the members.

• (1850)

[*English*]

PARKS CANADA ACT

The House resumed from May 28 consideration of Bill C-29, an act to establish the Parks Canada Agency and to amend other acts as a consequence, as reported (with amendment) from the committee.

The Speaker: We will now proceed to the taking of the deferred divisions on Bill C-29. The question is on Motion No. 1.

• (1900)

(The House divided on Motion No. 1, which was negated on the following division:)

(*Division No. 182*)

YEAS

Members

Axworthy (Saskatoon—Rosetown—Biggar)	Bachand (Saint-Jean)
Bellehumeur	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	Blaikie
Bigras	Brien
Borosik	Casey
Brison	de Savoye
Crête	Desjarlais
Debien	Doyle
Desrochers	Dubé (Madawaska—Restigouche)
Dubé (Lévis)	Earle
Duceppe	Gagnon
Fournier	Girard-Bujold
Gauthier	Guay
Godin (Acadie—Bathurst)	Herron
Harvey	Lalonde
Jones	Lebel
Laurin	Marchand
Marceau	McDonough
Matthews	Muisé
Mercier	Nyström
Plamondon	Proctor
Riis	Sauvageau
Solomon	St-Hilaire
Stoffer	Thompson (Charlotte)
Tremblay (Rimouski—Mitis)	Turp
Wasylcia-Leis—52	

NAYS

Members

Abbott	Adams
Alcock	Anders
Anderson	Assad
Assadourian	Augustine
Baker	Barnes
Beaumier	Bélair
Bélanger	Bellemare
Bennett	Bertrand
Blondin-Andrew	Bonin

Government Orders

PAIRED MEMBERS

Bonwick
 Bradshaw
 Breitzkreuz (Yorkton—Melville)
 Bryden
 Byrne
 Cadman
 Cannis
 Carroll
 Catterall
 Chamberlain
 Charbonneau
 Clouthier
 Cohen
 Cops
 Cummins
 Dhaliwal
 Dromisky
 Duhamel
 Easter
 Epp
 Finlay
 Fontana
 Gagliano
 Gilmour
 Goldring
 Gouk
 Gray (Windsor West)
 Grose
 Hanger
 Hart
 Hill (Prince George—Peace River)
 Hoepfner
 Ianno
 Jackson
 Jennings
 Karygiannis
 Kerpan
 Knutson
 Lastewka
 Lee
 Lincoln
 Lowther
 MacAulay
 Malhi
 Manley
 Marchi
 Marleau
 Martin (LaSalle—Émard)
 Mayfield
 McGuire
 McNally
 McWhinney
 Mifflin
 Mitchell
 Murray
 Nault
 O'Brien (London—Fanshawe)
 Pagtakhan
 Parrish
 Penson
 Peterson
 Phinney
 Pillitteri
 Proud
 Ramsay
 Reed
 Ritz
 Saada
 Scott (Fredericton)
 Sekora
 Shepherd
 Speller
 Steckle
 Stewart (Northumberland)
 Strahl
 Telegdi
 Thompson (Wild Rose)
 Ur
 Vanclief
 Volpe
 White (Langley—Abbotsford)
 Wilfert—181

Boudria
 Breitzkreuz (Yellowhead)
 Brown
 Bulte
 Caccia
 Calder
 Caplan
 Casson
 Cauchon
 Chan
 Chatters
 Coderre
 Collenette
 Cullen
 DeVillers
 Discepola
 Drouin
 Duncan
 Eggleton
 Finestone
 Folco
 Fry
 Gallaway
 Godfrey
 Goodale
 Graham
 Grey (Edmonton North)
 Guarnieri
 Harb
 Harvard
 Hilstrom
 Hubbard
 Ifody
 Jaffer
 Karetak-Lindell
 Kenney (Calgary-Sud-Est)
 Keyes
 Konrad
 Lavigne
 Leung
 Longfield
 Lunn
 Mahoney
 Maloney
 Manning
 Mark
 Martin (Esquimalt—Juan de Fuca)
 Massé
 McCormick
 McKay (Scarborough East)
 McTeague
 Meredith
 Minna
 Morrison
 Myers
 Obhrai
 O'Reilly
 Paradis
 Patry
 Peric
 Pettigrew
 Pickard (Kent—Essex)
 Pratt
 Provenzano
 Redman
 Reynolds
 Robillard
 Schmidt
 Scott (Skeena)
 Serré
 Solberg
 St. Denis
 Stewart (Brant)
 St-Julien
 Szabo
 Thibeault
 Torsney
 Valeri
 Vellacott
 Whelan
 White (North Vancouver)

Alarie
 Axworthy (Winnipeg South Centre)
 Canuel
 Comuzzi
 Dion
 Godin (Châteauguay)
 Kilger (Stormont—Dundas)
 Loubier
 Ménard
 Normand
 Perron
 Rocheleau
 Tremblay (Lac-Saint-Jean)

Asselin
 Bakopanos
 Chrétien (Frontenac—Mégantic)
 Dalphond-Guiral
 Dumas
 Guimond
 Kilgour (Edmonton Southeast)
 McLellan (Edmonton West)
 Mills (Broadview—Greenwood)
 O'Brien (Labrador)
 Richardson
 Rock
 Wappel

The Speaker: I declare Motion No. 1 defeated.

Ms. Marlene Catterall: Mr. Speaker, I believe you would find consent to apply the results of the vote just taken on Motion No. 1 to Motion No. 3.

The Speaker: Is there unanimous consent to proceed this way?

Some hon. members: Agreed.

[*Editor's Note: See list under Division No. 182*]

The Speaker: I therefore declare Motion No. 3 defeated.

The next question is on Motion No. 2. A vote on this motion also applies to Motion No. 4.

Ms. Marlene Catterall: Mr. Speaker, if the House would agree I would propose that you seek unanimous consent that members who voted on the previous motion be recorded as voting on the motion now before the House, with Liberal members voting yes.

The Speaker: Is there agreement to proceed in this fashion?

Some hon. members: Agreed.

Mr. Chuck Strahl: Mr. Speaker, Reform Party members present vote no to this motion.

[*Translation*]

Mr. Stéphane Bergeron: Mr. Speaker, Bloc Québécois members oppose this motion.

[*English*]

Mr. John Solomon: Mr. Speaker, NDP members present vote yes to this motion.

[*Translation*]

Mr. André Harvey: Mr. Speaker, members of our party are in favour of this motion.

[*English*]

(The House divided on Motion No. 2, which was agreed to on the following division:)

Government Orders

(Division No. 183)

YEAS

Members

Adams
Anderson
Assadourian
Axworthy (Saskatoon—Rosetown—Biggar)
Barnes
Bélair
Bellemare
Bertrand
Blondin-Andrew
Bonwick
Boudria
Brison
Bryden
Byrne
Calder
Caplan
Casey
Cauchon
Chan
Clouthier
Cohen
Coppes
Desjarlais
Dhalliwal
Doyle
Drouin
Duhamel
Easter
Finestone
Folco
Fry
Gallaway
Godin (Acadie—Bathurst)
Graham
Grose
Harb
Harvey
Hubbard
Iftody
Jennings
Karetak-Lindell
Keyes
Lastewka
Lee
Lincoln
MacAulay
Malhi
Manley
Marleau
Massé
McCormick
McGuire
McTeague
Mifflin
Mitchell
Murray
Nault
O'Brien (London—Fanshawe)
Pagtakhan
Parrish
Peric
Pettigrew
Pickard (Kent—Essex)
Pratt
Proud
Redman
Riis
Saada
Sekora
Shepherd
Speller
Steckle
Stewart (Northumberland)
Stoffer
Telegdi
Thompson (Charlotte)
Ur
Vanclief
Wasylcia-Leis
Wilfert—159

Alcock
Assad
Augustine
Baker
Beaumier
Bélangier
Bennett
Blaikie
Bonin
Borotsik
Bradshaw
Brown
Bulte
Caccia
Cannis
Carroll
Catterall
Chamberlain
Charbonneau
Coderre
Collenette
Cullen
DeVillers
Discepolo
Dromisky
Dubé (Madawaska—Restigouche)
Earle
Eggleton
Finlay
Fontana
Gagliano
Godfrey
Goodale
Gray (Windsor West)
Guarnieri
Harvard
Herron
Ianno
Jackson
Jones
Karygiannis
Knutson
Lavigne
Leung
Longfield
Mahoney
Maloney
Marchi
Martin (LaSalle—Émard)
Matthews
McDonough
McKay (Scarborough East)
McWhinney
Minna
Muisse
Myers
Nystrom
O'Reilly
Paradis
Patry
Peterson
Phinney
Pillitteri
Proctor
Provenzano
Reed
Robillard
Scott (Fredericton)
Serré
Solomon
St. Denis
Stewart (Brant)
St-Julien
Szabo
Thibeault
Torsney
Valeri
Volpe
Whelan

NAYS

Members

Abbott
Bachand (Saint-Jean)
Bergeron
Îles-de-la-Madeleine—Pabok)
Breitkreuz (Yellowhead)
Brien
Casson
Crête
de Savoye
Desrochers
Duceppe
Epp
Gagnon
Gilmour
Goldring
Grey (Edmonton North)
Hanger
Hill (Prince George—Peace River)
Hoepfner
Kenney (Calgary-Sud-Est)
Konrad
Laurin
Lowther
Manning
Marchand
Martin (Esquimalt—Juan de Fuca)
McNally
Meredith
Obhrai
Picard (Drummond)
Ramsay
Ritz
Schmidt
Solberg
Strahl
Tremblay (Rimouski—Mitis)
Vellacott
White (North Vancouver) —74

Anders
Bellehumeur
Bernier (Bonaventure—Gaspé—
Bigras
Breitkreuz (Yorkton—Melville)
Cadman
Chatters
Cummins
Debien
Dubé (Lévis)
Duncan
Fournier
Gauthier
Girard-Bujold
Gouk
Guay
Hart
Hilstrom
Jaffer
Kerpan
Lalonde
Lebel
Lunn
Marceau
Mark
Mayfield
Mercier
Morrison
Penson
Plamondon
Reynolds
Sauvageau
Scott (Skeena)
St-Hilaire
Thompson (Wild Rose)
Turp
White (Langley—Abbotsford)

PAIRED MEMBERS

Alarie
Axworthy (Winnipeg South Centre)
Canuel
Comuzzi
Dion
Godin (Châteauguay)
Kilger (Stormont—Dundas)
Loubier
Ménard
Normand
Perron
Rocheleau
Tremblay (Lac-Saint-Jean)

Asselin
Bakopanos
Chrétien (Frontenac—Mégantic)
Dalphond-Guiral
Dumas
Guimond
Kilgour (Edmonton Southeast)
McLellan (Edmonton West)
Mills (Broadview—Greenwood)
O'Brien (Labrador)
Richardson
Rock
Wappel

The Speaker: I declare Motion No. 2 carried. I therefore declare Motion No. 4 carried.

The next question is on Motion No. 6.

Ms. Marlene Catterall: Mr. Speaker, I think you would find consent in the House to record the members who have just voted as voting on the motion now before the House, with Liberals voting no.

The Speaker: Is there agreement to proceed in such a fashion?

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Some hon. members: Agreed.

Mr. Chuck Strahl: Mr. Speaker, Reform Party members vote yes to this motion.

[*Translation*]

Mr. Stéphane Bergeron: Mr. Speaker, of course, Bloc Québécois members are obviously voting in favour of this motion.

[*English*]

Mr. John Solomon: Mr. Speaker, NDP members present will vote yes to this motion.

[*Translation*]

Mr. André Harvey: Mr. Speaker, members of our party are in favour of this motion.

• (1905)

[*English*]

The Speaker: Because I did not read the whole thing through for you, I want you to know that the reason we did not vote on Motion No. 5 is that the only way we would have voted on Motion No. 5 is if Motions Nos. 2 and 4 had been defeated. They were not defeated. They were carried.

In case I did not make it clear, I also want you to realize that we are now voting on Motion No. 6.

(The House divided on Motion No. 6, which was negated on the following division:)

(Division No. 184)

YEAS

Members

Abbott	Anders
Axworthy (Saskatoon—Rosetown—Biggar)	Bachand (Saint-Jean)
Bellehumeur	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	
Bigras	Blaikie
Borotsik	Breitkreuz (Yellowhead)
Breitkreuz (Yorkton—Melville)	Brien
Brison	Cadman
Casey	Casson
Chatters	Crête
Cummins	de Savoye
Debien	Desjarlais
Desrochers	Doyle
Dubé (Lévis)	Dubé (Madawaska—Restigouche)
Duceppe	Duncan
Earle	Epp
Fournier	Gagnon
Gauthier	Gilmour
Girard-Bujold	Godin (Acadie—Bathurst)
Goldring	Gouk
Grey (Edmonton North)	Guay
Hangar	Hart
Harvey	Herron
Hill (Prince George—Peace River)	Hilstrom
Hoepfner	Jaffer
Jones	Kenney (Calgary-Sud-Est)
Kerpan	Konrad
Lalonde	Laurin
Lebel	Lowther
Lunn	Manning
Marceau	Marchand
Mark	Martin (Esquimalt—Juan de Fuca)
Matthews	Mayfield
McDonough	McNally
Mercier	Meredith
Morrison	Muise
Nystrom	Obhrai
Penson	

Picard (Drummond)
Proctor
Reynolds
Ritz
Schmidt
Solberg
St-Hilaire
Strahl
Thompson (Wild Rose)
Turp
Wasylcia-Leis
White (North Vancouver) —97

Plamondon
Ramsay
Riis
Sauvageau
Scott (Skeena)
Solomon
Stoffer
Thompson (Charlotte)
Tremblay (Rimouski—Mitis)
Vellacott
White (Langley—Abbotsford)

NAYS

Members

Adams	Alcock
Anderson	Assad
Assadourian	Augustine
Baker	Barnes
Beaumier	Bélair
Bélangier	Bellemare
Bennett	Bertrand
Blondin-Andrew	Bonin
Bonwick	Boudria
Bradshaw	Brown
Bryden	Bulte
Byrne	Caccia
Calder	Cannis
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Clouthier
Coderre	Cohen
Collenette	Copps
Cullen	DeVillers
Dhaliwal	Discepola
Dromisky	Drouin
Duhamel	Easter
Eggleton	Finestone
Finlay	Folco
Fontana	Fry
Gagliano	Galloway
Godfrey	Goodale
Graham	Gray (Windsor West)
Grose	Guarnieri
Harb	Harvard
Hubbard	Ianno
Itody	Jackson
Jennings	Karetak-Lindell
Karygiannis	Keyes
Knudson	Lastewka
Lavigne	Lee
Leung	Lincoln
Longfield	MacAulay
Mahoney	Malhi
Maloney	Manley
Marchi	Marleau
Martin (LaSalle—Énard)	Massé
McCormick	McGuire
McKay (Scarborough East)	McTeague
McWhinney	Miffiin
Minna	Mitchell
Murray	Myers
Nault	O'Brien (London—Fanshawe)
O'Reilly	Pagtakhan
Paradis	Parrish
Patry	Peric
Peterson	Petigrew
Phinney	Pickard (Kent—Essex)
Pillitteri	Pratt
Proud	Provenzano
Redman	Reed
Robillard	Saada
Scott (Fredericton)	Sekora
Serré	Shepherd
Speller	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	St-Julien
Szabo	Telegdi
Thibeault	Torsney
Ur	Valeri

*Government Orders*Vanclief
WhelanVolpe
Wilfert —136

PAIRED MEMBERS

Alarie
Axworthy (Winnipeg South Centre)
Canuel
Comuzzi
Dion
Godin (Châteauguay)
Kilger (Stormont—Dundas)
Loubier
Ménard
Normand
Perron
Rocheleau
Tremblay (Lac-Saint-Jean)Asselin
Bakopanos
Chrétien (Frontenac—Mégantic)
Dalphond-Guiral
Dumas
Guimond
Kilgour (Edmonton Southeast)
McLellan (Edmonton West)
Mills (Broadview—Greenwood)
O'Brien (Labrador)
Richardson
Rock
WappelCadman
Chatters
Duncan
Gilmour
Gouk
Hanger
Hill (Prince George—Peace River)
Hoepfner
Kenney (Calgary-Sud-Est)
Konrad
Lunn
Mark
Mayfield
Meredith
Obhrai
Ramsay
Ritz
Scott (Skeena)
Strahl
Vellacott
White (North Vancouver) —45Casson
Cummins
Epp
Goldring
Grey (Edmonton North)
Hart
Hilstrom
Jaffer
Kerpan
Lowther
Manning
Martin (Esquimalt—Juan de Fuca)
McNally
Morrison
Penson
Reynolds
Schmidt
Solberg
Thompson (Wild Rose)
White (Langley—Abbotsford)**The Speaker:** I declare Motion No. 6 defeated.

The next question is on Motion No. 7. An affirmative vote on Motion No. 7 obviates the necessity of the question being put on Motion No. 8 and a negative vote on Motion No. 7 requires a question being put on Motion No. 8.

[Translation]

Ms. Marlene Catterall: Mr. Speaker, I believe you would find there is unanimous consent for members who voted on the previous motion to be recorded as having voted on the motion now before the House, with Liberal members voting nay.

*[English]***The Speaker:** Is there agreement to proceed in such a fashion?**Some hon. members:** Agreed.

Mr. Chuck Strahl: Mr. Speaker, the official opposition votes yes to this motion.

[Translation]

Mr. Stéphane Bergeron: Mr. Speaker, Bloc Québécois members oppose this motion.

[English]

Mr. John Solomon: Mr. Speaker, NDP members present vote no to this motion.

[Translation]

Mr. André Harvey: Mr. Speaker, members of our party oppose this motion.

[English]

(The House divided on Motion No. 7, which was negated on the following division:)

(Division No. 185)

YEAS

Members

Abbott
Breitkreuz (Yellowhead)Anders
Breitkreuz (Yorkton—Melville)

NAYS

Members

Adams
Anderson
Assadourian
Axworthy (Saskatoon—Rosetown—Biggar)
Baker
Beaumier
Bélanger
Bellemare
Bergeron
Îles-de-la-Madeleine—Pabok)
Bigras
Blondin-Andrew
Bonwick
Boudria
Brien
Brown
Bulte
Caccia
Cannis
Carroll
Catterall
Chamberlain
Charbonneau
Coderre
Collenette
Crête
de Savoye
Desjarlais
DeVillers
Discepola
Dromisky
Dubé (Lévis)
Duceppe
Earle
Eggleton
Finlay
Fontana
Fry
Gagnon
Gauthier
Godfrey
Goodale
Gray (Windsor West)
Guarnieri
Harb
Harvey
Hubbard
Iftody
Jennings
Karetak-Lindell
Keyes
Lalonde
Laurin
Lebel
Leung
Longfield
Mahoney
Maloney
Marceau
MarchiAlcock
Assad
Augustine
Bachand (Saint-Jean)
Barnes
Bélair
Bellehumeur
Bennett
Bernier (Bonaventure—Gaspé—
Bertrand
Blaikie
Bonin
Borotsik
Bradshaw
Brison
Bryden
Byrne
Calder
Caplan
Casey
Cauchon
Chan
Clouthier
Cohen
Coppes
Cullen
Debien
Desrochers
Dhaliwal
Doyle
Drouin
Dubé (Madawaska—Restigouche)
Duhamel
Easter
Finestone
Folco
Fournier
Gagliano
Gallaway
Girard-Bujold
Godin (Acadie—Bathurst)
Graham
Grose
Guay
Harvard
Herron
Ianno
Jackson
Jones
Karygiannis
Knutson
Lastewka
Lavigne
Lee
Lincoln
MacAulay
Malhi
Manley
Marchand

*Government Orders**(Division No. 186)*

Marleau
 Massé
 McCormick
 McGuire
 McTeague
 Mercier
 Minna
 Muise
 Myers
 Nystrom
 O'Reilly
 Paradis
 Patry
 Peterson
 Phinney
 Pickard (Kent—Essex)
 Plamondon
 Proctor
 Provenzano
 Reed
 Robillard
 Sauvageau
 Sekora
 Shepherd
 Speller
 Steckle
 Stewart (Northumberland)
 St-Julien
 Szabo
 Thibeault
 Torsney
 Turp
 Valeri
 Volpe
 Whelan

Martin (LaSalle—Émard)
 Matthews
 McDonough
 McKay (Scarborough East)
 McWhinney
 Mifflin
 Mitchell
 Murray
 Nault
 O'Brien (London—Fanshawe)
 Pagtakhan
 Parrish
 Peric
 Pettigrew
 Picard (Drummond)
 Pillitteri
 Pratt
 Proud
 Redman
 Riis
 Saada
 Scott (Fredericton)
 Serré
 Solomon
 St. Denis
 Stewart (Brant)
 St-Hilaire
 Stoffer
 Telegdi
 Thompson (Charlotte)
 Tremblay (Rimouski—Mitis)
 Ur
 Vanclief
 Wasylcia-Leis
 Wilfert —188

PAIRED MEMBERS

Alarie
 Axworthy (Winnipeg South Centre)
 Canuel
 Comuzzi
 Dion
 Godin (Châteauguay)
 Kilger (Stormont—Dundas)
 Loubier
 Ménard
 Normand
 Perron
 Rocheleau
 Tremblay (Lac-Saint-Jean)

Asselin
 Bakopanos
 Chrézien (Frontenac—Mégantic)
 Dalphond-Guiral
 Dumas
 Guimond
 Kilgour (Edmonton Southeast)
 McLellan (Edmonton West)
 Mills (Broadview—Greenwood)
 O'Brien (Labrador)
 Richardson
 Rock
 Wappel

The Speaker: I declare Motion No. 7 defeated. A negative vote on this motion requires the question being put on Motion No. 8.

The next question is on Motion No. 8.

Ms. Marlene Catterall: Mr. Speaker, I believe if you would find unanimous consent in the House to apply the results of the vote just taken to Motion No. 8 but in reverse.

The Speaker: Is there agreement to proceed in such a fashion?

The Speaker: Agreed.

(The House divided on Motion No. 8, which was agreed to on the following division:)

Adams
 Anderson
 Assadourian
 Axworthy (Saskatoon—Rosetown—Biggar)
 Baker
 Beaumier
 Bélanger
 Bellemare
 Bergeron
 Îles-de-la-Madeleine—Pabok)
 Bigras
 Blondin-Andrew
 Bonwick
 Boudria
 Brien
 Brown
 Bulte
 Caccia
 Cannis
 Carrol
 Catterall
 Chamberlain
 Charbonneau
 Coderre
 Collenette
 Crête
 de Savoye
 Desjarlais
 DeVillers
 Discepola
 Dromisky
 Dubé (Lévis)
 Duceppe
 Earle
 Eggleton
 Finlay
 Fontana
 Fry
 Gagnon
 Gauthier
 Godfrey
 Goodale
 Gray (Windsor West)
 Guarnieri
 Harb
 Harvey
 Hubbard
 Iftody
 Jennings
 Karetak-Lindell
 Keyes
 Lalonde
 Laurin
 Lebel
 Leung
 Longfield
 Mahoney
 Maloney
 Marceau
 Marchi
 Martin (LaSalle—Émard)
 Matthews
 McDonough
 McKay (Scarborough East)
 McWhinney
 Mifflin
 Mitchell
 Murray
 Nault
 O'Brien (London—Fanshawe)
 Pagtakhan
 Parrish
 Peric
 Pettigrew
 Picard (Drummond)
 Pillitteri
 Pratt
 Proud
 Redman
 Riis
 Saada

Alcock
 Assad
 Augustine
 Bachand (Saint-Jean)
 Barnes
 Bélaïr
 Bellehumeur
 Bennett
 Bernier (Bonaventure—Gaspé—
 Bertrand
 Blaikie
 Bonin
 Borotsik
 Bradshaw
 Brison
 Bryden
 Byrne
 Calder
 Caplan
 Casey
 Cauchon
 Chan
 Clouthier
 Cohen
 Copps
 Cullen
 Debien
 Desrochers
 Dhaliwal
 Doyle
 Drouin
 Dubé (Madawaska—Restigouche)
 Duhamel
 Easter
 Finestone
 Folco
 Fournier
 Gagliano
 Gallaway
 Girard-Bujold
 Godin (Acadie—Bathurst)
 Graham
 Grose
 Guay
 Harvard
 Herron
 Ianno
 Jackson
 Jones
 Karygiannis
 Knutson
 Lastewka
 Lavigne
 Lee
 Lincoln
 MacAulay
 Malhi
 Manley
 Marchand
 Marleau
 Massé
 McCormick
 McGuire
 McTeague
 Mercier
 Minna
 Muise
 Myers
 Nystrom
 O'Reilly
 Paradis
 Patry
 Peterson
 Phinney
 Pickard (Kent—Essex)
 Plamondon
 Proctor
 Provenzano
 Reed
 Robillard

YEAS

Members

Government Orders

Sauvageau	Scott (Fredericton)
Sekora	Serré
Shepherd	Solomon
Speller	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	St-Hilaire
St-Julien	Stoffer
Szabo	Telegdi
Thibeault	Thompson (Charlotte)
Torsney	Tremblay (Rimouski—Mitis)
Turp	Ur
Valeri	Vanclief
Volpe	Wasylcia-Leis
Whelan	Wilfert —188

NAYS

Members

Abbott	Anders
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Cadman	Casson
Chatters	Cummins
Duncan	Epp
Gilmour	Goldring
Gouk	Grey (Edmonton North)
Hanger	Hart
Hill (Prince George—Peace River)	Hilstrom
Hoepfner	Jaffer
Kenney (Calgary-Sud-Est)	Kerpan
Konrad	Lowther
Lunn	Manning
Mark	Martin (Esquimalt—Juan de Fuca)
Mayfield	McNally
Meredith	Morrison
Obhrai	Penson
Ramsay	Reynolds
Ritz	Schmidt
Scott (Skeena)	Solberg
Strahl	Thompson (Wild Rose)
Vellacott	White (Langley—Abbotsford)
White (North Vancouver) —45	

PAIRED MEMBERS

Alarie	Asselin
Axworthy (Winnipeg South Centre)	Bakopanos
Canuel	Chrétien (Frontenac—Mégantic)
Comuzzi	Dalmond-Guiral
Dion	Dumas
Godin (Châteauguay)	Guimond
Kilger (Stormont—Dundas)	Kilgour (Edmonton Southeast)
Loubier	McLellan (Edmonton West)
Ménard	Mills (Broadview—Greenwood)
Normand	O'Brien (Labrador)
Perron	Richardson
Rocheleau	Rock
Tremblay (Lac-Saint-Jean)	Wappel

The Speaker: I declare Motion No. 8 carried.

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.) moved that the bill be concurred in.

• (1910)

Ms. Marlene Catterall: Mr. Speaker, I believe you would find consent in the House that the members who voted on the previous motion be recorded as voting on the motion now before the House, with Liberal members voting yes.

The Speaker: Is there agreement to proceed in such a fashion?

Mr. Chuck Strahl: Mr. Speaker, Reformers vote yes to this concurrence motion.

[*Translation*]

Mr. Stéphane Bergeron: Mr. Speaker, of course, Bloc Québécois members are in favour of this motion.

[*English*]

Mr. John Solomon: Mr. Speaker, NDP members vote no to this motion.

[*Translation*]

Mr. André Harvey: Mr. Speaker, members of our party are in favour of this motion.

[*English*]

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 187*)

YEAS

Members

Abbott	Adams
Alcock	Anders
Anderson	Assad
Assadourian	Augustine
Bachand (Saint-Jean)	Baker
Barnes	Beaumier
Bélaïr	Bélangier
Bellehumeur	Bellemare
Bennett	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	
Bertrand	Bigras
Blondin-Andrew	Bonin
Bonwick	Borotsik
Boudria	Bradshaw
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Brien	Brison
Brown	Bryden
Bulte	Byrne
Caccia	Cadman
Calder	Cannis
Caplan	Carroll
Casey	Casson
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Chatters
Clouthier	Coderre
Cohen	Collenette
Copps	Crête
Cullen	Cummins
de Savoye	Debien
Desrochers	DeVillers
Dhaliwal	Discepola
Doyle	Dromisky
Drouin	Dubé (Lévis)
Dubé (Madawaska—Restigouche)	Duceppe
Duhamel	Duncan
Easter	Eggleton
Epp	Finestone
Finlay	Folco
Fontana	Fournier
Fry	Gagliano
Gagnon	Galloway
Gauthier	Gilmour
Girard-Bujold	Godfrey
Goldring	Goodale
Gouk	Graham
Gray (Windsor West)	Grey (Edmonton North)
Grose	Guarnieri
Guay	Hanger
Harb	Hart
Harvard	Harvey
Herron	Hill (Prince George—Peace River)
Hilstrom	

Government Orders

Hoepfner
Ianno
Jackson
Jennings
Karetak-Lindell
Kenney (Calgary-Sud-Est)
Keyes
Konrad
Lastewka
Lavigne
Lee
Lincoln
Lowther
MacAulay
Malhi
Manley
Marceau
Marchi
Marleau
Martin (LaSalle—Émard)
Matthews
McCormick
McKay (Scarborough East)
McTeague
Mercier
Mifflin
Mitchell
Muise
Myers
Obhrai
O'Reilly
Paradis
Patry
Peric
Pettigrew
Picard (Drummond)
Pillitteri
Pratt
Provenzano
Redman
Reynolds
Robillard
Sauvageau
Scott (Fredericton)
Sekora
Shepherd
Speller
Steckle
Stewart (Northumberland)
St-Julien
Szabo
Thibeault
Thompson (Wild Rose)
Tremblay (Rimouski—Mitis)
Ur
Vanclief
Volpe
White (Langley—Abbotsford)
Wilfert—221

Hubbard
Iftody
Jaffer
Jones
Karygiannis
Kerpan
Knutson
Lalonde
Laurin
Lebel
Leung
Longfield
Lunn
Mahoney
Maloney
Manning
Marchand
Mark
Martin (Esquimalt—Juan de Fuca)
Massé
Mayfield
McGuire
McNally
McWhinney
Meredith
Minna
Morrison
Murray
Nault
O'Brien (London—Fanshawe)
Pagtakhan
Parrish
Penson
Peterson
Phinney
Pickard (Kent—Essex)
Plamondon
Proud
Ramsay
Reed
Ritz
Saada
Schmidt
Scott (Skeena)
Serré
Solberg
St. Denis
Stewart (Brant)
St-Hilaire
Strahl
Telegdi
Thompson (Charlotte)
Torsney
Turp
Valeri
Vellacott
Whelan
White (North Vancouver)

The Speaker: I declare the motion carried.

* * *

NUNAVUT ACT

The House resumed from May 28 consideration of the motion that Bill C-39, an act to amend the Nunavut Act and the Constitution Act, 1867, be read the third time and passed; and of the amendment.

The Speaker: Shall I dispense with the reading of the amendment?

Some hon. members: No.

[*Editor's Note: Chair read text of amendment to the House*]

The Speaker: The question is on the amendment.

● (1915)

Ms. Marlene Catterall: Mr. Speaker, if the House would agree, I would ask that you seek unanimous consent so that the members who voted on the previous motion be recorded as voting on the motion now before the House with Liberal members voting no.

The Speaker: Is there agreement to proceed in such a fashion?

Mr. Chuck Strahl: Mr. Speaker, Reformers are very pleased to vote yes to this amendment.

[*Translation*]

Mr. Stéphane Bergeron: Mr. Speaker, Bloc Québécois members oppose this motion.

[*English*]

Mr. John Solomon: Mr. Speaker, NDP members vote no on this matter.

[*Translation*]

Mr. André Harvey: Mr. Speaker, members of our party oppose this motion.

[*English*]

[*Editor's Note: See list under Division No. 185*]

The Speaker: I declare the amendment defeated.

NAYS

Members

Axworthy (Saskatoon—Rosetown—Biggar)
Desjarlais
Godin (Acadie—Bathurst)
Nystrom
Riis
Stoffer

Blaikie
Earle
McDonough
Proctor
Solomon
Wasylycia-Leis—12

PAIRED MEMBERS

Alarie
Axworthy (Winnipeg South Centre)
Canuel
Comuzzi
Dion
Godin (Châteauguay)
Kilger (Stormont—Dundas)
Loubier
Ménard
Normand
Perron
Rocheleau
Tremblay (Lac-Saint-Jean)

Asselin
Bakopanos
Chrétien (Frontenac—Mégantic)
Dalphond-Guiral
Dumas
Guimond
Kilgour (Edmonton Southeast)
McLellan (Edmonton West)
Mills (Broadview—Greenwood)
O'Brien (Labrador)
Richardson
Rock
Wappel

*Adjournment Debate***ADJOURNMENT PROCEEDINGS***[English]*

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

HEPATITIS C

Mr. Greg Thompson (Charlotte, PC): Mr. Speaker, tonight I am on the hepatitis C issue again. It goes back to the original compensation package that was announced by the government some months ago.

Many of us are concerned about the package because it only includes those innocent victims from the years 1986 to 1990. I think that most Canadians expect more than that for a number of reasons. We have to realize that these are innocent victims of a tainted blood supply.

• (1920)

Going back to the original Krever inquiry and the report of Justice Krever, he states that all victims should be compensated regardless of the years when they were infected. That is only fair.

As I have mentioned in this House time and time again, Canada by far is the number one country in the world. We are rated as the best country in the world by the United Nations. We are a very fair and a very generous country. Most Canadians want to see that fairness and generosity expressed in that compensation package.

We have had some pretty heated discussions in this House on that compensation package. Up to now those victims prior to 1986 are not being compensated. We do not have any consideration being given to those victims after 1990. We are talking I suppose conservatively about a group of people which could be less than 20,000. The government has led us to believe that the number could be over 60,000.

Unfortunately, the government cannot substantiate that number. One would ask why it would use a number that cannot be substantiated. I think the reason the government did that is that it might go beyond the government's capacity to pay if the number was large enough. That is the sort of convoluted logic in my way of thinking. That is why the hepatitis C association tells us that yes, the government officials inflated the number making it appear as if it was beyond the capacity of the government to pay compensation to those victims. The number is far less than that. Some experts put the number down as low as 8,000 to 12,000 yet to be compensated.

The good news out of all of this to this point, if there is any good news at all, if there is a little comfort we can take in what has happened is that the provinces and the federal government are back at the negotiating table. They are back today as we speak.

I think there is a glimmer of hope that the federal government might come up with something for those victims left outside the package. At the end of the day, it is not the provinces, it is not the provincial health ministers that are responsible for the safety of

Canada's blood supply system. Members know that the buck stops at the doorstep of the federal health minister. The federal health minister himself is responsible for the safety of Canada's blood supply system. He is back at the bargaining table with the provinces today.

I am hopeful that a package will be arrived at. We are looking for generosity on the part of the federal government on behalf of the Prime Minister and his government and we are hoping that is what happens in the next couple of days. We are hopeful that that will happen. What we want to see is simply compensation for all those innocent victims of a tainted blood supply system regardless of when they were infected.

Mr. Joseph Volpe (Parliamentary Secretary to Minister of Health, Lib.): Mr. Speaker, I want to take up where the hon. member left off with the themes of generosity and fairness.

I think he will be among the first to recognize that prior to the actions of the federal government and the minister, there was a reluctance to apply either one of those two terms to the entire process as seen through the eyes of the victims, those he quite rightly calls the innocent victims of a terrible tragedy in Canadian blood history.

He would also at the same time acknowledge that the federal government has acted with great generosity. It has acted with a great sense of fairness. It has acted with great deliberateness in bringing all of the partners together to the table.

He well knows that a mere one year ago these concepts were not even on the table. There was no discussion of compensation. The only issue was how well all the governments of Canada would disseminate information that would allow victims to deal with their sickness, with their disease in relative comfort.

We are now looking at a package arrived at, cobbled together by all the governments, the territories, the provinces and the federal government on, number one, a package of compensation. Equally important and perhaps even more so in the eyes of many is that there is an entire package for additional services for those who have been smitten by this disease.

Most of us have been taken up with the issue of compensating one group as opposed to another but there has never been a distinction on the part of the federal government. The idea was that it would act on behalf of all our citizens.

With due regard to the issue that the opposition have raised up until this point which is the question of avoidability, if governments could have acted differently and did not do so, then there should be compensation. But in all cases there should be at least a series of measures in place to allow people to live their lives as normally as possible under the circumstances.

The Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 7.24 p.m.)

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