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(HANSARD)

Thursday, October 1, 1998

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Thursday, October 1, 1998

The House met at 10 a.m.

Prayers

• (1005)

[*Translation*]

GOVERNMENT RESPONSE TO PETITIONS

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

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[*English*]

PERSONAL INFORMATION PROTECTION AND ELECTRONIC DOCUMENTS ACT

Hon. John Manley (Minister of Industry, Lib.) moved for leave to introduce Bill C-54, an act to support and promote electronic commerce by protecting personal information that is collected, used or disclosed in certain circumstances, by providing for the use of electronic means to communicate or record information or transactions and by amending the Canada Evidence Act, the Statutory Instruments Act and the Statute Revision Act.

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

* * *

PETITIONS

BILL C-68

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I am pleased to present a petition signed by constituents who are asking that Bill C-68 be repealed and that the hundreds of millions of tax dollars that are currently wasted on the licensing of firearms be redirected to more cost effective efforts of reducing violent crime and improving public safety, such as more police on the streets, more crime prevention programs, more women's crisis centres and so on.

MULTILATERAL AGREEMENT ON INVESTMENT

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I have a number of petitions to present concerning the multilateral agreement on investment.

This agreement was being negotiated at the OECD and was stalled in the spring of this year. Many of us hope that it will be stalled for good.

People continue to express their opposition to it, particularly in light of the decision this summer whereby the government had to back down from its ability to legislate in the environmental interests of Canadians because of a suit brought against it by Ethyl pursuant to chapter 11 of the NAFTA, which would be extended under the MAI.

Canadians continue to be very concerned about the possibility of an MAI, particularly one that contains an investor state provision, so I table these petitions.

* * *

[*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 would ask that all questions be allowed to stand.

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

Some hon. members: Agreed.

GOVERNMENT ORDERS

• (1010)

[*English*]

CANADA CUSTOMS AND REVENUE AGENCY ACT

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.) moved that Bill C-43, an act to establish the Canada Customs and Revenue Agency and to amend and repeal other acts as a consequence, be read the second time and referred to a committee.

He said: Mr. Speaker, I am pleased to rise in the House today to lead off debate on second reading of Bill C-43, an act to establish the Canada Customs and Revenue Agency.

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This bill represents a major milestone in the evolution of tax administration, customs service and trade administration in Canada. It is an integral part of our government's drive for better service for all Canadians.

The genesis of this bill is quite simple. It is built on five simple facts about tax collection. I would like to discuss those facts quite briefly. Flowing from those facts are five clear principles. Those principles, those values, I would like to describe in some detail for they are the principles, the values, which are the foundation of the legislation before us.

Fact number one is easy. Nobody particularly likes to pay taxes. The truth is that since the Prime Minister named me Minister of National Revenue I have not had a Canadian come up to me and say "Herb, my taxes are too low. Can you find a way to raise my tax bill?"

Fact number two is equally easy. We live in a country where millions upon millions of citizens voluntarily pay taxes. Something which we can all be really proud of is that in our country citizens voluntarily fill out their tax forms and remit the money they owe. In our society small businesses fill out their GST forms and send in the money owing. In our nation, millions upon millions of citizens make their declaration of customs openly and honestly.

This leads to fact number three. The reason Canadians pay their taxes is because we understand the imperatives of our democracy. We understand that we are rated number one in the world by the United Nations because of our health care, our support for young people, our support for senior citizens, our commitment to safety and security for families and our determination to bring out the best in our nation.

Canadians understand that meeting those objectives and rising to those ideals costs money.

Fact number four is the logical corollary of the other facts. Canadians want to ensure that the system is fair. We want to ensure that the system is as logical and straightforward as possible. Since we are so amazingly and willingly ready to pay taxes voluntarily, we rightly expect the system to be as modern, as intelligent, as streamlined and as service oriented as possible.

Fact number five is that there are two ways to improve the tax system. The first way is through changes to the tax law, which is something we address annually when the finance minister brings down his budget. The second way is to improve the structure of the tax system, to improve the process, to modernize the method of service, to modernize the method of management, to simplify the means of compliance and to eliminate overlap and duplication among the different levels of government.

Those are the facts and the realities on which our tax system is built. Those are also the facts which lead to the five principles, the five values of this bill. The principles and values are very simple. Canadians want service and fairness. They want to work in

partnership. They want accountability and modern management of resources.

● (1015)

This bill before the House of Commons will deliver what Canadians want: more efficient customs service; less federal-provincial overlap; lower compliance costs for businesses; more flexibility to meet a changing world; a more simplified system for taxpayers; less cost for Canadians.

We are talking about service for over 22 million taxpayers. We are talking about administering over \$600 billion in trade. We are talking about serving over 100 million travellers annually. We are talking about service for over 75,000 charities, service for nine million Canadians who receive GST credits, service for over three million parents who receive the child tax benefit.

Combining a new form of management structure with strong ministerial accountability and strong traditional Canadian values, the new agency will ensure better service for all those Canadians and for our country.

The introduction of this new agency structure will maintain parliamentary accountability to clients and to the public. The agency will be accountable to parliament and to all Canadians. The new agency will benefit from management practices that are characteristic of successful organizations outside of government. Yet the Canada customs and revenue agency will be part of the public service of Canada. It will be a vital component of our democratic parliamentary system.

We were told by Canadians that it is important that there continue to be ministerial accountability for how tax, tariff and trade systems operate. We have listened attentively and responded fully.

The Minister of National Revenue will be fully responsible for the agency to parliament. The Minister of National Revenue will still be responsible for the powers, duties and functions vested by the Income Tax Act, the Customs Act and all other program legislation. The Minister of National Revenue will still be able to direct how taxes are assessed, to seize and release goods, and to determine how import and accounting data should be processed. I will still be answerable to all members of parliament and through them to the citizens we are all elected to serve.

In Canada we have always made sure that individual taxpayers retain their privacy and are not subject to political influences. We have a longstanding practice in this country that the Minister of National Revenue does not become involved in interpreting the law in individual cases. The minister may however inquire into specific cases in order to guarantee fairness for all taxpayers. Questions are often asked in the House of the minister. The power of the minister to inquire into these matters and respond to the House will be maintained under the new agency.

Canadians will continue to have a Minister of National Revenue whose primary concern will rightly be to ensure that citizens are given the full benefit of the law. In short, Canadians' right both to impartial decision making and to redress through the minister will be retained.

Accountability and fairness are cornerstones of our Canadian system of revenue collection. These vital principles must and will remain paramount. Fairness forms the basis for the millions of tax, customs and excise transactions. It is at the heart of every communication Canadians have with tax officials on the telephone, or with our employees at the counter, or with customs officers while crossing the border. It underpins all our programs and services.

Notwithstanding an excellent record, we can and must do more. Last March I launched the fairness initiative to consult with individual Canadians and businesses on how fairly we administer our programs and to identify ways to enhance fairness. We have consulted widely and we will shortly have a report produced by an independent organization, the Conference Board of Canada.

• (1020)

I intend to issue a fairness action plan that will continue to ensure that Canadians continue to receive the fairest customs and revenue administration possible. Fairness is a fundamental priority for Revenue Canada and fairness will be a fundamental priority for the new agency.

Another fundamental priority for the new agency will be a true spirit of practical partnership with other levels of government and all Canadians. By working even more closely with the provinces and the territories, the new agency will be able to expand the programs and services that we provide.

I should point out that provincial participation will be completely voluntary. This is not a power grab by the federal government. In fact the agency's structure gives for the first time ever a real say to the provinces and territories in managing how we collect taxes.

Right now we administer social benefit programs for British Columbia, Alberta, New Brunswick, Saskatchewan, the Northwest Territories and Nova Scotia. We collect personal income taxes for nine of the provinces and we collect corporate income taxes for seven.

With the agency we want to create real opportunities for greater partnership with the provinces. We want to reduce overlap and duplication. We want to save money for the provinces. We want to save money for Canadians. What we are trying to build today is an organization that will create more win-win situations for tomorrow.

We are currently engaged in joint studies with several provinces on the feasibility of the new agency administering more of their

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programs. There is only one level of taxpayer and that taxpayer should only have to deal with one level of tax administration.

I should tell the House that my provincial counterparts generally like the concept of an agency. They see it as an important step toward pragmatic forward thinking reform on behalf of and for Canadians.

To guarantee that the provinces and territories truly have a central role to play in the new agency, they will nominate 11 of the 15 members of the new agency's board of management. This will provide for sensitivity to provincial and regional concerns. The members will be appointed by the governor in council. This board of management will bring a client oriented approach to the provision of services, and a more progressive and businesslike approach to management.

Operational accountability will not be as diffused under the agency as it is now under Revenue Canada. That is because the authorities for management and administration which are now shared among Treasury Board, the Public Service Commission and other government departments and agencies will be united under the new agency. The agency will be more directly accountable for the results it achieves. It will be accountable to parliament and to Canadians.

The move to new models in improving the efficiency, effectiveness and accountability of government services is a worldwide phenomenon. Countries like the United Kingdom, Australia and New Zealand with parliamentary systems similar to ours are all pursuing new administrative arrangements to improve service delivery to citizens.

Although the new agency will remain part of the public service, we propose to make important changes that will shift certain management responsibilities directly to the agency. Specifically, a modern tax and customs administration needs the flexibility to tailor its human resource systems, such as staffing, classification, training and recourse, to meet the needs of Canadians and to meet the needs of employees.

• (1025)

Presently the staffing process at Revenue Canada can take between six to twelve months. That is simply too long. Agency status will allow us to develop a staffing system that is faster, more flexible and more progressive in providing opportunities for employees and rising to the challenges and opportunities of the modern technological era.

The proposed Canada customs and revenue agency will provide us with the flexibility we need to meet the needs of the future head on.

More and more transactions are taking place through electronic commerce. Why not have a single, virtual office window for federal and provincial tax as well as customs administration? Why

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not employ a single business number approach to increase efficiency even further and yes, to enhance compliance as well?

My roots are in the business community. Because of this, I know firsthand just how important customs, trade and revenue administration can be to the well-being of a business. I believe that streamlining and simplifying procedures is a critical issue for the growth of Canada's business enterprises, and consequently for the growth of the Canadian economy.

Revenue Canada is already a leader in areas such as electronic tax filing. We would like to take those initiatives further by putting a framework in place that will allow us to expand the reach of our service to and for Canadians.

I want to emphasize that this is not an exercise in changing departmental organization charts. This is an exercise in changing our approach in how we do business, in how we deal with the people we serve.

We want to work together with all our partners for the benefit of Canadians. Even now, Revenue Canada is highly involved with formal and informal consultations that include business people, customs brokers and tax professionals among others. Their input was important in the preparation of the legislation that I am placing before this House.

Canadians want their system to be user friendly and transparent. They want it to be fair, where fairness means equal and efficient treatment. Canadians want us to minimize the costs of compliance with the tax system.

In January 1998 the Public Policy Forum released an important study on the costs of compliance with Canada's tax systems. The forum estimates that with a single administration, there are potential annual savings to Canadian business of between \$116 million and \$193 million. In addition, the forum estimates between \$37 million and \$62 million in potential savings in administration costs for governments.

The transition to agency status is a means to an end. It marks a realization of our commitment to fairness and excellent service for all Canadians, our commitment to work with the private sector and our commitment to maintain Canada's reputation as a world leader in revenue, customs and trade administration.

It is something else too: a new model for governance, where success builds on the blending of governmental accountability and private sector flexibility. The best of both worlds: one unified better way of doing business, one unified better way of serving Canadians.

The Government of Canada is working with all Canadians to address our shared needs and our individual aspirations, and to help ensure all of Canada's citizens can reap the benefits of building our country for the next millennium. What we have before this House

is an important stepping stone in that process. It is an opportunity to strengthen bridges among governments and on behalf of the Canadians we all seek to serve.

I believe that the creation of the Canada customs and revenue agency is a positive, a practical and a philosophically sound step forward.

• (1030)

What we want to create is an organization with a state of mind that is the state of the art.

The new agency promises to usher in a new era in revenue administration and customs administration as we enter into a new millennium; a new era of service, fairness, partnership, accountability and wise management of our resources; a new era that clings fast to values on which our country is built but meets the needs of our times and the times to come.

[*Translation*]

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Mr. Speaker, I am pleased to rise this morning to address Bill C-43. At the end of my speech, we will introduce an amendment to this legislation.

The Bloc Québécois and myself are totally opposed to this bill. As you may remember, the government first announced the creation of the Canada Customs and Revenue Agency in the Speech from the Throne delivered in 1996.

At the time, the government had defined a number of objectives for the agency. First, to provide programs and services in a more efficient and cost-effective manner, through greater autonomy and flexibility. Second, to improve services and reduce administration and enforcement costs by working with the provinces to eliminate duplication and overlap. Third, to strengthen the effectiveness of the Canadian federation and to contribute to national unity by making the agency responsible for providing federal, provincial and even municipal services to Canadians.

Before explaining why we are totally opposed to this bill, let us take a look at each of these objectives.

Let me begin with the third one. That objective mysteriously disappeared when the second progress report was tabled, and it is obvious that the agency as proposed will not contribute to the effectiveness of the Canadian federation and to Canadian unity.

The second objective is doomed from the start, since none of the provinces has agreed to enter into any agreement with the federal government so far. The provinces are very unenthusiastic about the establishment of such an agency. Quebec, for one, is formally opposed. While not being totally against the idea of the single level of taxation referred to by my hon. colleague, the minister, Quebec feels that tax administration should be a provincial responsibility.

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Ontario's opposition is even stronger than that of Quebec. In fact, the Minister of Revenue of Ontario recently stated he was considering the possibility of taking over personal income tax services. As we know, in Ontario, personal income taxes are currently collected by the federal government. The minister now wants to look after it at the provincial level.

The maritimes are very unenthusiastic because the program to harmonize the sales tax is not producing the expected results, in spite of the fact that this new approach to tax collection has cost Canadian taxpayers over \$2 billion.

• (1035)

Also opposed are all western provinces, except Manitoba, whose premier suggested it might be worth looking into. The premier of Manitoba may be looking for a job opportunity after he leaves politics. After all, the position of agency commissioner is an attractive one with an attractive salary. The commissioner would be appointed for a term of five years, which is renewable, so that he could hold office for several years, making very good money.

In the face of this opposition, Revenue Canada's spokesperson, Michel Cl  roux, explained that the provinces had not said no. That is not a very good explanation.

Returning to the first objective, which was to provide more efficient programs and services at a lesser cost. First, I do not believe the agency will produce the promised savings. Right from the start, those promoting it accepted that the greatest savings would come from harmonizing taxation. I would remind you, however, that, as we all know, extension of the harmonized sales tax flew like a lead balloon.

Another thing, the proposed agency will not require the provinces to pay for collection and processing of their taxes if the provincial programme is fully harmonized with a federal taxation program. This so-called free service represents an increase in agency costs, not a decrease.

The agency's status will also enable its executives to pay themselves salaries comparable to those of business leaders in the private sector. Will the agency commissioner, who will have responsibility for hundreds of thousands of people, and billions of dollars, demand to earn the same amount as the President of the Royal Bank? Will his annual salary be up in the millions? Those are questions that need to be asked.

Regardless of the position one adopts on this, one cannot avoid acknowledging that this is a new expenditure coming at a time when the morale of public servants who are not in executive positions is suffering seriously after a six-year freeze. It must not be lost sight of that, since April 1, the present government has awarded its executives raises of up to 19%.

The agency has already cost the taxpayer a fair bit. Thousands of departmental employees have been involved in design teams and other internal exercises aimed at turning the dream of senior management into reality. A good part of the focus of Revenue Canada has been turned away from more important and more pressing matters which the minister ought to have been looking at.

I will give you an example. You will recall a CBC program, which reported that, according to Department of National Revenue documents, over 500 of the 1,500 auditor positions in the Toronto region were vacant. This situation would mean a shortfall for the federal treasury in this region of over \$500 million in 1997.

If we apply this to the rest of Canada, we estimate the loss would be over \$2 billion, due to the lack of Revenue Canada auditors.

• (1040)

There is another point I wish to make: the agency would be less effective as a solution than the status quo. The myth surrounding the agency is that it could provide tax services more cheaply and more effectively. However, the structure proposed for the new agency adds another level of bureaucracy in the form of an appointed board of management, which would have nothing more than a supervisory role. Nevertheless, time, money and staff must be provided for the board and its staff. This would mean another level of bureaucracy.

At the same time, the Canada Customs and Revenue Agency would report to Treasury Board on administrative matters, such as its activity and human resources plans.

Another point I wish to address is that this agency would seriously weaken the Department of National Revenue. By removing the agency from the direct supervision of the minister's office, the bill would seriously weaken the Department of National Revenue's bureaucracy. The minister would receive a corporate business plan from the agency in which he would have a very small hand, or none at all, making it practically a fait accompli. The minister would be told what to do.

Fourth, the agency would upset the balance between tax policy and tax collection. There is, at the present time, a healthy balance between the structure and tax policy, which should be left up to the department and the Minister of Finance, and enforcement of this policy, which is the responsibility of the Minister of Revenue and his department, the Department of National Revenue.

The agency's status would upset this balance. The agency's bureaucrats would inevitably launch into a turf war with their Department of Finance counterparts. This would be a costly and unproductive exercise that would serve the interests of no one but the mandarins.

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Fifth, the agency would open the door to bureaucratic patronage and the abuse of power. In practice, the agency would have carte blanche with respect to contracts, and with respect to the management of property, materiel and information, as well as technology. With limited outside oversight, the risk of favouritism and abuse of power by bureaucrats is very, very high.

Sixth, the agency would pose a threat to taxpayers' privacy. My colleague, the hon. member for Sherbrooke, mentioned this yesterday in a question having to do with the report tabled by the auditor general. If the agency were actually to achieve its objectives, personal information would be concentrated in a large organization not overseen directly by Parliament.

Moreover, internal departmental documents indicate that creation of a "big brother" raises reservations among some of those involved with privacy issues. We share those concerns.

What do the experts and the business sector think of this agency? Nothing good. In his report of December 1997, the auditor general voiced concerns about the responsibility of the proposed agency by asking "What assurance will the people of Canada and parliamentarians have that the public interest is protected?". I share Mr. Desautels' concerns.

As well, a Public Policy Forum, or PPF, study commissioned by Revenue Canada reported that Canadian business had serious reservations about the creation of this agency.

• (1045)

The PPF report referred to the agency's objective of rationalizing and simplifying tax collection. However, 40% of the businesses the foundation surveyed saw no advantage to a new national collection agency and over 68% felt that such an agency would add to their compliance costs, or have no effect whatsoever.

As we have seen, then, the promise of a single tax collection agency did nothing to bring about the harmonization of taxes in all provinces. If this harmonization did take place in the three Atlantic provinces, that is because they were paid \$2 billion while Revenue Canada was a department, and not an agency.

A serious question arises: how many billions will the provinces have to be paid to gain their participation in this project?

Continuing with outside commentaries, I quote a Canadian Press article by Bruce Cheadle, which appeared in the *Halifax Chronicle-Herald* on February 9, 1998, stating that some observers see the agency as a pretext for getting rid of employees or increasing executives' salaries, or both.

Professor Vern Krishna, head of the CGA Tax Research Centre at the University of Ottawa, is quoted as having said: "—what are the advantages? Mainly, a little less direct control by government, and

in particular a little more leeway with employee salaries—This is not as fabulous a concept as they would have the public believe".

An associate with the Montreal firm of Raymond, Chabot, Martin, Paré & Associates—or RCMP, as it is known in Quebec—said that the "creation of the customs and revenue agency would, in every respect, amount to an abdication of political power". That comment was made in the March 1998 issue of *CA Magazine*. It was not made three years ago, but in March of this year.

One has to wonder. Why has the government developed this bad and even compulsive habit of creating agencies? This is, as the spokesperson for RCMP pointed out, an abdication of political power. We have a number of examples of that pattern. The new Canadian wheat agency just started its operations and people are already bickering. Nothing works.

And let us not forget Nav Canada, which cost millions of dollars. Remember what happened. Nav Canada said that all its employees would keep their jobs for at least two years. Now, 30% of the employees who were guaranteed a job for two years will actually lose their job after just 18 months. Will these job cuts jeopardize the safety of airline personnel? That is one concern we have regarding Nav Canada. Is this yet another meaningless commitment made by the government?

Another example that really fires me up is ADM, the Agence des aéroports de Montréal. Remember the mess in which the agency found itself in February 1997, when it decided to transfer international flights from Mirabel to Dorval. That decision was made unilaterally by dictators, without any regard for what people thought. A year and a half later, it is still a mess and nothing works.

Bloc Québécois members put questions to the Minister of Transport regarding ADM, but he told us he could not do anything, that the agency had total control.

• (1050)

Since when do these agencies have the authority to spend taxpayers' money without having to answer to anyone? It is highly improper.

In conclusion, I think that the government finds the present human resources system to be in need of improvement. Rather than make changes to Revenue Canada's present system, it prefers to create a completely new external body.

In the face of this admission, we can also conclude that the government feels that federal employees are being paid at rates well below those of the private sector. Rather than raising the pay scale for all present positions, the government prefers to create a structure within which it will be easy to pay salaries that will attract and keep excellent employees.

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The following question then arises: Can two people performing the same duties, or doing the same type of job, one employed by the agency and the other employed by a department, be paid at different rates? That is what I am asking.

In closing, I would like to move an amendment to the motion for seconding reading of the bill.

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

"Bill C-43, An Act to establish the Canada Customs and Revenue Agency and to amend and repeal other Acts as a consequence be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject-matter thereof referred to the Standing Committee on Finance."

[*English*]

The Acting Speaker (Mr. McClelland): Debate is on the amendment and I recognize the hon. member for Calgary Southeast.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I am pleased to rise in debate on Bill C-43. I wish to congratulate the minister. It has only taken him 15 months to get his major legislative proposal before us. After saying that it would come here last fall and then last spring, it is finally here. If the minister is lucky it will be passed by the end of the century.

Clearly the minister has enormous pull with the government House leader as well as with bureaucrats in the finance department who we know have been fighting over the loss of control they may face as a result of the bill. I do wish to congratulate the minister on finally managing to bring it before us.

• (1055)

The concept was unveiled in the throne speech of February 1996. It has taken the government two and a half years to flesh it out. It was one of its big ideas, one of the grand schemes, one of the great Liberal projects to create this super tax agency, this IRS style agency which would be removed from direct oversight and accountability to the people's representatives in parliament.

However, when the government took the original versions of the bill around for review and input it saw that Canadians actually believed in something called parliamentary accountability and ministerial responsibility. We are pleased to see that consequently the government made some modifications to its earlier legislative proposals and has mentioned the minister in the act at least a few times.

The grand scheme, which the Liberals proposed two and a half years ago in the throne speech and which the Minister of National Revenue has been out on the road flogging for the past year, has turned out to be not such a grand scheme at all. In fact it is a whole

series of administrative changes which simply does two things: creates more bureaucracy and less parliamentary accountability.

The stated purpose of Bill C-43 and the creation of the Canada customs and revenue agency is to create greater efficiency in the tax collection process, to create greater administrative flexibility, and to strengthen the federation through the creation of a single national agency. These are all marvellous motherhood objectives but we have to look closely at whether the bill actually achieves them.

First, with respect to efficiency the minister quoted in his speech a study conducted by a public policy forum in his department which reviewed the efficiency costs and studied cutting the cost of tax collection down to size. It suggested that there might be cost savings in compliance of about \$170 million and further potential savings in administrative costs of about \$100 million. This was quoted by the minister in his speech.

What the minister did not quote was that the entire study and these cost saving estimates were predicated upon a national revenue agency which collects all provincial taxes for all provincial governments. Clearly that will not be the case. The study demonstrates that if there are to be any cost savings they will come from the participation of the provinces. When we listen to the provinces what do we hear? Silence.

The Minister of National Revenue has been criss-crossing the country over the past year. I actually bumped into him in the hallways of one legislature going in to see the finance minister of Alberta. I am sure he has been working very diligently, along with his officials, to persuade provincial finance ministers to believe that letting federal bureaucrats collect their taxes is a good idea.

However, sorely the minister's efforts have produced no proof. Not a single province at this point has indicated that it is prepared to participate in the CCRA, the proposed Canada customs revenue agency, and several provinces have stated their outright opposition, most notably the province of Quebec.

[*Translation*]

The Quebec minister of finance, Mr. Landry, said in a letter to my office that "Quebec opposes the federal government's intention to centralize all of the tax revenue collection activities in one cross-Canada agency. We already have our own department of revenue, which collects all taxes in Quebec. In 1982, we took over the administration of the federal goods and services tax, the GST, and we have proven our efficiency by providing a top quality service to Quebec taxpayers".

[*English*]

We have received similar responses from the finance ministers of British Columbia, Ontario and Alberta, all of whom indicate that they have not seen anything compelling in the government's proposal for the CCRA which would persuade them to participate.

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The provincial treasurer of Alberta wrote in a letter to me that he was “concerned that such a large agency might become bureaucratic, unwieldy and aggressive in its dealings with taxpayers, and Alberta will want to know how the federal government plans to address these issues”.

• (1100)

Of course the biggest province, Ontario, which produces about 40% of the tax revenues in this country has taken the position that is almost completely contrary to where the federal government is going.

It says it is actually prepared because of federal interference to pull out of the federal-provincial income tax collection agreement so it can begin to tax directly on income as opposed to taxing on federal tax. It wants greater flexibility, greater autonomy and greater accountability to its own provincial taxpayers rather than greater centralization in Ottawa.

In fact, the minister of finance of the province of Ontario said to me in a letter from last year:

Ontario is unable—due to a lack of information—to assess whether the CCRA will provide improved services, at lower costs, to Ontarians.

In the 1997 Ontario budget, I indicated that we have significant concerns with the current arrangements for setting and collecting Ontario's income tax. Ontario has suggested that the discussion about the creation of a new agency should include a review of the framework under which the provinces can make policy changes in harmonize tax arrangements. The province must have the capacity to adjust its tax policies to appropriately reflect the provincial needs, regardless of the method of collection and administration.

And so we see that this grand scheme of the minister and government to have all the provinces participate in one mega tax collection agency has fallen on cold ears and has not been received positively. Any punitive efficiency costs, administrative savings would not be realized without the participation particularly of the larger provinces.

Not only is it provincial governments who elect not to participate that will create inefficiencies but 40% of businesses surveyed in the public policy forum study saw no advantage to a single tax collection agency and 68% thought that a single tax collection agency would increase, not decrease, compliance costs or have no impact at all. The minister has not been able to persuade businesses and the business community in Canada that this proposal would create efficiencies in terms of compliance.

We can look further at the other provinces. Not only are Alberta, Ontario and some of the western provinces talking about pulling away from their involvement with the federal tax policy but so are some of the Atlantic provinces. The province of Nova Scotia is considering removing itself from the HST, the harmonized sales tax, or as it is known on the east coast the BST, by going back to the original retail sales tax.

The Government of Prince Edward Island, which never committed to the HST, which was seen as a step on the way to a single tax collection agency, has committed itself in its election policy not to adopt the HST.

It is not hard to understand why the provinces would be so sceptical about participation in this grand federal scheme given the paternalistic attitude of this government with respect to the sovereignty and the democratic responsibilities of the provinces. Just look at how this federal government has responded to the good faith constructive initiatives taken by the provincial governments this summer at their Saskatoon assembly with respect to the social union proposals.

Instead of responding positively and affirmatively, engaging in a constructive dialogue, the federal government just brushes the provinces aside, reminding the provinces and reminding taxpayers that this is precisely the same government which pontificates about the importance of national policy in matters like health care but which proceeded in the last term of government unilaterally to cut \$7 billion without consultation or forewarning social transfers for health care and education.

The federal government slaps the provincial governments by taking \$7 billion away from critical social programs and slaps them again by lecturing them about the importance of those very programs which it has slashed and then the provinces come up and suggest a renovation of social policy between the federal and provincial governments through the social union recommendations. The federal government slaps them again by saying we don't care what recommendations you come up with, we are going to proceed unilaterally.

Is it any wonder that the provincial ministers of finance and premiers would be so unenthusiastic in their response to the revenue agency proposal?

• (1105)

Finally, with respect to efficiency one could argue that this act without the participation of the provinces would in fact result in greater inefficiency because what we have here in Bill C-43 is an act which creates a new bureaucracy. It creates a new board of governors with no clearly defined role in the governing structure of the proposed agency.

This bill creates a new commissioner, a new patronage position to be appointed by the government. It creates an entire new apparatus for the governance of Revenue Canada without any assurance that the provinces will be participating and that governance structure is even necessary. We would like to know exactly what the costs involved are in the creation of these new bureaucratic processes in this bill.

Government Orders

The second punitive objective of this bill is to create greater administrative flexibility. The minister rightfully points out that under the very strict, burdensome and bureaucratic employment and management guidelines of Treasury Board, Revenue Canada is finding it increasingly difficult to hire and maintain high quality, well trained people in an extremely competitive labour market.

The minister points out, as we have heard from recent media reports, that this is a particularly critical problem with respect to tax auditors in certain regions of the country such as southern Ontario. We have an unacceptably high level of turnover with respect to skilled auditors who can find considerably greater levels of compensation in the private sector than they can working under the unreasonably bureaucratic regulations of Treasury Board.

This is a serious problem because Revenue Canada is an enormous department. It is an enormous bureaucracy with approximately 40,000 employees who constitute approximately 20% of the public service of Canada which raises about \$1 billion a day with operational expenses approved by parliament of about \$2.3 billion per year.

We agree that in such an enormous federal bureaucracy we ought to aspire to greater flexibility in the administration of human resources and the management of personnel and their compensation.

We agree that government ought to operate more like business and less like bureaucracy. We believe that there ought to be incentives for efficiency in the public sector and that good people should be paid more. There should be a greater consideration of merit as opposed to bureaucratic schedules in the compensation of employees at Revenue Canada and in all other government departments.

I am very intrigued by the progress made in this respect by the governments of the United Kingdom, New Zealand and others, as mentioned by the minister in his speech, that have been able to achieve greater administrative flexibility and operate in a more business like fashion through the adoption of more flexible policies.

But it is not necessary for the government to adopt the agency or to pass this legislation or to diminish parliamentary accountability in order to achieve those savings, efficiencies and incentives. All the government needs to do is pass legislation amending the Public Service Employment Act and other statutes exempting Revenue Canada from Treasury Board guidelines.

We requested and received an opinion from the Library of Parliament research branch on this very question. We said it is possible for this parliament to give the minister of revenue the flexibility to pay his best people more, to operate in a more

business like fashion with greater incentives and less bureaucracy without adopting an agency superstructure and diminishing accountability. The answer from the Library of Parliament was indeed it is possible. From its report of May 29 of this year: "The Public Service Commission could seek an amendment to the Public Service Employment Act to exempt the department from the staffing requirements under the act. Alternatively, the department could be given authority for its own staffing under another act of parliament".

At the current time the Treasury Board and the Public Service Commission have responsibilities for different aspects of the human resources regime in federal government departments, including Revenue Canada.

• (1110)

In sum, it simply is a ruse for this minister to argue that he needs to create another bureaucracy through the CCRA board and commissioner, that he needs to jeopardize parliamentary accountability and ministerial oversight in order to achieve New Zealand and United Kingdom style efficiency gains. Those gains can and should be made through normal legislative changes without jeopardizing accountability and the minister, I think, knows this.

There is no reason why the Department of National Revenue should be isolated in this effort to find greater efficiencies and more business like incentives. If the minister of revenue really has a problem with the way the Treasury Board guideline restricts his ability to hire people and manage human resources, he ought to go before the cabinet and suggest that all these statutes governing Treasury Board guidelines for personnel be changed and amended as we would strongly support.

That takes us to the question of accountability. This really is our central concern. Originally in the early drafts of this legislation the government had really proposed the adoption of an IRS style management structure where the revenue agency would become a quasi crown corporation responsible in name only to the minister and through him to parliament. But for all intents and purposes executive authority in this enormous tax collection bureaucracy would be centralized in the hands of a commissioner and a board of directors.

We and many other Canadians, businesses, provincial governments, stakeholders made it clear that we would simply not accept such a radical diminishment of parliamentary oversight and democratic authority in Revenue Canada or its successor agency. We are pleased again to see that the government responded to some of those concerns by bringing the minister back into the scope of the act. But our concern is still that there will be a transfer of executive responsibility, of policy making authority to the commissioner of the proposed agency and his or her board.

Government Orders

This is something which the auditor general has flagged as an absolutely critical issue for this parliament to consider. In his report in December of last year the auditor general said that the new Canada customs and revenue agency is "an extremely and critically important one" to watch because of the nature of taxation and revenue collection within a democracy.

He said also that he is concerned with "substantial amounts of money that are being put into the hands of arm's length organizations and that new ways of spending may also diminish parliamentary control over government activities". He pointed to the \$800 million innovation fund administered by an arm's length organization and the millennium fund which could be as much as \$240 million. The auditor general is worried about the effectiveness of parliament's accountability regimes which contribute to the overall health of our democratic institutions. He said that as the structure of government and the ways it functions are modified, it is important to preserve the accountability and oversight for elected representatives.

That is about as clear a signal as we can get from the man we charge to ensure the government spends and operates in an accountable manner. He is saying we ought to be concerned about the potential for diminished accountability here.

This really is an important principle because the whole history of parliament is a history of the common people rising up against the abuse of executive or in the past royal authority principally in the collection of taxes. Historically parliament's central *raison d'être* was the oversight of the tax collection power of government, of the executive branch, because the power to tax is the power to destroy. It is an awesome power. The powers we invest in the Minister of National Revenue are almost police powers. We grant to him and he grants to his officials the power, the government's monopoly, the state's monopoly on coercive power.

• (1115)

All too often this coercive power is abused. Even though the minister theoretically controls the department and is responsible to parliament, every member of this place knows of outrageous and scandalous instances where officials of the Department of National Revenue have exceeded appropriate bounds in the tax collection process.

I have raised a number of these cases in the House over the past year. Let me review some of them to remind us why accountability is so important.

Let me remind the minister of the case of Ms. Janice Collingridge of Calgary. Ms. Collingridge is a severely handicapped quadriplegic who is unable to speak. She is in a low income

situation, such that the government of Alberta provides her with a subsidy to contract homecare workers to assist her in her daily duties.

It turns out that a couple of years ago Ms. Collingridge managed to use some modern technology to type out on a computer a schedule for her homecare workers to come by at certain times of the day and to give them certain chores and responsibilities. The tax dogs at Revenue Canada found out about this terrible act on the part of Ms. Collingridge, this work schedule that she had produced, and they said "Ms. Collingridge, we are afraid that, based on the fact you created this schedule, these homecare workers we regard as employees of yours who are now obliged to pay payroll taxes and you are now liable for back payroll taxes of about \$5,000".

A non-verbal, low income quadriplegic gets dragged into the Tax Court of Alberta at Calgary by this minister's officials to try to force her to give this government \$5,000 for supposedly withholding payroll taxes for people who were there helping her live on a daily basis, supplied by the provincial government. I say shame on this minister and his department and this government for allowing that kind of rabid abuse of power to occur. This is what happens when the enormous power of tax collection is abused.

There are dozens of cases like this that I have reviewed in the past year alone. Let me review the case of, for instance, the Ethier family of Alberta who was assessed about \$2,000 because a disability credit was terminated by the minister's tax police. Mrs. Ethier was disabled and unable to dress her upper body without assistance. Her doctor wrote in a medical report that she was unable to perceive, think or remember to the extent that she was limited in the ability to do personal care or manage personal affairs. In other words, she was seriously disabled. Medical reports clearly indicated this condition, but despite this evidence Revenue Canada officials ignored her medical reports and persisted with their re-assessment to deny her disability credit. Revenue Canada ruled that she could work when the doctors said she could not.

This is a curious position because her own doctor said "She constantly needs supervision". This is the kind of hard-hearted, cruel tactics sometimes employed by the minister's tax cops.

[*Translation*]

Let us talk about the case of Régent Millette of Laval, Quebec. His is a good example of the extraordinary tax collection powers of the government. Mr. Millette wrote my office to tell me about the many difficulties he had experienced in recent years, when his property was seized and his family and friends, including his 91-year-old mother, were harassed. He had a very difficult time coming up with enough money to meet the needs of his family. The problems he was facing pushed him to the brink of suicide.

Government Orders

• (1120)

When his case came up in court, the judge, Mr. Justice Jean-Louis Beaudoin, said “The law is the law, and we must apply it. This is the only reason I support the opinion of my colleague, but I deplore the cavalier and clearly abusive fashion—”

The judge himself said that Revenue Canada officials had used illegal means to collect the money.

[English]

Finally, I raise the case of Suzanne and John Thiessen of Manitoba. They had confidential income tax information leaked to the Manitoba Public Insurance Corporation without their consent. We raised this case in the House and the Minister of Revenue said “We have provisions to ensure the confidentiality of information at Revenue Canada”.

If that is the case, then why have I received several similar reports of leaked tax returns going to a crown corporation in Manitoba without the authorization of these taxpayers?

These are all reasons we need not to diminish accountability in the tax collection process, as the minister proposes to do in the bill, but rather to enhance accountability to ensure that cases like the Collingridge case, the Millette case and the Thiessen case cannot happen, and that if they do happen, somebody, namely the minister, is going to be on the hot set and accountable to the democratically elected representatives of taxpayers.

We propose to do precisely that through the adoption of a taxpayer bill of rights. Let me be clear. We would be prepared to consider supporting the bill because of the potential gains in terms of efficiency and flexibility in administration if the government were to adopt a taxpayer bill of rights with teeth to put the rights of taxpayers ahead of the tactics used by the tax collectors in the process.

Today we have released and tabled our draft taxpayer bill of rights which would enshrine the rights to due process in the tax collection process and the presumption of honesty on the part of taxpayers. Now we have something called the declaration of taxpayer rights which is really just a gimmicky slogan that people find in brochures which the government distributes. It has no statutory authority. We are calling upon the government to pass a law which would enumerate the rights of taxpayers in the audit, assessment and collection processes of the revenue department or future agency.

The rights that we would enumerate in the taxpayer bill of rights would include the right to understand tax laws. Lay people should have access to the tax laws in plain language, not in the kind of incomprehensible gobbledegook which is found in the 1,300 page Income Tax Act.

We would include a right for taxpayers to be treated in a professional and courteous manner, for taxpayers to be able to complain about poor treatment or service, to receive a written

response from officials at the agency or department and also the ability to appeal such a response.

We would grant taxpayers the right to pay the amount of tax required by law and not a penny more. Government officials would be obligated to inform taxpayers in cases of overpayment.

We would provide taxpayers with the legislated right to know the purpose for which information is being requested and information on exactly what penalties are applicable if that information is not provided.

We would include the right for taxpayers to represent themselves or appoint someone to act in their place in any dealings with Revenue Canada or the CCRA, as well as the right to record any and all meetings with revenue officials without being required to give notice of doing so.

We would continue to give taxpayers the right to appeal revenue rulings, first administratively through the appeals branch and later through the courts. We would have Revenue Canada waive penalties and interest wherever it can be shown that a taxpayer acted in good faith and without the intention to evade, or relied upon incorrect advice provided by revenue officials.

• (1125)

I could mention numerous cases where revenue officials have given inaccurate information, taxpayers in good faith have taken it and ended up finding themselves being penalized for having done so.

In cases where penalties and interest can cause severe financial hardship or in cases where reassessments can be proven to cause severe financial hardship, alternative arrangements should be made available through abatement or negotiated repayment schedules.

Finally, where fraud or evasion are suspected, Revenue Canada officials would be permitted to seize or freeze assets after first demonstrating a compelling reason for which such action must be taken. Taxpayers would have the right to complain to the office for taxpayer protection, which we would create in this taxpayer bill of rights, in cases where the seizing of assets can be expected to create serious financial hardship for others, such as employees or family members.

This is just a brief summary of some of the rights that we think could be incorporated in such a statute, but we would invite input from all members, parties and Canadians on how to strengthen a statutory protection like this.

The bill that we propose in terms of a taxpayer bill of rights would, as I have mentioned, be enforced by the office for taxpayer protection. He or she would be an officer of parliament, similar to the auditor general, who would report to parliament and would be asked to provide us with a summary of at least 25 of the most serious problems encountered by Revenue Canada or the revenue agency in a given year.

Routine Proceedings

The taxpayer ombudsman would be empowered to issue taxpayer protection borders where necessary to protect taxpayers from arbitrary treatment that could lead to undue financial hardship. He or she could act as an advocate of last resort for taxpayers who feel they are being treated unfairly or in an unjust or arbitrary manner by revenue officials.

He or she could assist taxpayers in resolving disputes with the revenue department or agency, could identify areas where taxpayers have been consistently having problems with the agency and could offer some recommendations on how these problems could be resolved.

Finally, the taxpayer protection officer could make recommendations to parliament about proposed changes to the administrative practices of the revenue agency in order to minimize problems incurred by taxpayers.

This is not a completely novel idea. Recently many Canadians heard about the scandalous revelations before the United States Senate finance committee on the operations of the Internal Revenue Service. As a result of the horror stories that were told by many taxpayers, the Government of the United States, the Congress and the presidency have adopted a new taxpayer bill of rights, which includes many excellent ideas which, again, give the presumption of innocence to honest taxpayers in the collection process.

We want to remind the government that it does not matter how much it tinkers with the tax collection process, that unless and until we see fundamental reform of tax policy in this country, giving the provinces greater flexibility to administer their own tax laws and getting this destructive 1,300 page Byzantine tax code that nobody understands, under control, and until we provide Canadians with real tax relief, people will not have faith in the tax collection process.

Jean-Baptiste Colbert, the finance minister to Louis XIV, said that tax collection consists of plucking a goose so as to produce the most amount of feathers with the least amount of hissing.

It seems that that is the objective of this government. It is goose plucking and trying to do so in the most efficient way possible. However, the reality is that Canadians are overtaxed. They are overburdened by an enormous tax code, by a department of over 40,000 people, sucking up enormous resources that could otherwise be directed to productive private sector employment and economic activity. Instead, billions and billions of dollars in this economy are wasted by businesses and taxpayers in complying with the enormous and out of control Income Tax Act.

The official opposition will oppose Bill C-43 unless the government responds to our call for the adoption of a taxpayer bill of rights with teeth and the creation of an office for taxpayer protection to enforce that act.

• (1130)

Furthermore, we really are not that interested in this government's plans for continuing to pluck \$160 billion out of the pockets

of Canadian taxpayers. We want to see tax relief and fundamental tax reform. I call upon the government and this minister to start moving in that direction.

ROUTINE PROCEEDINGS

[English]

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I rise on a point of order. I think you will find that there is unanimous consent for the following motion.

That the 36th report of the Standing Committee on Procedure and House Affairs regarding the membership and associate membership of the standing committees of the House be deemed tabled and concurred in.

The Acting Speaker (Mr. McClelland): Does the parliamentary secretary have the unanimous consent of the House to move the motion?

Some hon. members: Agreed.

The Acting Speaker (Mr. McClelland): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

FINANCE AND PUBLIC ACCOUNTS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I think you will find that there is also unanimous consent for the following motion:

That the following standing committees be permitted to meet later this day for the purposes of Standing Order 106:

Finance at 1.00 p.m.

Public Accounts at 3.30 p.m.

The Acting Speaker (Mr. McClelland): Does the hon. parliamentary secretary have the unanimous consent of the House to move the motion?

Some hon. members: Agreed.

The Acting Speaker (Mr. McClelland): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Government Orders

Some hon. members: Agreed.

(Motion agreed to)

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, similarly I think you will find unanimous consent for the following motion:

That the 37th report of the Standing Committee on Procedure and House Affairs regarding the selection of votable items in accordance with Standing Order 92 be deemed tabled and concurred in.

The Acting Speaker (Mr. McClelland): Does the hon. parliamentary secretary have the unanimous consent of the House to move the motion?

Some hon. members: Agreed.

The Acting Speaker (Mr. McClelland): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

GOVERNMENT ORDERS

[English]

CANADA CUSTOMS AND REVENUE AGENCY ACT

The House resumed consideration of the motion that Bill C-43, an act to establish the Canada customs and revenue agency and to amend and repeal other acts as a consequence, be read the second time and referred to a committee; and of the amendment.

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, I too wish to say a few words on the bill that is before the House today.

It is a bill to establish a taxation agency. In other words, it takes the function that Revenue Canada now has away from Revenue Canada and establishes a taxation agency which would have sweeping powers to administer not just income tax at the federal level and to collect that tax, but to collect income tax at the provincial level, to collect the federal GST, to collect provincial sales taxes, to collect liquor taxes, gasoline taxes and eventually down the road to collect taxes from municipalities. That is the purpose of the bill before the House today.

It is a very important and fundamental change in the administration of taxes in this country. It is a bill that deserves a lot of attention by members of this House in terms of whether or not we want to go in this direction as a country.

The minister spoke this morning. He told us that there are a couple of important reasons for proposing this legislation. I want to review those very briefly. He said it is important that we have a federal-provincial tax agency that the provinces and federal government subscribe to in terms of collecting taxes. He said that this agency would be more efficient, would save money and so on. I raise a few concerns about this because of what I see happening in the country.

On the question of provincial-federal co-operation, if that were the case it would be an excellent theory. As I read the country around me, I find there is very adamant opposition to this by the provinces of Quebec and Ontario. Right there, two provinces representing around two-thirds of the population of the country are opposing this bill. Saskatchewan and British Columbia are certainly not convinced that this is good legislation.

• (1135)

My understanding is that there is not a single province to date, unless I am out of touch here, that has officially signed on to this agency or has even signed a letter of intent. Maybe the minister will get up and correct that.

That seems to me to be a very bad start when the provinces are in opposition to a bill that is supposed to be there to collect taxes for the provinces and the federal government. The provinces see this as an intrusion into their field of jurisdiction. I think that is a serious matter in terms of federal-provincial relations. It is a serious matter of the lack of co-operative federalism in a country where we need more co-operative federalism and governments working together in concert with each other. I know the minister agrees with that but it has not happened so far.

The minister tells us to be patient. We can be patient but in the long run we are all dead. How long does he want us to be patient? He tells us to trust him. Well a lot of people in politics have said "Trust me and things will work out". The minister is a pretty honest and straightforward guy but he cannot by himself get the Ontario or Quebec governments or any other province to come onside.

There is also the issue of Quebec. I worry about some of the national unity consequences of this in terms of the timing. The Quebec government certainly sees this as an intrusion into provincial jurisdiction. Quebec is not talking about ceding more power to a federal agency. In fact most Quebecers, including the provincial Liberal Party, talk about a greater devolution of power to the province of Quebec. Whether it is a greater devolution to all the provinces or asymmetrical federalism, they would like a greater devolution.

This bill is now coming within months of the writs being dropped for a provincial election in Quebec. It is a very crucial election in terms of that province and the future of our country, which may or may not result in another referendum about the future of Canada.

Government Orders

Again I worry about the timing of this bill in terms of the federal-provincial consequences and the consequences in the province of Quebec. I question the wisdom of this. If we want to make this country work, we need co-operative federalism.

A long time ago we had leaders in this House of Commons who talked a lot about co-operative federalism: Lester Pearson when he was prime minister of the country; Bob Stanfield, the leader of the Conservative Party; Tommy Douglas, the leader of the New Democratic Party. This country was making great progress in terms of national unity, in bringing this country together, in the sharing of powers and in co-operation.

Now it seems that we have a bill here that is going in the opposite direction. If there were a federal-provincial agreement on this and agreement from the provinces, it would be a different case, but that is not the case in the bill before us today. That is a major concern I wanted to raise in the House.

I also want to raise the concern about the diminishing power of government itself. This is really the most major privatization this government has carried out. It is quasi-privatization. It is taking away 40,000 public servants from the Department of National Revenue, which is about 20% of the public servants. It is slicing away about \$2 billion from the estimates of this country to establish an agency that will be run according to the business practices that will be arm's length from the Parliament of Canada and from the minister himself.

The minister assures us that the powers are still there and that he is still responsible because that is the way the legislation is written. Even the auditor general was concerned about this in his report in December 1997. He was concerned about the public interest and about the arm's length of this agency in terms of accountability. As was mentioned by a member of the Reform Party, there is a growing lack of accountability of government agencies and government bodies.

I am also concerned about the diminishing role of government and of the public sector which has certainly been expedited since the Liberal Party took office. The Liberal Party used to complain when the Brian Mulroney government privatized something or diminished the role of government, yet that has been expedited since the 1993 election.

• (1140)

There has been a lot of talk about uniting the right. I think the right is pretty much united. It sits across the way. It is the Liberal Government of Canada.

An hon. member: That is a lot of rubbish.

Hon. Lorne Nystrom: They say it is rubbish but look what has happened. There has been privatization of the CNR, privatization of a lot of companies, the gutting of employment insurance, the

health plan, all of these things. Going back to EI, there are many people who cannot even qualify because of the changes to employment insurance which were done not by Brian Mulroney and the Tories, but by the Liberal government across the way.

This bill is another example of that drift to the right. That party over there when in opposition tried to be very progressive in the way it talked. Now that it is in government it is extremely conservative. That is the historical position of the Liberal Party of Canada. I am concerned about that as well.

I also wanted to mention some of the concerns about business itself. This is supposed to make it more cost efficient and easier for business to comply with and so on. As has already been referred to, a study was commissioned by Revenue Canada itself from the Public Policy Forum. What were the results of that study? It said 68% of the people who were questioned thought that there would either be an increase in the costs of compliance or there would be no impact whatsoever in terms of the costs of compliance.

Two-thirds of the business community said it would not matter one way or the other in terms of costs or else their costs would go up. What is the government's reply to that? This is to be done to keep down costs, to make things more efficient. The business community does not seem to agree and the study seems to verify that so why go ahead with it?

That is my third concern. The first one is the provincial opposition, the second one the whole idea of privatization that diminishes the role of the public sector in Canada. The third one is that the business community itself, small businesses and large businesses, are concerned that their costs will either remain the same or increase with this new agency.

The fourth thing I am concerned about is the whole question to which I already referred, that of accountability. Right now we have a government department and a minister who is accountable for Revenue Canada. That has been the practice in this country.

Once we establish a new agency that is at arm's length, that will have a management board, that will draw up a business plan and then report that business plan through a CEO to the Minister of National Revenue, I think there will be less accountability in terms of the Government of Canada to the people of this country. We will have more and more people from the private sector sitting on that board, recommended and nominated by the provinces and so on. It will be more of a private sector orientation.

I also wonder about this new layer of bureaucracy that will be established in terms of the management board. What about the salaries of the CEO and senior executives? Will they reflect the salaries in private corporations instead of the salaries of senior government officials? Senior officials have always received an increase in salaries but their salaries are nowhere near what the CEOs and senior executives in the private sector receive.

Government Orders

This agency would employ 40,000 people and would be one of the largest corporations in the country, a bit smaller than Canada Post at 50,000, but would still be very, very large, and the senior management team received compensation comparable to what we see in the private sector. This will be an additional cost.

I wonder about all these things in terms of accountability. We are getting less and less accountability in our so-called democratic parliamentary system as more and more decision making is taken away. In fact we have had in many ways the privatization of decision making as more decisions are made outside parliament.

Accountability has gone away from this place. We have government backbenchers and MPs all around who have very little say over the public policy direction of the country. This is now another example of some power that is being taken away from the Parliament of Canada.

I am concerned about the size of the agency itself. What we have here is a vision of a super tax collection agency if it evolves. It is being given the power to evolve so we should look at what might happen in 10 or 15 years. It will collect not just federal taxes but will also collect provincial taxes, the gas tax, the liquor tax. It may also collect municipal taxes, property taxes, school taxes and so on. It would be like a mega tax man, like a Frankenstein.

• (1145)

People are concerned about that. They are concerned about evolving into the kind of agency that we see in the United States with the IRS, the Internal Revenue Service, in terms of how that agency is out of control and is arm's length from the Government of the United States.

The IRS, by the way, is still a government department in the United States. The IRS is not an agency in the United States. It operates in a very independent and aggressive fashion. I do not know if we want the kind of tax agency they have in the United States in this country, with the Canadian background and tradition we have of trying to work things out between the provinces, the municipalities and the federal government. The vision of the agency is that of a huge taxation agency which collects all taxes.

I have another concern. One of the purposes—and the minister does not talk about it any more—of establishing the agency was to try to blend the GST with the provincial sales tax, the BST or the HST, the harmonized sales tax.

I remember very well the campaign in 1993. I remember the promise made by the prime minister that if the Liberal Party were elected it would get rid of the GST. Do members remember that one? There is a member on the backbench hanging his head in

shame; he is crying. At least the member from Hamilton had the honesty and the integrity to say “yes, that is a promise we made”; to resign her seat; and to face her people in a byelection campaign. However the GST is still there. Why has the GST not disappeared? It is a promise the Liberals made and it is still there.

One purpose of the agency was to get around that campaign promise by abolishing the GST, rolling it into the provincial sales taxes across the country and calling it a harmonized sales tax. They floated the idea with the provinces and the only provinces that agreed were the three Liberal provinces in Atlantic Canada: Mr. Tobin in Newfoundland, Nova Scotia—

An hon. member: And Quebec.

Hon. Lorne Nystrom: The sales tax situation in Quebec changed a long time before the Liberal Party took office. It was a totally different regime. It was initiated by the Government of Quebec and a deal was made a long time before the Liberals took power. The only people that agreed to the harmonized sales tax were in Newfoundland, New Brunswick and Nova Scotia.

One *raison d'être* of the agency is to push the idea of harmonizing sales taxes. I can say from my trips to Atlantic Canada that the blended sales tax, the HST, is very unpopular. It almost led to the defeat of the Liberal government in the Nova Scotia election just a few months ago. It did defeat the government in Prince Edward Island.

Another concern I have about the bill before the House today is that once the agency is established the pressure will be there. They will put pressure on the provinces to agree to harmonize the tax. Even my friend from Souris—Moose Mountain in Saskatchewan would not agree with the BST. He would not agree with a blended sales tax, and he is a member of the Reform Party.

We have a number of reasons for questioning the bill and I want to summarize them again very briefly. The first is provincial opposition. The provinces do not like an agency that will collect federal and provincial taxes. Ontario has said no. Quebec has said no. The other provinces have not signed on. Saskatchewan and British Columbia are unlikely to sign on. Why would we have this agency, which is supposed to be a federal-provincial agency?

On the question of national unity, with the Quebec election coming up, this is an agency that is supposed to take power away from the provinces rather than give power to them. That is a concern to most members of the House.

Second is the very size of the agency in terms of it developing into an agency like the Internal Revenue Service in the United States.

Government Orders

Third is the whole question of privatization, diminishing the role of government and downsizing the public service. The Reform Party may agree with that. It does not really like government. It does not really like the public sector. That is not the Canadian way. That is not the Canadian tradition. That is one reason the Reform Party is going nowhere. It is taking a stand against Canadian tradition that the public sector is extremely important, a very important part of what makes the country tick. Another reason I want to mention is the lack of accountability. Accountability just will not be there once it becomes an arm's length agency.

• (1150)

Those are our major concerns as a party. I close by saying to the minister and to government members across the way that if four opposition parties have concerns about the bill in these areas, surely to goodness there must be government backbenchers that have the same concerns. They talk to their constituents. They listen to the people. They hear from the unions involved with Revenue Canada and know the opposition of the majority of the unions such as the Public Service Alliance of Canada. They hear from the workers who will be affected directly. They talk to people. Surely to goodness we can have some independent thinking on the Liberal side of the House. They should get up to express some concern that the bill does not go in the right direction.

It is about time we had a parliamentary system that allowed people to take off the muzzle and speak their minds. Surely to goodness we cannot have all the government thinking one way and the opposition thinking another. No wonder people are questioning the sanity of this place and the relevance of the Parliament of Canada. Yet the whips will be on to those backbenchers who talked to me privately. They questioned the bill and the wisdom of the agency but they will not be allowed to say so in the House. They will not be able to vote that way. Let us have a free vote on this issue so that members of the House can express their feelings and the feelings of their constituents.

This should not be a confidence vote. There is no reason it should be a confidence vote. It does not go to the heart of government policy. It does not go to the heart of a government budget. If we have a free vote on this issue we can speak our minds and ensure that we are doing the right thing for the people. I am glad the Reformers agree with that.

The Liberals have talked about free votes time and time again, but in their five years in the House they have not delivered on the promise of a free vote.

I close by making an appeal to the minister across the way. Let us have a beginning of parliamentary reform, a beginning of a true democracy in this institution, by allowing a free vote on an important bill regarding the collection of Canadian taxes.

It is a very important issue. The collection of taxes is a fundamental issue in democracy. It is the prerogative of the state.

The role of the state is to collect taxes. I do not want to see it privatized or evolved away to an agency that will be run according to business practices. I do not want to see it turned over to an agency that will not be accountable to the government like it has been in the past. I do not want to see that happen.

Let us have a free vote. If I could ask the minister whether or not he would agree with that, I would be glad to sit down to hear his answer.

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, I listened very intently to the hon. colleagues from all three parties and want to address a couple of issues they brought forward.

Canadians have said that they want governments to work together. Canadians recognize that we are overgoverned. Canadians recognize that a lot of overlap and duplication exists in the country. We have listened to Canadians and we responded.

One thing I want to point out is that the provinces have an option. This does not in any way force the provinces to let us collect more of their taxes. We already collect a lot of their taxes. In fact in some provinces we collect 80% of their revenue; in other provinces we collect 50%. The agency is a vehicle to create new options and new opportunities for provinces, territories and Canadians.

The hon. member for the NDP talked about the auditor general's report. That report was before some of the changes I made to give full accountability to parliament and full accountability to the Minister of National Revenue. The comments the auditor general made were regarding the older model without the changes I have made.

Small businesses know the paper burden they have to go through. They know about overlap and duplication. They are asking the government to respond.

• (1155)

There is only one taxpayer in the country. If we could have one tax administration, a single window, we would be better off. Canadians do not want us to build parallel systems in every province as the member from the Bloc Quebecois wants. His view is that it is good but the provinces must collect all taxes.

Small business people would respond to that because they do not want to be dealing with 10 different jurisdictions across the country. They do not want a different system of tax collection in every province. They want a single window approach. They want to reduce paperwork. They want to make sure there is less burden on the business people. Why? It is because we want them to do what they do best, which is run their businesses. We want an organization that can respond to the new needs.

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We have electronic commerce now. Someone can sell a good from Quebec into British Columbia. How are we to respond to that? How are we to respond to changes? We need a national agency that can work with all provinces.

The hon. member talked about co-operative federalism. This is in co-operation with the provinces. The provinces say in some cases we are collecting 80% of their taxes but in some cases they do not have any say. This will provide them with a real say by ensuring they can nominate people to the board of the agency. They do not have that now. In some provinces are collecting 50% or more of their taxes. It is really about creating new options.

The hon. member also said this was another way to harmonize. Absolutely not. We are saying that we can collect taxes for the provinces which are not harmonized. Recently I had a discussion with the minister of finance from British Columbia who said "That is a very good idea. We should look at how we can reduce the burden to small business".

I have had meetings with ministers of finance across the country. We have officials working right now to identify those areas in which we can work together co-operatively when it is a benefit to the province, to the business community and to Canadians. That is what this vehicle is about. It is about creating options and better service for Canadians. It is about providing better service to our small business people.

We are a trading nation. We need to ensure that we are efficient. If we are efficient we can be more competitive in the new global economy. This is about reaching a new vision. This is about working together. This is about responding to Canadians. We will continue to do that as a government.

Hon. Lorne Nystrom: Mr. Speaker, I reply to the minister by saying that if the agency is such a great thing for the provinces, why have the provinces not agreed to come at this stage? Ontario has said no. Quebec has said no. There is no agreement in British Columbia and no agreement in Saskatchewan. If this is such a great thing in terms of co-operative federalism, why has there not been a provincial-federal agreement or letters of intent from at least a majority of the provinces indicating that have signed on at this stage?

I can see why some provinces might not want to agree. It is difficult to get unanimous consent of all provinces. Ontario and Quebec alone represent two-thirds of the population. If this is such a great vehicle of federal-provincial co-operation, why has that not happened?

Hon. Harbance Singh Dhaliwal: Mr. Speaker, the provinces particularly in western Canada have asked me for such an agency. They have been saying they want to play a role in the agency. When I met with the ministers from Saskatchewan and Manitoba they asked for such an agency, and we are responding to them.

When the HST was signed in the maritimes one of the requests those provinces made was to have an agency in which they would have a say. We are responding to the provinces. Of course we do not have an agency until we pass the legislation. They want to see what the final wording is. They want to make sure they know exactly what they are getting.

I have had very good meetings with ministers of finance across the country. They have said it is the right direction because they understand the needs of the business community. They understand the needs of Canadians. They know we have to respond to the changes in Canada. We have to respond to the new realities, and that is what the agency is all about.

• (1200)

Hon. Lorne Nystrom: Mr. Speaker, if that is the case, I wonder whether the minister can table in the House some letters from the provinces where they certainly will indicate that in principle they agree with the agency, some letters of intent.

We have the bill before the House today. We have a fair number of details. The legislation is there. It has been talked about. We have the bill here in the House at second reading. My experience in this place is that if it is a federal-provincial agency or program, we know exactly where the provinces stand.

I wonder if the minister can table in the House some proof that the provinces are enthused by this, that they like the principle of this, that their intention is to sign on, providing the details live up to their expectations.

This is what he is saying to the House. I wonder if he can table some information to document that fact.

Hon. Harbance Singh Dhaliwal: Mr. Speaker, Manitoba finance minister Eric Stefanson on May 22, 1998, talking about the agency, said western provinces have long advocated a national agency. He supports the concept.

Let me also quote Mr. Ed Blanchard, minister of finance for New Brunswick: "Where there are efficiencies to be gained, I am open to alternatives. There may be areas that, yes, some of our current taxes can be collected in an efficient way by this agency and I have not shut the door on any possibility".

Hon. Lorne Nystrom: Mr. Speaker, these are quotes in the media and we have all seen the media. We have media scanners and so on. What I am concerned about is where is the beef. Where are these letters of intent? Where are the documents that show these provinces are going to sign on, that they like this principle and that they will sign on providing all the details and regulations are okay?

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They have seen the bill. They have seen the principles of the bill. They have seen the details of the law. All that is missing are the regulations or any amendments that might be made by the Parliament of Canada.

Even in the constitutional debates we had in the House back in 1980 we knew exactly where the provinces stood in terms of letters of intent. They would be in communication with us. Prime Minister Trudeau could get up and say Ontario supports him and Manitoba does not.

Where is the beef? Where are these letters? Where is all the support the minister is talking about, outside of press clippings?

The Deputy Speaker: I am afraid the time for questions and comments has expired.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, first of all I would like to comment on the new entente that seems to exist on that side of the House. Now that Reformers and New Democrats are seated together, they seem to be developing a certain comfort and a certain respect for the principles of each of their parties. Perhaps in the future we might see a unite the light movement in this House in the efforts of co-operative opposition.

It is with great pleasure that I rise to speak on Bill C-43. While the minister speaks of the provinces having greater opportunities to affect control and to have control over the levers of this very important agency than they have now with Revenue Canada, I would posit that the provinces' opposition or at least their lack of approval and their concern with this new agency is an indication that they do not believe that greater power and greater authority will be had by the provinces of the levers of this new agency, this new, if you will, King John Inc. the government is proposing today.

The government offloads responsibilities to the provinces by making draconian cuts to health care, for instance, \$7 billion in the last term. The minister said there is only one taxpayer. The provinces and the municipalities have been faced with an ever increasing tax burden as a result of the government's failure to lead and the government's failure to take responsibility for national matters, including issues like health care funding.

• (1205)

If the minister is going to be true to his phrase that there is only one taxpayer, he should recognize the near toxic levels of hypocrisy of his government in effectively reducing spending and offloading responsibility to the provinces. You can offload a lot of things but you cannot really offload leadership. That is what this government has tried to do.

The government proposal to transform Revenue Canada from a government department into an agency raises some very serious questions. Revenue Canada is the largest government department.

At various times of the year it has between 40,000 and 46,000 employees. Revenue Canada has many responsibilities including, of course, primarily the collecting of federal taxes and various fees, harmonized sales tax in three provinces, personal income tax on behalf of nine provinces and corporate taxes on behalf of seven provinces.

The new agency is to assume all these responsibilities and the new agency is supposed to be as efficient as the department was without any increased cost to the taxpayer.

I suggest that unless the provinces buy in, unless the provinces support this direction and this new agency, any claims by the government that this agency will lead to greater efficiencies and save the taxpayer money are specious at best.

The government is saying that we could save between \$97 million and \$162 million per year if all the provinces participate. That is a very big if at this juncture. Currently the provinces have not demonstrated a significant interest in having Ottawa collect and have more authority in effect over taxes beyond what Revenue Canada does currently.

Ontario is looking to attain greater authority over its tax levers. It cannot simply be said to the provinces that someone is going to have more authority over their spending without providing them with more direct authority over tax policies. Some of the provinces feel this agency may ultimately lead to less. If the provinces are not interested, obviously the agency will not save money or lead to greater efficiencies. The board of management may be yet another bureaucratic layer that will simply lead to increased costs.

Another issue is privacy. Too much information on individuals will be concentrated with one agency which will, as a private agency, be looking to contract out services for auditing and collection and ultimately the tax system may become less confidential than it is now.

We believe very strongly in the ability for private agencies and/or privatization to provide efficiencies but that has to be balanced against the very important delivery of service, particularly the confidentiality of this, the most important area of government in terms of its direct contact with people and the level of authority that an agency, currently Revenue Canada, has on people.

I suggest there is also a significant risk in terms of its use of power for this agency. Currently we have a very direct ministerial responsibility with Revenue Canada. That is a good check and balance. This House is a good check and balance on this government department of Revenue Canada.

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There have been studies done on the impact to somebody of receiving a letter from a tax agency saying they are being audited. A tax audit letter evokes about the same level of emotion and fear as—

An hon. member: Gallbladder.

Mr. Scott Brison: I hear a member opposite speaking of a gallbladder attack. I am not certain whether it has that level of medical effect but it evokes the same level of emotion that a letter of a death of a close relative would. That is the level of impact.

When one receives a letter from Revenue Canada there is the whole idea that as an individual citizen or as the owner of a small business they will be taking on this huge omnipotent force which ultimately has all the levers. It is extremely frightening to Canadians.

• (1210)

There is a fear that this agency will become Godzilla the tax collector and that it will have greater force and less political accountability, which is quite frightening.

As a small business person I received one of those letters a few years ago. I spent about a year and a half defending myself against my own government. Ultimately the government said I was right and it was wrong. However, during that period I spent thousands of dollars on a tax accountant to defend myself. When I consider that, the type of situation which exists with small businesses and individuals across Canada, I fear that this agency could make it worse because we do not have the political accountability of members of this House and the minister who can effectively act as a watchdog over that type of activity and behaviour.

I would argue that while we are dealing with the agency of delivery of tax collection in Canada, we should be dealing in a more holistic way with the whole nature of taxes in Canada. I applaud the Mintz report on corporate taxation which came out two months ago and which I think has some very beneficial and constructive public policy positions that can if implemented help simplify, ultimately flatten and reduce the bureaucratic nightmare that Canadian businesses are subject to in dealing with their own government.

In terms of personal taxes we also need to similarly simplify and flatten to a certain extent tax policy in Canada because currently our tax code is too complicated. There is something fundamentally wrong with the whole concept that Canadians need to hire a tax accountant or in some cases a tax lawyer to simply deal with their own government.

I do not see this agency going a long way to achieving any of these ends. I see it as a symbolic or band-aid approach that arguably will not accomplish a whole lot. It is based on the premise

that public servants cannot necessarily provide the same level of competency that a private agency might.

If we create incentives within all our public agencies or departments, incentives that recognize and reward excellence as opposed to encouraging mediocrity, i.e. if we introduce market incentives within the existing agencies, we can achieve economies without necessarily creating new agencies.

This new agency may be an indication of the government's trying to pander to this whole public sentiment that the public service does not do a good job or the public service cannot do a good job. I think that is very unfortunate.

One of the tragedies or one of the losses that we have seen in recent years is that politicians have made gratuitous attacks on public servants without really considering the ramifications of those attacks. One of the damages sustained by those types of attacks has been the low level of morale we have within our public service now. Our public service I suggest is at an all time low in terms of morale. We simply cannot accept that there are not people who want to work within government departments and to succeed, to excel, to be proud of what they do and to provide the levels of service to their country that are important and which in the past have been encouraged. We can make many of the changes necessary within the existing department without creating this new agency.

The provinces are not really interested in having a new agency.

• (1215)

Ontario is looking at increased powers for collecting its own taxes.

The board of management will be just another bureaucratic layer which will add additional costs. We see too much power concentrated in one agency which will have less accountability to parliament and to the minister. The power of authority or information on individual Canadians is going to be extremely concentrated. Again, this agency will be less accountable to parliament than a department and the minister will not be involved in any day to day functioning of the department.

We see current employees who will lose existing rights, including job security and the right to bargain on staffing matters. Keep in mind that there will only be a two year job guarantee and we are effectively dealing with, I understand, about 25% of the public service.

We have to take a look at whether or not this agency would in fact not be more flexible than Revenue Canada, but less flexible in working with other government departments, including the finance department, and the provinces. Because of the need that we have in this country for holistic tax reform, perhaps this is simply not the

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time we should be creating a separate agency. In fact we need more federal-provincial co-operation, not just on tax enforcement, but on overall tax policy. We need more co-operation between the Department of Finance and Revenue Canada and the provinces.

To take away the political element of that I think would be a huge mistake at a time when we have an unprecedented need for forward thinking tax reform.

Again, I think the government is focusing on reforming tax enforcement. Yes, there are reforms that are necessary. Those reforms need to provide greater accountability, not less accountability. In our opinion, this legislation and this new agency would provide less accountability. Therefore it may be arguably a step in the wrong direction.

Secondly, it may actually increase the barriers to co-operation between the provinces and the federal government and the Department of Finance to effect change and develop a holistic approach to tax policy which will result in a fairer, flatter tax policy which will be more conducive to economic growth and the success of Canadians in the global market.

It was with great pleasure that I heard my hon. colleague from the Reform Party today speaking of a declaration of taxpayer rights or a taxpayer bill of rights. I thought for a moment it was Trent Lott speaking or Newt Gingrich with darker hair. I believe that the hon. member is happy with that comparison.

But the hon. member does strike a chord in terms of the importance of our tax policy in Canada and our tax enforcement practices being less intrusive and more respectful of Canadians.

I was one of those Canadians who did receive one of those tax audit letters one day. My only crime at the age of 22 was operating a small business that employed young Canadians. Ultimately the government agreed with me, but it took me almost two years and thousands of dollars to a tax accountant to defend myself against my own government.

I agree with my hon. colleague from the Reform Party. I would bring to his attention the declaration of taxpayer rights which was part of the work done by a former member of this House and former cabinet minister, Perrin Beatty, who is a forward thinking member of the Progressive Conservative Party. He also saw the need and in fact had some results in improving the level of accountability.

We are talking about issues of privacy and confidentiality, impartiality, courtesy and consideration, the presumption of innocence, and impartial hearings before payment; all of those types of issues.

We have made progress in the past and we have to continue working to make progress in the future on these types of issues.

• (1220)

I do not see Bill C-43 and this new agency as necessarily being conducive to this process. We need to ensure that we do not separate the political will that is necessary to effect change in this very important matter from a logistical body that enforces tax policy in Canada. There is a very dangerous separation that may result in less ability for elected members of the House or the minister to effect change, to control and to have the ability to govern things like abuse of power by Revenue Canada agents and that sort of thing.

It is great to hear the support of members opposite for consumption taxes. We wish they had been more vocal in their support of consumption taxes in 1993 when the Conservative government replaced the counter-productive manufacturers sales tax with the GST, which ultimately was the right tax at that time. It has demonstrated to be a fairer tax than many of the income taxes and other taxes that this government seems comfortable with.

I should not criticize the government for having adopted sound Conservative policies. The only thing worse than it having shamelessly taken those policies from the previous government would have been if it had implemented its own. The consequences of those would have been far more egregious and detrimental to Canadians. I am making a muted criticism of the government for taking our policies, but I want to commend it on its judgment for having done so. It took this government longer to learn and absorb the benefits of sound economic policy. Perhaps it did not catch on at the time of the 1993 election. However, it has since accepted those measures, including free trade and the GST.

I ask the minister to work very hard to implement many of the recommendations of the Mintz report on business taxation. On the personal tax side we need similar reforms that simplify and flatten our tax code. I hope we devote our energies to that type of approach and to those types of very important public policy initiatives and less time on bureaucratic window dressing changes that ultimately will result in King John Inc., but will not necessarily make any difference in the way tax policies are enforced or implemented, which may result in even larger problems in the future.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I gather that the Minister of Revenue has decided not to engage my colleague from Kings—Hants in his comments on the minister's bill, which is unfortunate.

The hon. member spoke about the need for tax reform. I share his concern, as I expressed at the conclusion of my remarks, that this government seems to be more concerned about figuring out how it can most effectively pluck the goose—that is to say, the taxpayer—rather than how it can provide real tax reform to create real incentives for people to work, to save, to invest and to compete.

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Could the hon. member enlighten us as to how he would, in broad terms, reform the tax code which right now imposes such an enormous burden on Canadian taxpayers?

Mr. Scott Brison: Mr. Speaker, how many hours do I have for this response?

I thank the hon. member for his question.

• (1225)

I have a problem with a number of the Pavlovian tax policies of this government; the whole idea that government, by picking winners and losers, and by encouraging one type of activity and discouraging others, will in fact make decisions which cause or channel energies and economic focuses in one direction or another.

I think, frankly, that individuals participating in a free market can make those decisions best and that government intervention in making some activities more profitable, or some activities less profitable through a tax code, is in fact evidence of government trying to effectively control populations and individuals. I do not have an awful lot of faith in politicians when it comes to economic policies.

I would suggest that we make personal taxes in Canada more neutral in terms of their treatment of activities, that we treat the tax code as a means to raise revenue, not as a means to control Canadians, and that we also look seriously at reducing the disincentives that exist currently with the tax brackets which actually punish success.

While we should be trying to encourage success, we actually have punitive measures built into our tax code to punish success. That is perverse in a country where we are competing globally. We should be encouraging our Canadian citizens not only to compete, but to succeed globally.

We have a tax code in this country that causes people to be less competitive, less focused on success and, frankly, more frightened of their own government.

In terms of tax complexity, doing your taxes is the only do-it-yourself project that exists where if you do it properly you could still end up in jail. There is an inherent unfairness, not just on the enforcement side of it, but in terms of the whole nature of the tax code. I call it the Pavlovian nature of the tax code.

It is very important to let businesses and individuals make their own decisions. I think that would be a step in the right direction. I also believe that consumption taxes are less destructive.

I just criticized the Pavlovian tax policy, but there are some public policy initiatives whereby we can ensure that the cost of some behaviours are accounted for at the time, in terms of internalizing the externalities of people's behaviour. We can use a tax code to do that.

There are a number of areas that need to be discussed, but the Mintz tax report actually does a lot of it. The recommendations are fairly sound on a business level. If we were to apply some of those principles to the personal side, I think we would go a long way to effecting change and to introducing a greater level of fairness, equity and incentive for success for Canadians in the Canadian tax code.

Ms. Beth Phinney (Parliamentary Secretary to Minister of National Revenue, Lib.): Mr. Speaker, this is my first speech since being named parliamentary secretary to the Minister of National Revenue and it is a pleasure to speak on an issue so fundamental to improving service and fairness for Canadian taxpayers.

It is a pleasure to speak on a bill which seeks to uphold Canadian values while meeting the realities and opportunities of the modern era.

We live in a world of major economic and technological change. We live in a world where citizens rightly expect more creativity, accountability and efficiency from their governments.

In this world, businesses and individuals must constantly strive to find new ways to make even good things better and so must governments.

• (1230)

That is the real reason behind the creation of the Canada customs and revenue agency. We want to preserve the traditions of the past but we also want to develop an innovative environment that will allow us to be the best for many years to come.

[Translation]

Taxation, customs and the administration of trade policies represent complex areas dependent upon a great many people who do many things and do them well.

[English]

We are going to improve how we do things, even the things we already do well.

As the minister indicated so clearly in his speech, this bill is about fairness. It is about partnerships. It is about accountability. It is about saving money for taxpayers and is about modernizing our approach to meet the expectations and aspirations of Canadians.

The Minister of National Revenue will be responsible for the agency to parliament. He will continue to be responsible for administering and enforcing program legislation such as the Income Tax Act and the Customs Act. The minister will have the authority to inquire into issues raised by members of parliament on behalf of our constituents.

The minister outlined before this House the structure and duties of the board of management. Having private sector people nominated by the provinces and territories will change the system for the better. It will guarantee even more opportunities for federal-pro-

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vincial co-operation. That is what Canadians expect from governments. That is what Canadians expect from elected officials.

The true measure of success for the new agency will be in its operations. We want, as the minister said, an organization with a state of mind that is state of the art. The real change will be in our approach to doing business and our approach to serving Canadians and providing them with tax and trade administration services that are second to none.

The agency we are proposing is built upon the guiding principles of service and fairness. Canadians have told us what they want. They want to deal with a more client oriented tax and customs administration. They want more personal contact and less passing the buck. They want consistent answers. They want to deal with an organization that is flexible, one that can accommodate a range of human situations.

Canadians want us to make their lives a lot simpler, from bulletins issued in plain language to business hours dealing with modern realities of working families. Agency status will allow us to improve service to Canadians by affording more flexibility in the way we manage resources.

Our generation is one that often embraces technology as a panacea for any operational challenge. In truth, technology has been a great partner in improving the way Revenue Canada does business. From electronic filing, to virtual customs approvals, to Canpass, the pre-approved pass for frequent travellers, we have used technology to improve service and to reduce costs. For every technological change though, there are far more important and real human values and principles at work.

[*Translation*]

The most important of these principles and values are trust and honesty. It is also important that complete and transparent information be provided to those we serve.

[*English*]

Those values and principles require that we show fairness in application and of course they require that we show consistency, accuracy and efficiency in every single transaction.

The bottom line is that human resources in the new agency will determine whether it will be leading edge and world class or just another shuffle of organizational charts. That is why we have made the management of human resources a central focus for modernization and progress.

The minister has consulted widely with Revenue Canada's employees. Since April 1997 over 10,000 of them have been actively involved in telling him how to create a new human resources framework. These hardworking public servants are decent taxpaying citizens like the rest of us. They have stressed the need for human resources management based upon values and

principles, not complex rules and processes. They see the importance of simplicity and flexibility. And they want their own worth to be recognized, appreciated and respected.

● (1235)

It is no surprise that what our employees want, values, principles, simplicity, flexibility, recognition and respect, are what all Canadians want. Acting on these human expectations will be the true breakthrough for the new agency.

The bill before us proposes that the bulk of the human resources management functions be assumed by the board of management of the new agency. Under the legislation before the House today it will be the board of management of the agency that approves the negotiating mandates and collective bargaining agreements with unions, not the federal Treasury Board. It is the agency that will negotiate directly with its unions.

Why should the agency not negotiate with its unions? Employees will be able to tell their representatives what they want, what they think is good for them, their futures and their careers. By negotiating face to face with employee representatives, the agency's managers will hear firsthand the wishes and concerns of their people. They will be able to act firsthand on those wishes and concerns.

It is also the board of management that will establish agency staffing procedures, not the Public Service Commission. The agency will have the flexibility to design a staffing system that directly meets the needs and rightful expectations of taxpayers and the needs and rightful expectations of the employees. This is a vital advance. A simple example will show why.

As many in the House will appreciate, the employment market for computer systems and data management expertise is highly competitive. Currently it takes Revenue Canada between six and 12 months to complete a staffing action and make an offer of employment. Under the agency it will be possible to develop new staffing systems as well as a classification system and salary rates that can compete with the private sector for the professionals we need.

I will point out something else that is very important. Revenue Canada will not be privatized. The agency will continue to be an integral part of the Government of Canada's responsibilities. Employees will continue as public servants. The agency will be accountable to parliament for how it treats its overall responsibility to employees.

Five human resources design teams made up of managers, employees and union participants have completed their work on the details of important areas of the people part of the new agency: staffing and classification, recourse, training and development and employment equity. Each of these important issues is on the table

for discussion. It is still too early to report to the House on what is essentially a work in progress.

However, as a result of the work of the design teams, I can tell you what Revenue Canada employees want. They want a staffing system with fewer rules. They want a gender neutral classification system. They want fewer occupational groups and levels. They want the human resource system and the work environment to encourage diversity and reflect the Canadian public they serve. They want greater emphasis placed on transferable skills and past performance. They want a simple, quick and fair system of recourse.

The agency structure that we propose will allow us to accommodate these demands. We have to co-ordinate and simplify our human resources processes so that the right person is in the right place at the right time. That is not only a matter of staffing. It is also a matter of training and development, of improving the way we work, for example, more flexible hours or flexible places of work, including work at home. It means finding ways to attract people to the jobs that need doing.

I can assure you that all Revenue Canada employees will be offered a job in the agency. They will remain public servants during and after the transition. Collective agreements in force at the time of the start-up of the agency will be carried over until they are renegotiated.

[*Translation*]

I can assure the House that all Revenue Canada employees will be offered a job in the agency. They will remain public servants during and after the transition.

• (1240)

[*English*]

Because my French is not too good I will repeat that in English because it is very important and a point that has been brought to me quite often by constituents. Agency employees will retain the same access to jobs within the public service that they now enjoy through deployment, appointment and competition.

From a human resources standpoint, the operative word is opportunity. The Canada customs and revenue agency will create a whole new set of opportunities, new types of programs and services, new working relationships and new ways of doing work. All of this means better jobs for current employees, jobs that will be more responsive to what our clients want, jobs with substance, jobs with a future.

This is not an effort to downsize the department. This is not the intention and has never been the intention. Rather, our aim is to provide Canadians with better service, the type of service they should expect from government, the type of service their hard earned tax dollars give them the right to expect.

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The public servants who work at Revenue Canada are very practical people. They deal with real life situations every day of their working lives. They know what Canadians want.

They know that Canadians want even more effective and efficient service. They know Canadians want more co-operation among governments. They know Canadians want one-stop shopping. They know Canadians want streamlining of administration. They know that Canadians want tax compliance to be easier and less costly. They know that Canadians expect promptness and fairness.

They know that in an era of logarithmic change, governments must change the way they serve our citizens. They know that the public interest must always come first. They know governments must reduce overlap and duplication. And they know that the new agency will save taxpayers tens of millions of dollars.

The principles of the bill before the House have been endorsed by a lot of associations: the Canadian Importers Association, the Tax Executive Institute, the Canadian Institute of Chartered Accountants, the Canadian Society of Customs Brokers, the Alliance of Manufacturers and Exporters, l'Association de planification fiscale et financière, the Canadian Bar Association, and the Canadian Federation of Independent Business.

Those groups know that the Canada customs and revenue agency can be the vehicle for taking a group of highly skilled, highly motivated people to an even higher level. Those groups know, as our employees know and as all Canadians know, that governments must move to provide better service, fairer service and smarter service to taxpayers.

I urge this House to pass this bill without delay so that all Canadians can benefit from the opportunities and advantages presented by this new agency and the strength of its thousands of hard working employees.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I was interested to hear the hon. member's remarks. She discussed the notion that Bill C-43 and the adoption of the revenue agency would provide the government with greater flexibility in the administration of human resources in Revenue Canada.

During my remarks I presented an opinion from the Library of Parliament. It indicated that such flexibility in human resources administration could be achieved without adopting the agency but simply by making statutory changes to the Public Service Employment Act and other laws governing the Public Service Commission.

I would ask the hon. member two questions. If she is so in favour of such flexibility for the management of Revenue Canada—and I favour such flexibility and do not support the burdensome and bureaucratic regulations of the Treasury Board for employment—does she not support it for all departments? If so, why does the

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government not amend the Public Service Employment Act and other related statutes to give all government departments and all ministers the same kind of marvellous flexibility in human resources management of which she speaks in the agency?

• (1245)

Ms. Beth Phinney: Mr. Speaker, I thank the hon. critic of the official opposition. I have a lot of respect for this member. Although he is one of the youngest members we have in the House, he is an acknowledged expert on tax. However he is not the only expert on tax. There are many other experts on tax who agree with the agency.

It is interesting the question the member asked me has to do with other departments and not to do with revenue. I am not sure if that means he has no criticism of the agency and is suggesting that I talk about other departments.

I would like to make more comments about the bill. This morning when the hon. critic of the official opposition was speaking, he suggested, I think somewhat sarcastically, that the minister had taken several years to put the bill together and to get it before the House today.

This suggests that maybe the member does not think we should be consulting Canadians. That several years was time that we took talking to individual Canadian taxpayers. We talked to particular groups concerned about taxation, whether it was accountants or tax collectors, et cetera. We talked to the provinces about how they felt about it. Some of them are using the services right now.

I cannot imagine it, but if the Reform Party were to be in power I am sure it would not just draft a bill, put it out there and never consult with Canadians. This is why we needed the two years.

The bill has changed a lot in the last two years. It is because we listened. The minister has listened. We have changed the set-up of the bill. This is where we are now more accountable. The minister will now be accountable to all Canadians. All members of parliament will still be able to bring their problems to the minister.

[*Translation*]

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Mr. Speaker, my hon. colleague opposite said she had spoken to representatives of all provincial governments. If that is true, why can no memorandum of agreement between governments or anything of the sort be produced in the House? Our understanding is that the Government of Manitoba is the only one to think it might be worth looking into.

I would like the hon. member to comment on this and to substantiate the claim that the federal government has entered into agreements with Ontario, the maritimes, Quebec, and so on.

[*English*]

Ms. Beth Phinney: Mr. Speaker, I think the minister already answered that question today. He mentioned that in a number of provinces we were collecting over 50% of their taxes and that in some provinces we are collecting 80%. This practice is already being used by some provinces.

I think it would be logical to wait until the agency is an agency. Then I think we would see the different areas that want good service in collecting their taxes will be coming to the federal government and asking us to collect their taxes for them.

Mr. Jason Kenney: Mr. Speaker, I appreciate the member's kind words, qualified that they may have been. However, I note that she did not really address the question I asked about why the government had decided to adopt the agency when it could have achieved the same flexibility through statutory changes.

• (1250)

The hon. member made two contradictory statements which have been consistent in the government's promotion of the bill. First, she said that there would be no job losses, that all 40,000-plus Revenue Canada employees would be guaranteed a position. She also spoke at length about efficiencies and cost savings.

Since over 80% of the expenditures of the Department of National Revenue are in payroll, how will the government achieve cost savings and efficiencies without reducing the number of positions?

It could be that I only have experience in the private sector, but I understand that when we reduce payroll it means there are fewer positions and if we do not reduce positions we do not reduce payroll. Perhaps the member could clear that up for me.

The second question I have is with regard to her comment that Revenue Canada is filled with highly skilled and motivated people. No doubt they are, such as the highly skilled and motivated tax collector who decided to drag Janice Collingridge, the low income, non-verbal quadriplegic, into the tax court to shake her down for \$5,000 in back payroll taxes that she did not really owe.

How can we be assured that under the structure of the agency these kinds of outrageous abuses on the part of Revenue Canada officials will not happen again?

Ms. Beth Phinney: Mr. Speaker, I know the hon. gentleman has worked a long time with special interest groups on taxation. He may have a limited view of what Canadians are expecting.

There is a lot of flexibility within the agency. We have not seen it yet because it is not there yet.

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The hon. member does not seem to be against the general principles of the agency: better service, fairness, accountability, partnership with the provinces and better management of our resources. Since he is not against the principles of it, I hope that he will come to committee. A lot of consultation has been going on across Canada. This does not mean there are not some little points here or there that do not need to be corrected. It is at the committee that we will correct these points.

I hope that the hon. member will be at the committee to help us get the bill through so it can become operational and the taxpayers will have the advantage of the flexibility and good services that will be provided under the agency.

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Ref.): Mr. Speaker, I am very pleased to make some quick observations on Bill C-43.

We are talking today about Revenue Canada. It is interesting that we have a minister from British Columbia in charge of Revenue Canada. Major financial policy is not set by Revenue Canada but by the Minister of Finance in the larger policy process.

We have a revenue minister from British Columbia who could not deliver for British Columbia which is looking for some particular relief from Revenue Canada, especially in view of the massive water damage to the structures of homeowners. The minister in charge, when faced with questions on behalf of homeowners, could not deliver for British Columbians from the particular agency that British Columbians are looking forward to for some help and assistance.

Reformers certainly are committed to streamlining services to make government less complicated, more efficient and more productive. Perhaps Bill C-43 is going in the right direction to create this Canada customs and revenue agency, but we have to ask whether it is being done well.

We want to be constructive when legislation appears to be moving in the right direction. However, when the government was on the opposition benches it just seemed to be opposing for the sake of opposing. Reformers have always been different, especially in the case of Bill C-43. We wish to commend and compliment the government when it appears to be proposing to change the way it does business, for certainly change is needed.

If the government would only change its practices perhaps in the larger area of finance policy and maybe justice administration, to name a couple, we would be greatly pleased.

• (1255)

I remind the Speaker that I will be sharing my time with the member for Calgary Centre. I underscore the general theme of my

remarks by saying that the Liberal administration is not a good manager of the public trust.

Revenue Canada serves over 20 million taxpayers. Every Canadian is quite familiar with that department. We have all heard of the phrase of the certainty of death and taxes. Taxes especially from an agency like Revenue Canada is not the temporary measure once promised to Canadians; it is a certainty.

In the United States revenue is collected by the IRS, the Internal Revenue Service. The mere mention of the name IRS to U.S. citizens sends a shiver down their spine. If a citizen of the U.S. gets a letter from the IRS it usually means bad news. We have all observed the problems of such an agency that gets out of control.

Taxpayers should not be afraid of the tax collector. Without the co-operative taxpayer our country fails as an economic unit. The taxpayer must have some balance of rights and those rights should be written down.

My Reform colleague who spoke earlier mentioned the need for a taxpayer bill of rights as well as an office for taxpayer protection. Canadians do not want to be bullied around, especially not by the tax collector. It is essential that Canadians never be subjected to the type of treatment used by the IRS on the citizens of the United States. That government went through a heart-rending process to try to rein in an agency out of control. Government institutions should not be feared.

The Minister of National Revenue has said at times that he believes in taxpayers' rights, and I applaud him for that. In the second progress report on the Canada customs and revenue agency the minister stated "In proceeding with these changes I want to reassure Canadians that first and foremost the government will assure that the basic tenets of revenue administration in Canada, the encouragement of voluntary compliance, fairness in the way all taxpayers are treated, prompt, reliable service and responsible enforcement continue to be respected and observed". I believe that is a laudable statement. The problem is does it ever get delivered.

Clearly the minister thinks of fairness in the way taxpayers are treated is important. Now all he has to do is put it in black and white. If the minister wants to put his tax dollars where his mouth is, he should implement full accountability. This means accountability on both sides: the taxpayer must respect tax authorities, obey the law, not cheat. The tax authorities must respect the taxpayer. In other words there is a social contract in a fair tax system and we are all part of it.

It is impossible for the minister to assume that accountability will just happen somehow. We have to design a system that is self-correcting and that works. Canadians want some guarantee. If they purchase a product in the store they want the written promise that they will be taken care of.

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Part of the selection process of voting with dollars is what kind of a guarantee comes with what is purchased. That keeps the business in operation. However, it does not seem to work that way with government and the tax agency that takes our money. Maybe we should apply that kind of standard to the taxpayer. Each taxpayer contributes thousands of dollars to the government through Revenue Canada. The taxpayer is essentially purchasing a service and wants government to be responsible with the tax dollars taken. The last thing taxpayers want is to be harassed by Revenue Canada.

There have been instances where the best interest of the public has not been met. Tax collection represents delegated authority from Canadians, and it must be delivered in a reasonable and responsible manner.

On the department's web site I found a section called questions and answers. One of the answers mentioned that the broader interests of cabinet and Treasury Board would continue to be fully protected. What did the document say about taxpayers? It only said "the government is proposing to create an agency in order to provide better service to the public, the provinces and the Canadian business sector".

• (1300)

There is no mention about fully protecting the taxpayer. This is the part that worries me. It is great to see that the agency will likely create some efficiency. It is great that the agency will reduce costs for business and for taxpayers in general. But where is the protection and the assurance for balance? Where is the guarantee? Where are the mechanisms to ensure that the rules are going to be followed?

Reform is committed to standing up for the taxpayer, the man on the street. We are committed to fighting for a taxpayer bill of rights and an office for taxpayer protection. We are committed to supporting Bill C-43 if, and only if, we can get the commitment from the revenue minister to move forward with these measures to protect the taxpayer.

What about the employees of Revenue Canada? Their morale is likely very low at this point. They do not know what is going to happen to them. We must speak for them also.

What does the union say? I have this interesting quote:

The Canadian public service is in crisis. The crisis is many-sided. Taxpayers are increasingly skeptical of the government's ability, and even motivation, to deliver a particular program or policy. Recipients of unemployment, pension and other social benefits wait longer for less. Caught in the middle are public sector workers.

Deep-rooted structures and present day policies have combined to deepen the crisis. The public service of the 1990s is hobbled by administrative practices and legislation

largely in place since the 1960s. In many cases, management is at best ill-prepared for the role it has been assigned and is, at worst, paternalistic. The physical plant, equipment, and tools provided to public sector workers are deteriorating at an alarming rate. Likewise, while government programs and services grow increasingly more complex and driven by technological advances, the training provided many public sector workers is inadequate or non-existent.

What a quote. I believe it is somewhat accurate. Morale in the federal public service is at an all-time low. Union negotiations have broken off. The government says that everything is fine and negotiations are carrying on. We go to the union site on the Internet and we get a completely different story.

Service to Canadians is suffering directly as a result of mishandled downsizing. The present system of staffing and promotions is being abused by managers. Alliance members are trying to provide service to veterans, the unemployed and pensioners, but do not have the necessary resources to carry out their work.

I could go on and on. I must say that if it is the intent of the revenue minister to make the agency the IRS of the north, then we know he is malevolent. If, however, the minister wishes to create an agency that draws the respect of the Canadian public, then I am certain the Reform proposal of a taxpayer bill of rights will properly complement this process.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I commend the hon. member for New Westminster—Coquitlam—Burnaby for his eloquent remarks.

The minister spoke about the need for a taxpayer bill of rights. This is something which the official opposition proposed earlier today, the actual adoption of a formal statute which would recognize the presumption in favour of taxpayers in the collection and auditing process.

The government has not responded positively to this initiative. In his view, why would that be? Why would it be afraid of ensuring greater accountability in tax collection? It is a hard question, but I would like him to try to tackle it.

Mr. Paul Forseth: Mr. Speaker, there is a tradition in established governments. They have a basic assumption that they have the divine right to govern. But there is an inherent arrogance that we know best. Therefore, when particular mechanisms are put in place for self-correcting accountability they do not like it.

I bring the example of one very exasperated taxpayer. He writes: "How can Revenue Canada in good conscience require under their present rules, put me in a position that they require that I remit to them an amount greater than my earnings? This may be a regulation under the tax instalment remittance requirements, however, being put in this position is grossly unfair".

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• (1305)

He got a thank you letter from Revenue Canada and a brochure and was told to go away. Where is this fellow to go?

The bill of rights and the office that we are suggesting be created is not a new tax court to argue over the content and the rulings, it is to ensure that the rules are followed, that there is basic fairness and that a taxpayer is going to be treated with some basic respect. Also, there will be simplicity in the rules so that the public can learn to understand the information that is given to them.

We have listed a number of general areas that would provide a feedback mechanism for this large bureaucracy to make it accountable to the average Canadian. That is what the government needs to follow. It needs to listen to the people and respond to that agenda.

Mr. Eric Lowther (Calgary Centre, Ref.): Mr. Speaker, I want to preface my comments by saying that I felt compelled to speak to this particular bill because of some instances that have happened in my riding.

I felt that it was obligatory to stand and speak in support of the taxpayer bill of rights, which has been so wisely put forward by my colleague from Calgary Southeast. I also want to point out to the House and to those watching the importance of the taxpayer bill of rights in the context of what we are seeing going on today with Revenue Canada.

I will begin my remarks with a couple of statements to clarify where I am coming from.

When I look at the state of Revenue Canada today and what I have encountered in my short time as a member of parliament with the people who have come to my constituency office, I realize that what we have is a bureaucracy that is out of control. As I dug into some of these cases it bothered me to see the pain this bureaucracy is bringing to many of my constituents.

It is an interesting admission on behalf of the government that it is a bureaucracy out of control because it is now setting up a new entity. Rather than fixing what is there, it is talking about setting up a new entity. The government feels it might be easier to create something new rather than to bring efficiencies to the existing government bureaucracy.

Our party is not against efficiency. Certainly we are all for it. However, if we cannot bring efficiencies to the bureaucracy, can we magically bring them to something that is not close to the government, that is an arm's length operation? I am not sure the logic follows.

The government is selling this on the grounds of some promised efficiency gains. As I understand it, some of these economic gains will only occur if the provinces agree, and yet we have not had a commitment there. I understand that some of the Atlantic prov-

inces are pondering whether they want to continue with the harmonized tax program which the federal government launched.

Are we really going to see these efficiency gains? That is a good question. I am not saying that the status quo is the answer. It certainly is not.

I would like to highlight some of the situations that I have encountered in my short time as a member of parliament. I will allude to one situation. If members wish more details, I will provide them, although I know that some individuals involved are concerned that the details might get out. The taxpayer bill of rights is needed because of the intimidation factor. These people feel there might be repercussions if the details are brought out.

One particular business was an oil contracting and production business owned by a fairly prominent businessman in my riding. His company had been through a number of mergers and different purchases.

• (1310)

His problem related to GST numbers. When a merger takes place, the old GST number does not die. People are still required to track on the old one and on the new one. There is a convoluted set of rules surrounding it. But to cut a long story short, they tried to maintain the old ones and follow this complicated tracking procedure.

They submitted all the required information, as they understood it, to the tax department. Continually, though, they were asked to re-submit the information because they were told it had not been received or there was something missing. They continued to try to hit the mark and satisfy Revenue Canada.

In fact this gentleman related to me that he was talking to someone at Revenue Canada and offered to fax in what they had already submitted because there was no record, according to Revenue Canada, of having received it. He was told "We do not have a fax number here". It was not too much later that he was talking to a different person in the bureaucracy and was given the fax number for the same department.

I am not casting aspersions on these individuals. What I am saying is that this is symptomatic of a bureaucracy that is out of control.

The last time I checked with this individual they were still attempting to demonstrate that they had followed the rules and they were looking for some acknowledgement or direction as to what they missed in trying to meet the mandate. It is not easy.

I feel, and I am sure that many of the members of this House feel, that our tax code and tax laws are just too convoluted. The act itself is 600 pages and there are another 600 or 700 pages of special interpretations and guidelines. The Ottawa phone book does not have as many pages as the tax act. It is no wonder a business person would find it difficult to meet all the requirements, even with the

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best of intentions. When we add to that some of the inefficiencies in the current bureaucracy it is really hard to satisfy the demands.

This is all the more reason for a taxpayer bill of rights, some advocate that a frustrated taxpayer can go to and say "I am trying to meet the requirements but I am just not making it".

Let me give another example, closer to home, of an East Indian couple in my riding who immigrated to Canada. They have worked hard. They are a very diligent couple. They started a few small businesses. They tried to adhere to all of our laws and the requirements of the tax code. Yes, they had some professional help.

This couple started these small ventures. They thought, according to everything they had filed, that they had complied with all the rules. One day they were contacted by the tax department which advised them they had not. They were in the middle of the appeal process with the tax department to make their case when the person they were dealing with felt their case was not warranted. The next thing they knew the wife's account was garnisheed, locked up and no money was moving in or out.

We can imagine what this did to this small businessman. Suppliers were not getting paid. Customer relations were jeopardized. It was a tragic situation. Interestingly enough, he continued to appeal to Revenue Canada until he got to a higher level than the particular person he was dealing with.

At the end of it all, after a separate hearing and looking at all the facts, the answer was that the junior person had not really seen the whole picture. Revenue Canada released the accounts and everything carried on. At this point in time they are attempting to resolve the situation.

The bottom line is that the account should not have been locked up. But the damage was done to this gentleman's business and no apology was offered.

One final example that demonstrates the critical need for a taxpayer bill of rights, if we are going to have this new agency, is that of a young family I know. They received a windfall one day. They were told by the tax department that their child tax credit had been underpaid. It was great news.

• (1315)

They took this \$1,000 and spent it. About two months later they got another letter from the tax department saying it had made a mistake and they really should not have had the overpayment. The next threat was that it was now going to garnishee their wages unless they instantly paid it back. Here was this family under great pressure and duress all because of this bureaucratic inefficiency. To add to that story, they were not the only ones. In their encounter to find out what happened they found out there were many other families.

I put forward those illustrations and many more just like them in our country where taxpayers need and must have a taxpayers bill of rights before any changes can be made to the bureaucracy that collects the taxes.

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, I would like to do a bit of reminiscing but I will try to keep it short.

I think back to when I started paying taxes in 1970 and what the tax act was like then. It is interesting to make a comparison between the forms we had to fill out then and the ones we fill out now. I began working in depth with the tax act in 1977. At that time the tax act was not too thick. We now have an act that is literally a stack. It is impossible for anyone to completely understand it.

The complexity of the act is one thing, but the question I want to direct to the member for Calgary Centre is regarding the lack of respect it has shown toward taxpayers. Back in 1977 when I started working in depth with taxpayers I found many cases where taxpayers were considered to be guilty by Revenue Canada even when the evidence was not presented. Just on Revenue Canada's say so, a letter was sent to a taxpayer saying he or she was guilty of underpaying and in some cases beyond that.

In about 1984 or 1985 the Conservative government put in tax fairness legislation which helped and was a good thing. After that time I noticed that taxpayers were given the benefit of the doubt. They were treated much more fairly overall. There was less of them being considered guilty before their case was even heard.

The GST then came in and the same Conservative government, when it put the GST in place, did not put the tax fairness legislation in place to cover the GST. With the GST we see the same type of treatment of taxpayers that I saw in 1977 as I dealt with individuals where people were treated very unfairly and harassed in many cases by the GST people.

I have now been a member of parliament for the last five years but in the last couple of years I have noticed this trend toward more harassment even in the income tax area which is of great concern.

I would like to ask the member if he sees anything in this legislation that will ensure that fair treatment of taxpayers will be protected inside this agency.

Mr. Eric Lowther: Mr. Speaker, I appreciate the question. This question cuts to the heart of the issue. When an agency is given unchecked power, no critique, no bottom line as to who it is accountable to that is a dangerous precedent. I do not see anything in this legislation that protects taxpayers or gives them some court of appeal.

I again applaud the initiative of the member for Calgary Southeast that there must be an office for taxpayer protection before this legislation can go anywhere. I appeal to all members to consider that we must have something like this in the bill. His proposal states: "A chief advocate shall be asked to present each

year a summary of 25 of the most serious problems encountered by the office and present recommendations as to how these can be avoided in the future". That speaks to accountability. Let us see how the thing is working and make sure there is some measure of accountability.

• (1320)

To speak directly to the member's question, another component of taxpayer protection put forward is that the protection office would act as an advocate of last resort for taxpayers who feel they are being treated in an unfair, unjust or arbitrary manner. A court of appeal is just common sense, nothing to be afraid of. But it is incumbent on us to have it be part of this whole package if we are really going to serve our constituents.

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, I want to pay tribute to all the men and women who work at Revenue Canada. Unlike my colleagues, I had the opportunity of serving on both sides of the House, on the opposition benches as well as on the government side. Throughout the many years I have been here my office had nothing but very pleasant experiences in dealing with the staff and the people who work at Revenue Canada whenever we had an issue dealing with a constituent's concern. They were prompt and efficient and they got to the bottom of the matter. They dealt with it in a fair and equitable manner.

This issue of trying to create a new agency will deal with many of the concerns that some of my colleagues have raised today, but it also goes beyond that.

[Translation]

The Canada customs and revenue agency is the result of extensive consultations with the provinces and territories as well as with our interest groups and employees.

Our government announced its intention to establish a new tax, customs and trade agency in its February 1996 Speech from the Throne and March 1996 budget.

We have consulted our interest groups and employees on an ongoing basis. We consulted not just once but three times with the provinces, with tax, customs and trade experts and with business associations on what the appropriate framework and organizational structure should be for the new agency.

We also consulted our employees and are continuing to welcome their input and that of their representatives. In April 1997, following initial consultations, we released our first progress report. Then, we conducted a second round of consultations that led to the establishment of a special advisory committee to seek comments and views on the new agency's operational framework.

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This committee brings together consultants and professionals as well as officials from large Canadian corporate interests that have dealings with Revenue Canada.

In January, 1998, we released a second interim report, which provided for other changes and improvements based, once again, on consultations. These changes are real changes. They are also significant. They have enabled us to make an even better proposal to Canadians for a new agency, which has had considerable support.

Here are some of the things we have heard from our interest groups since the release of the second report.

First, l'Association de planification fiscale et financière wrote the minister following the release of the second interim report. In its letter, it pointed out that, in the context of the initial proposal and for discussion purposes, the agency would not necessarily have reported to the minister. It noted that it had opposed this idea and that it was grateful to the minister for taking its recommendation into account.

• (1325)

The Canadian Institute of Chartered Accountants also wrote the minister following the release of the government's second interim report. In its letter, it said that the proposals incorporated its suggestion that each province present a list of designated individuals rather than a single candidate for the agency's board of management. The institute believes that will give the government considerable help in setting up a balanced board of management.

Many groups continue to support the proposed creation of the agency in the various consultations and have reiterated the key benefits they see for their members.

By way of example, the Canadian Payroll Association, which represents over 5,300 member associations and individuals, mentioned certain benefits, including, first, a reduction in the number of resource persons employers need to contact for information; second, the existence of a single auditor in contact with a business for all revenue audits; third, simplified administration and less confusion, for example, by using common definitions; and, finally, the grouping of debt recovery measures for businesses in financial difficulty.

Paul Cherecwich Jr., international president of the Tax Executives Institute, which has a lot of Canadian members, also wrote the minister. In his letter, he points out that certain new information has come to his attention that demonstrates the government's deep commitment not just to the concept of the agency, but also to the consultation process, which was instrumental in moving the concept from the idea stage to an achievable plan.

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The letter says that the agency has been strengthened because the obligation of reporting to the minister has been retained, because administration has been simplified, and because the links and co-ordination that now exist between the Minister of Finance and the Minister of National Revenue will be maintained and improved when the agency is formed.

A study commissioned by the Public Policy Forum served as an indirect form of consultation. The purpose of this study was to look at the enforcement and administration savings that a single body would produce.

The study targeted a group of small business accountants, a sampling of over 1,500 small and medium-sized businesses, and a group of non-profit agencies. Their positions and their estimates can be found in the report, which was published in December 1997.

The government is listening. The opinions of its employees and of interest groups throughout the country are very important to it. Revenue Canada employees were another group that deserved intensive special consultations.

During the summer of 1997, over 7,000 Revenue Canada employees were asked for their opinions about a new human resources management framework. In December 1997, the union and management signed a memorandum of understanding setting out how the new human resources management framework would be developed.

Eight design teams were created. They include union and management representatives, as well as employees from various sectors of the department.

• (1330)

Five teams produced final reports on important human resource-related issues, such as staffing, classification, appeal mechanisms, training and upgrading, and employment equity.

Others are looking at re-engineering, National Joint Council directives, and senior level staff. These teams are working on proposals on these aspects, which are part of the agency's human resources management framework, and have submitted their proposals to 3,000 other employees for review.

Essentially, consultation consists in listening, learning, and then acting. We met with thousands of Canadians, singly or in groups. We learned what was most important to them, and what their perceptions of the future of Canadian tax, customs and trade administration were.

It is now time to act, and to implement the Canada Customs and Revenue Agency. I therefore strongly urge this House, particularly my colleagues in the opposition parties, to support this bill, because it is a well-balanced one which responds to the needs of Canadians, as well as a forward-looking proposal, one which really

gives this agency the opportunity to do better in serving the people of Canada.

[English]

Let me be unequivocally clear that this agency, if anything, will improve on the services that we are offering to the public.

I heard my colleagues in the opposition parties raise some concerns which may I suggest are not within the virtue of the law as it is proposed before parliament. My colleagues should be commending the government on this initiative. They should be supporting the government on this initiative because it is going to provide the agency with the necessary tools to better serve the taxpayers of Canada. It will provide the agency with the flexibility to better carry out its mandate.

Nothing will change when it comes to the responsibility of the agency vis-à-vis the population and the House of Commons. The Minister of Revenue will continue to be responsible for the agency. In fact this has been mentioned many times.

There would be absolutely no difference between the operation of this agency and many other agencies which are operating very effectively in our society.

Look at Statistics Canada for example. It is the envy of the world. It has an extremely efficient operation. It has the necessary flexibility. It can move ahead. It can provide advice not only to us as parliamentarians, to taxpayers, to the provinces, but to anyone throughout the world. It has been identified as one of the best agencies in the world.

Revenue Canada as an agency on its own can also provide that kind of service, not only to taxpayers, not only at the provincial level, not only to territorial governments, but I would say it can also provide services elsewhere.

The Public Service of Canada and those who work for Revenue Canada are among the finest public servants anywhere in the world.

We are giving this agency the flexibility to carry out its duties. It will have control over its own destiny to a large extent while at the same time balancing our needs as a parliament, balancing the needs of our constituents, that is, the taxpayers of Canada, and serving the interests of the agency itself when it comes to hiring, when it comes to classification, when it comes to flexibility in its operation.

• (1335)

All those are extremely important elements. They are important reasons why we should be endorsing this proposal by passing all of those small little nitty-gritty things that really are not within the purview of the act and can be dealt with outside of the act and outside of the proposal before us today.

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We should give a rousing endorsement to what is before us today. This is a historic moment in the way in which the government is carrying out its mandate. We are allowing agencies and organizations to flourish and to provide services that Canadians want us to offer them efficiently, in a timely manner, in a good way as we have been doing and will continue to do for years to come.

This bill makes it a happy day for us today. My colleagues should stand up and congratulate the Minister of National Revenue who has done a marvellous job, his staff, the administration as well as the employees of department who continue to provide excellent service to Canadians.

I want to conclude by saying—

Some hon. members: Hear, hear.

Mr. Mac Harb: My colleagues, are clapping on the other side and they are endorsing the proposal. That is what I hear.

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Mr. Speaker, I have a couple of questions for the member for Ottawa Centre. When I listen to him, I realize he lives in Ottawa, in this august place where parliament is. He should visit the rest of the country once in a while.

He talks about this being a historic moment. In 1917 this House had another historic moment. We brought in a temporary income tax law. Now we have another historic moment where the government is trying to bring in another bill which is not going to do the average Canadian any good at all.

The member said it was a great consultative process, that the government is listening. Why is it after all this time that none of the provinces have signed on to this project? Why is it that Alberta, British Columbia, Ontario and Quebec, the majority of the people in Canada do not like this project? Yet this government is consulting. Why did it not wait until it at least got the agreement of the provinces? If this is a country where the federal government is going to work with the provinces, surely we should not have legislation in this House before the provinces or at least the majority of the provinces come to an agreement. Right now we have zero.

I ask the member why he thinks the government had a consultative process. Why does he think the government is listening when it does not have provinces signing on to this project?

He talked about Statistics Canada being the envy of the world. One would have to live in Ottawa to think that. He should talk to the people in British Columbia or Nova Scotia about Statistics Canada and the interference in their private lives if he thinks it is the envy of the world. Perhaps people outside Canada who have

never been here think it is the envy of the world, but not the people who live here and pay taxes.

I ask the member, why is this bill so good when not one province has signed on to it?

Mr. Mac Harb: Mr. Speaker, frankly it is true. I am the member of all members because the House of Commons happens to be in my constituency of Ottawa Centre. Most of my colleagues live in my riding, including yourself, Mr. Speaker, and I am honoured. It is a heavy responsibility for me to be the MP of all MPs, including the Leader of the Opposition as well as the Prime Minister. It is a challenge for me.

I want the House to know that not everything I hear in this House pleases me. I look at the statement made by my colleague on the other side in trying to attack Statistics Canada. I am not the one who said it. I have repeated what others have said, that Statistics Canada is one of the finest agencies in the world. I do not know the name of the organization, but Statistics Canada over and over again has been identified as a lead agency when it comes to the efficiency of operation, when it comes to passing on information to the government, to members of parliament including my colleague on the other side, as well as to others. I would say that Statistics Canada has done nothing intrusive.

• (1340)

In response to the member's question, consultations are ongoing. He wanted my opinion. It is imperative to proceed with what we have now. Provinces will be onboard. Those who are not onboard will be onboard sooner or later.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, the hon. member for West Vancouver—Sunshine Coast would like to advise the hon. member for Ottawa Centre that he can take him off his mailing list.

The hon. member for Ottawa Centre got himself into such a frenzy stroking the ego of his colleague, the minister of revenue. It looked as if that was the most pathetic attempt to become parliamentary secretary I have seen here in a long time.

The hon. member does not think StatsCan is intrusive. Apparently he thinks it is a model for Revenue Canada. Let me suggest there is one slight difference. Revenue Canada is vested by this parliament with police powers, with the monopoly and coercive power of the government to forcibly extract from people the fruits of their own labours and to get into their most private matters, to find out everything about their financial arrangements, how much they make, where they save it and how they spend it. Those are extraordinary powers which are all too often abused.

If the hon. member heard my speech he would have heard me relate several stories, as have other members, about this kind of

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extraordinary abuse. For instance, Janice Collingridge, a low income quadriplegic from Calgary, was dragged into tax court by this government's tax cops to pay \$5,000 in back payroll taxes which she should never have had to pay. It was thrown out by the tax court.

Members know of case upon case of abuse by Revenue Canada officials. What exists in Bill C-43 to prevent this kind of abuse of the power we give the tax cops? Why will the minister and the member not accept a strengthening of accountability through the adoption of a taxpayer bill of rights which would be appended to Bill C-43?

Mr. Mac Harb: Mr. Speaker, I have never in my life seen so much lack of understanding in terms of how Revenue Canada works. The member is complaining about a specific case. I cannot comment on a specific case.

If the member needs a situation addressed, there are at least four steps I know of that he can go through in Revenue Canada before coming to parliament. Revenue Canada has a fairness committee. If you disagree with your tax assessment you can go there. And you can go higher and higher within the administration to the point where if you are not happy, you can go to the minister or you can go to court in order to find a way to resolve the problem.

I hope this gentleman is not suggesting to Canadians that they should not give their revenue information to Revenue Canada, that they should not tell Revenue Canada about some of their income. We live in a society where the only mechanism we have to support our social programs like health care is through our revenues. It is not an easy job collecting taxes. How would anyone like it? Tax and debt, everybody wants to run away from them.

It is a fact of life and the gentleman had better get used to it. We have to pay taxes for as long as we have social programs to support, for as long as we have to operate the government, for as long as we need roads to drive on and for as long as we have to move from one end of the country to the other. We have to have taxes. I do not like it but that is the way it is and we have to live with it.

Mr. John O'Reilly (Haliburton—Victoria—Brock, Lib.): Mr. Speaker, I want to inform the member for Ottawa Centre that I have moved out of his riding. I am now in the riding of the Minister of Industry, but I will stay on his mailing list because I enjoy his publications. They are well informed and he always goes into great depth.

The member for Ottawa Centre started out on a personal note as he talked about people who work in the tax department who are his constituents. They are people we deal with every day as members of parliament when we are trying to help people through the maze of problems they get not just with taxes but with many things. I have had to deal with the tax department myself and the only good part of it was that the lady's name was Hope. That was about all I had.

I want the member to comment further on some of his experiences with the employees of Revenue Canada and the good work they do for us as members of parliament.

• (1345)

Mr. Mac Harb: Mr. Speaker, sometimes the public service is an easy target. These people are like all of us, with one exception. They are always on the other end of the telephone and they hear complaints day after day, day in and day out. They go the extra mile to provide the most efficient and most timely information to those who call.

My experience, as well as that of my staff and of many colleagues on both sides of the House, with public servants has been very positive. I pay tribute to each one of them, particularly those behind the telephone. They are the ones who are taking the public calls and hearing the complaints from time to time.

These people handle millions of tax forms throughout the year, not only around tax time. They handle them in an efficient and positive manner. They deal with millions of forms. They are bound to make mistakes. No one is perfect, including yourself, Mr. Speaker, and all my colleagues on both sides of the House. I ask anybody who thinks he is perfect to stand and say so. Nobody is standing.

My colleague on the other side, the revenue critic, does not like to pay taxes but he better get used to it.

The Acting Speaker (Mr. McClelland): I am obliged to stand but I want to assure everyone I am not suggesting that I am perfect.

[Translation]

Mr. Odina Desrochers (Lotbinière, BQ): Mr. Speaker, I will begin my speech now and finish it after Oral Question Period.

I am pleased to address Bill C-43, an act to establish the Canada Customs and Revenue Agency. Let me say from the outset that I am opposed to the creation of this new federal agency, primarily because of the attitude and actions of this government.

We cannot take a chance and support a bill which only seeks to centralize the collection of taxes in Canada, reduce the number of jobs at the Department of National Revenue and, more importantly, create an agency that will, yet again, interfere with the Quebec department of revenue.

This bill shows that the Liberal government is finding it increasingly difficult to fulfil its responsibilities as administrator and manager of the state. The government is, once again, about to abdicate its responsibilities.

The new agency could make it possible for the minister to avoid fulfilling his duty, which is to protect taxpayers against any abuse

of power. We are all familiar with the Liberals' habit of creating independent agencies and then avoid answering questions by using the excuse that we must respect the agency's independence and autonomy, and that the government does not want to interfere.

My riding of Lotbinière is among the Quebec ridings where sheep farmers are at odds with the Canadian Food Inspection Agency, which is following some obscure directives to systematically destroy sheep that may be infected with scrapie. That agency is directly accountable to the Minister of Agriculture and Agri-Food. For the past two weeks, the Bloc Québécois has been asking the minister to take action and put a stop to this carnage which imperils the sheep industry in Quebec.

But the minister does not answer our questions. He too hides behind the agency to shirk his responsibilities. Meanwhile, the problem persists and our sheep farmers live in fear that an inspector or a veterinarian from the agency will call to inform them of the tragic news that some or all of their sheep will have to be destroyed.

This is an agency which definitely lacks transparency and which refuses to provide information to Quebec elected officials who are desperately trying to save an industry that was thriving before the carnage began, in January 1997, and that has now lost 11,000 sheep.

• (1350)

We have before our eyes an example which shows that the Liberal approach is not working. Yet, our questions are simple. How many sheep were identified as being infected with scrapie? Where are these infected animals? How does the agency diagnose the disease? What are the criteria used to determine whether or not the sheep must be destroyed? What is the agency's budget for research? What stage has the agency reached in its work? We have no idea. What is currently going on in Quebec is unacceptable.

Do you think that after going through this experience we will support Bill C-43? No, especially not with a Minister of Finance who does not even care about the real purpose of the employment insurance fund. I would rather not think about having an independent agency collecting our taxes.

The Minister of Finance ignores accounting principles. He ignores the repeated warnings of the auditor general, and he cannot even submit realistic estimates to the public.

There is a 60% difference between the forecasts and the actual figures. Do you know any business that would keep such an incompetent accountant? There is only the Prime Minister, the new dictator of the Canadian economy, who called on the police to use force against peaceful students who simply wanted to protest against an international situation.

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This government is again trying to show its good will by proposing the creation of the Canada Customs and Revenue Agency. However, we see what is behind this legislation: an anti-labour manoeuvre. In other words, 20% of the employees of Revenue Canada will no longer be covered by the public service act. The new agency will therefore have full latitude in two years' time to raise and lower salaries and hire and fire employees.

In any case, the federal Liberals are increasingly revealing their lack of social conscience and their lack of compassion.

I return to the example of the Minister of Agriculture and Agri-Food, who remains insensitive to the suffering of lamb producers in Quebec. The Minister of Finance, whose behaviour is unspeakable, wants to legalize his misappropriation of funds from the employment insurance fund, which belongs to workers and to employers. In the private sector, this sort of misappropriation would mean a trip to court.

This government is prepared to do anything to satisfy its need to centralize. The Liberals consider simplification synonymous with duplication and harmonization to them means meddling. The problem is that Quebec can guess what lies behind this new agency. Ontario is on the lookout as well, and with this new threat of centralization, is even considering setting up its own agency.

We agree with the principle of a single collector, but in Quebec, it should be the Quebec department of revenue that collects all federal taxes, as it does the GST.

Let us have another look at the officials who would be affected by the creation of this agency. A while ago, the President of Treasury Board said the following about the agency: "Creation of the Canada Customs and Revenue Agency is an essential component of the government's commitment to modernize the federal public service".

There is mention of 40,000 public servants, or 20% of the whole public service, who will from now on be at the mercy of the agency's board, made up of good little Liberals prepared to follow the Prime Minister's orders.

And what about the executives of this new agency? Who will they be? They will be better paid than the senior executives of the present Department of National Revenue. Who will foot the bill for this? The support staff, the record processing clerks, in short all the grassroots employees of the department.

• (1355)

In this connection, I would like to explain how the Revenue Canada employee union sees the Minister of Revenue's plan. The

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Canada Customs and Revenue Agency is a federal creation, inspired by top taxation people in Ottawa, who want to create a sort of monstrous octopus, the tentacles of which will reach not only as far as the provincial governments, but right up to the municipal and local ones.

Their intent is to administer everything, from provincial sales taxes to gasoline and alcohol taxes. Are we going to take that risk with a Liberal government, a voracious and centralist government that respects nothing? No. And whom is this agency going to be answerable to? What power will the elected representatives in this House have for getting any explanations about its administration, its results, and its mistakes as well?

As we know, in its present structure, Revenue Canada provides Parliament and the taxpaying public with the necessary accounting, via the Department of National Revenue. The government cannot sidestep embarrassing questions like the family trust scandal and the little perks the Minister of Finance is giving to his ships.

We fear that the new agency will be subject to a less stringent parliamentary scrutiny than the one currently imposed on the Department of Revenue. I can see it already. The minister will rise and answer a question about the agency as follows: "Mr. Speaker, we have asked for an inquiry into this independent agency and as soon as we have any information, we will communicate it to the House". In other words, while the inquiry is going on, we will find a way to get our party out of this embarrassing situation.

Last week, opposition parties called for explanations of the Prime Minister's conduct in what is now known as the Peppergate affair. The Prime Minister, the Deputy Prime Minister and the solicitor general all sought refuge behind the RCMP commission of inquiry. Imagine an embarrassing question about the operations of the agency. The Prime Minister, the Deputy Prime Minister and the Minister of National Revenue have already got their script ready.

The Prime Minister and the Deputy Prime Minister give the impression of having spent the summer preparing a series of 30-second cassettes devoid of information. Something is not right.

It will not be long before the Prime Minister, the Deputy Prime Minister and other ministers will be lip-synching to a soundtrack of 150 applauding MPs, all bowing before their great leader. One thing is certain: I hope these cassettes will not be sold to the public, because the distributor—

The Speaker: As it is now almost 2 p.m., I must interrupt the hon. member. He will have at least eight and a half minutes to complete his speech after Oral Question Period. It will be his turn. We will now proceed to Statements By Members. The hon. member for Hamilton Mountain.

STATEMENTS BY MEMBERS

[English]

INTERNATIONAL CONFERENCE ON DYSLEXIA

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, the first International Conference on Dyslexia is taking place in Hull on October 7, 8 and 9. Dyslexia is one of the most common disabilities in the world. Approximately 23% of the Canadian population is affected and has difficulty reading and writing.

For these Canadians dyslexia presents an enormous struggle. Reading the paper, making a grocery list or reading a bedtime story can be the cause of great frustration. We need to dispel myths and promote facts regarding dyslexia. Dyslexia can occur at any level of intellectual ability. It can be alleviated by specialist teaching and committed learning.

It is an honour for Canada to host the first International Conference on Dyslexia. This conference will help to dispel some of the myths about dyslexia, as well as offer some guidance to those affected and their family. I am sure all members will join me in wishing the participants of this conference well.

* * *

● (1400)

ONOWAY, ALBERTA

Mr. Cliff Breitreuz (Yellowhead, Ref.): Mr. Speaker, I am pleased to rise to congratulate my hometown of Onoway as it celebrates its 75th anniversary.

Located 30 miles west of Edmonton in the beautiful hill and lake country of Lac Ste. Anne County, Onoway may not have a long history but the historic Lac Ste. Anne trail straddles the community. Onoway does not have the museums and concert halls that grace Ottawa but then it does not receive billions from taxpayers. A large population is not a defining feature of this thriving and friendly town but here is one that is: Lorne Osvik, the smilingest mayor in western Canada.

Onoway district is just a nice place to live and raise children and I pay tribute to its settling pioneers, their descendants and all those people who over the years have made Onoway what it is today. I ask all members to join me in congratulating Onoway, the biggest little town in Alberta.

* * *

SENIORS

Mr. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, it is my pleasure to inform the House and all Canadians that today, October 1, 1998, is international day of older persons. This day also heralds the coming year, 1999, as the international year of older persons.

The theme for this celebration is Canada, a society for all ages. Our goal is to use this special year to enhance understanding, harmony and mutual support across the generations.

We must also take this opportunity to increase the recognition of seniors' contributions to society. I know firsthand what a vital, energetic role seniors play in our communities. They are front and centre in local volunteer work, always reaching out to help others and they are the foundation of our families and the wisdom and knowledge of our time.

Please join me in recognizing this special day and participating wholeheartedly in the national celebrations during 1999, the international year of older persons.

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[Translation]

GM PLANT IN BOISBRIAND

Mr. Paul Mercier (Terrebonne—Blainville, BQ): Mr. Speaker, the GM plant in Boisbriand is threatened with closure in 24 months because the models produced there are not selling.

If the plant were to close down, this would be a disaster not only for the 1,500 workers and their families, but also for the entire region, where thousands of indirect jobs depend on the \$100 million a year in wages generated by their work.

Starting tomorrow, 700 GM workers will have to register with the employment insurance program because the plant will be operating with only one shift. Tomorrow, at dawn, these newly unemployed workers, their former co-workers and other workers showing solidarity, as well as government officials will gather in front of the plant in Boisbriand for a peaceful protest.

The Bloc Québécois sends its brotherly regards and add its voice in solidarity with these GM workers and former workers. We want to assure them of our support in their fight to ensure that their plant, on which the prosperity of the Basses-Laurentides depends, remains in operation.

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[English]

ENVIRONMENTAL ILLNESS

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, today marks the first day of national environmental illness awareness month.

Over 4.5 million Canadians suffer from some degree of illness caused by the environment in which they work or live. Multiple chemical sensitivity, chronic fatigue syndrome and fibromyalgia are the three most common ailments and have the capacity to cause disabilities. People suffering from these diseases often experience

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debilitating pain and are unable to work or participate fully in society.

Environmental illness is a real problem. This national campaign seeks to develop greater public awareness in order to improve the health, social and medical well-being of those who suffer.

I commend Judith Spence of the Environmental Illness Society of Canada as well as representatives of the National ME/FM Action Network, ME Canada and MESH-Ottawa for their hard work. On behalf of my colleagues, I say to them good luck.

* * *

OPPOSITION

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton—Springdale, Lib.): Mr. Speaker, the late Andy Warhol once said that everyone will enjoy 15 minutes of fame but even Mr. Warhol could not have painted as pathetic a scene as we have witnessed from some members in opposition lately.

Desperate for television air time, they are hijacking the parliamentary agenda instead of supporting Canadians through positive legislation. They are just putting on a show with no real substance.

This government wants to deal with real issues like health care, lower taxes and safeguarding Canada at a time of global economic uncertainty.

Let us bring debate back to the issues that matter to Canadians. We must get back to the business of focusing on the concerns of Canadians.

* * *

• (1405)

BREAST CANCER

Mr. Eric Lowther (Calgary Centre, Ref.): Mr. Speaker, today marks the beginning of breast cancer awareness month. This year alone over 19,000 Canadian women will be diagnosed with this disease and tragically almost one-third of them will die. Breast cancer has become the leading cause of death among women 35 to 55.

Today we wear pink ribbons. The colour of the ribbon symbolizes hope for a cure. Today we offer our compassion and prayers for strength to the women and their families who are fighting this disease. A child losing its mother, a husband losing a wife; the pain of the loss of a loved one is the deepest kind of pain.

We must continue to work at finding a cure. Let us recognize and encourage the efforts of our Canadian researchers who are world leaders in the fight against cancer. Collectively we must continue to support every effort to better understand the causes and cures of this deadly disease. The hope for a cure fuels the search for answers. I know we all look forward to a day when we can speak about that hope—

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The Speaker: The hon. member for Pierrefonds—Dollard.

[*Translation*]

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[*Translation*]

THE LATE PAULINE JULIEN

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, we just heard that renowned Quebec singer Pauline Julien passed away.

While we knew she was very ill, her death caught us all by surprise. Pauline Julien was a greatly admired performing artist. We are saddened by her death, especially on this International Music Day.

Everyone in Quebec mourns her loss. She will be remembered as an artist and a woman who loved the French language and Quebec popular song. Pauline Julien personified Quebec, as a dynamic, generous woman who shared her enthusiasm for the development of the francophone and Quebec culture.

I want to extend our condolences and sympathy to all members of her family and all her friends. We share their pain and sorrow over the loss of this great lady.

* * *

[*English*]

BREAST CANCER

Mr. Greg Thompson (New Brunswick Southwest, PC): Mr. Speaker, no word inflicts more fear in the hearts and minds of families than cancer. Cancer is one of the leading causes of death in Canada. Its toll is frightening.

October is breast cancer awareness month. The statistics speak for themselves. Nearly 20,000 women will be diagnosed with breast cancer this year and of these women, over 5,000 will die. Breast cancer is one of the leading causes of death among women 35 to 55 and accounts for 30% of all cancer in women and 18% of all cancer deaths.

This Sunday, October 4, cities and towns across Canada will host Run for a Cure. We expect 50,000 people, women and men, to participate, raising money for breast cancer awareness and research. We need participation by all Canadians to conquer this dreaded disease.

With your consideration, Mr. Speaker, for more information on Run for a Cure and on breast cancer—

The Speaker: The hon. member for Pontiac—Gatineau—Labelle.

CANADIAN NATIONAL

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, in 1996 the Canadian Parliament passed the Canada Transportation Act. Canadian National had announced an important rationalization plan for its system. The people in my region were justifiably concerned about the future of the railway.

The situation concerning the rail line between Ottawa, Portage-du-Fort and Pembroke, Ontario has just come to a happy conclusion. I am proud to have been a participant in the discussions with CN authorities, resource people and Department of Transport representatives. The sale of this rail line ensures the people of the Pontiac and surrounding area of access to transportation for years to come.

Our government brought its usual skills to bear in this operation, and I am pleased to have been able to serve the best interests of the people of my riding through my involvement.

* * *

INTERNATIONAL DAY OF OLDER PERSONS

Mr. Maurice Dumas (Argenteuil—Papineau, BQ): Mr. Speaker, today is the International Day of Older Persons. With the International Year of Older Persons mere months away, it is our duty to emphasize the necessity of recognizing and protecting their rights.

Despite the Minister of Finance's statement in late July that "the proposed seniors benefit reform will not take place", our seniors are nevertheless having to cope with the disastrous consequences of the cuts this government has been championing for too long already.

If it had not been for the fight put up by seniors, the AFEAS and other golden age groups in particular, the dignity of our seniors would have been attacked once again.

It is imperative for the government to assure seniors that the pension and other social programs will be cost-of-living indexed so as to guarantee the people who built Canada and Quebec a fair and reasonable standard of living.

* * *

● (1410)

[*English*]

WHALING

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, today Makah Indians are preparing to slaughter grey whales just off our west coast.

They claim the hunt is an expression of cultural self-determination. It is reported that this in fact is a commercial operation with the Japanese fronting more than \$20,000 to promote the hunt and agreeing to purchase the whales at \$1 million a piece.

The minister of fisheries has flip-flopped on this hunt four times in the last two days as he scrambles to appease foreign governments. RCMP and DFO officials have expressed serious safety concerns regarding the slaughter of whales in our waters. Greys are notoriously aggressive when wounded.

We need leadership in DFO. What will it take for the PM to realize that everything the minister touches turns into an unmitigated disaster? It is time for change. It is time for leadership. The PM should have fired the minister, not the committee chair.

* * *

KOSOVO

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, the unanimous resolution of the House yesterday on Kosovo reflects the sentiments of most Canadians about a human tragedy reminiscent of Bosnia.

Words are inadequate to describe the treatment and persecution of innocent civilians in Kosovo. As the world community watches these events it is increasingly frustrated and believes itself to be impotent.

The situation in Kosovo reminds us of the excesses of nationalism, the dangers posed by people when driven by fanaticism and the extent of barbarism of which the human species is capable.

There is a role to be played by institutions such as the UN, the Council of Europe, and the Organization for Security and Co-operation in Europe. Any of these could play a fine and useful role in achieving what the people of Kosovo, Serbs and Albanians alike, really want, an end to hostilities, persecution and violence and a return to normality before winter sets in. In other words, a political solution that will restore peace.

* * *

TRANSPORT

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, yesterday the Canadian Transportation Agency ruled that CPR did not allocate enough rail cars to haul farmers' grain to the west coast in the winter of 1996-97.

This complaint was filed on behalf of grain producers by the Canadian Wheat Board and included a complaint against CN rail as well.

The wheat board estimates that this failure to provide adequate service cost farmers \$50 million and the board is now expected to sue CP for a portion of those damages. This poor service is a direct result of the effective monopoly by CN and CP on shipping western grain. Yet these same railways argue that the system should now be totally deregulated so that they alone can decide what to haul, when to haul it and at what tariff.

This would be a disaster for western Canadian farmers. Yesterday's ruling proves that in order to protect farmers the federal government must continue to play a key role in regulating grain transportation in Canada.

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ARCTIC COUNCIL

Mrs. Nancy Karetak-Lindell (Nunavut, Lib.): Mr. Speaker, I thank the town of Iqaluit for the warm welcome and generous hospitality given to the delegates and ministers who attended their first ministerial meeting of the Arctic Council held September 17 and September 18.

The circumpolar peoples of the Arctic Council are committed to improving socioeconomic conditions and protecting the environment and cultures.

The people of Nunavut are very concerned with environmental issues. My ancestors depended solely on the land and sea for survival and today we Inuit respect and cherish that bond.

Therefore we were very happy to hear the same concerns expressed by the international community at the Arctic Council as well as all the initiatives to protect our joint heritage.

The people of Nunavut are also very aware of the problems faced by our children and youth in the transition from traditional Inuit culture to the computer age. The welcome given Canada's children and youth of the Arctic initiative shows that our concerns are shared and understood by the international—

The Speaker: The hon. member for Rimouski—Mitis.

* * *

[Translation]

THE LATE PAULINE JULIEN

Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ): Mr. Speaker, there is a feeling of sadness today in Quebec, as we are mourning the passing of Pauline Julien.

The Bloc Québécois extends its condolences to her children Pascale and Nicolas, to her granddaughter Marie, whom she adored, and to her friends and family.

Pauline Julien was an actor, a singer and a composer, and she used her exceptional voice to interpret the songs of the greatest French and Quebec songwriters. When she came back to Quebec in the early sixties, she said "It is important for me to sing my own songs. I had things to say as a woman, a singer and a Quebecker, things that others could not say on my behalf".

● (1415)

For many, Pauline Julien is synonymous with political commitment to Quebec and to the feminist cause. We will remember her kindness, her compassion for the needy and her anger at seeing the increasingly wide gap between rich and poor.

It is this woman, this singer, this Quebecker and this champion of so many social, national and international causes, that Quebec salutes with respect and pride.

*Oral Questions***ORAL QUESTION PERIOD***[English]***CANADA PENSION PLAN**

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, last month the Liberals fired Bernard Dussault, the Canada pension plan's top actuary. Why? Because he was about to reveal how the Liberals had mismanaged the plan.

Not once, but twice, Mr. Dussault was told to alter his reports because otherwise it would "embarrass the Minister of Finance".

My question is for the Prime Minister. Why does he permit blatant political interference in the running of the Canada pension plan?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the Superintendent of Financial Institutions today categorically denied that allegation.

I would like to read from the superintendent's statement yesterday:

—there was no political interference in my decision to ask him to leave.

That is Mr. Dussault. It continues:

Not by the Minister of Finance, nor by any other Minister. I am responsible for OSFI, and this was my decision as the superintendent.

Mr. Preston Manning (Leader of the Opposition, Ref.): You can bet, Mr. Speaker, that if he had not said that, he would have been fired today as well.

Bernard Dussault was fired because his report would have embarrassed the Prime Minister. He was fired because his report would have shown that the Liberal CPP plan was in deep trouble, that the premiums being charged were not enough to cover the miscalculations of the minister.

Will the Prime Minister reinstate Dussault so that he can give us the honest report that he would have prepared?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the single most important thing in all of this is the integrity of the Canada pension plan.

Neither the federal Minister of Finance nor the 10 provincial ministers of finance, all of whom are involved, would be embarrassed by whatever numbers come out.

Let me again quote from the superintendent's statement of yesterday:

The team of competent professionals who worked under Mr. Dussault remains in place. Mr. Hafeman, who is replacing Mr. Dussault is a competent, experienced actuary—

Then he goes on to say that the superintendent—

The Speaker: The hon. Leader of the Opposition.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, it seems that the government will go to any lengths to protect itself from embarrassment.

Somalia, an embarrassment: shred the documents. Krever, an embarrassment: take him to court. Students, an embarrassment: use the pepper spray. EI fund surplus, an embarrassment: steal it. Now this actuary, an embarrassment: fire him.

My question is for the Prime Minister. Is there any ethical guideline he will not violate in order to protect his government from embarrassment?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I am very, very proud of the record of my government on integrity in the last five years.

I am very, very surprised that the Leader of the Reform Party would get up in the House with so many Reformers at his back.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, this is a very serious matter. The confidence of Canadians in their pension plan has been seriously shaken because the independent chief actuary of the Canada pension plan, a man held in the highest regard in his profession, has stated categorically that he was asked to fudge the figures about the plan.

Is the minister simply going to sit here and tell the House that he will do nothing at all to deal with these serious allegations?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, first, as I have just mentioned, the Superintendent of Financial Institutions has categorically denied that allegation.

• (1420)

Second, let us understand what the superintendent has done. Not only is Mr. Hafeman, who worked under Mr. Dussault, now completing the report, but I will quote again from the superintendent "to provide an extra layer of assurance", along the lines the member is talking about, "I will be seeking the help of the Canadian Institute of Actuaries. OSFI has been working with the CIA on an important new initiative, the development of a system of practised review".

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, the fact is that Mr. Dussault's report, his five year review of the CPP that he has been working on, will never see the light of day. Some other figures, some other calculations, some other projections will come forward from goodness knows which sources. Apparently the minister has not even made up his mind yet. It could be this. It could be that. It could be someone else.

We need to know what the man who worked on this for seven years thinks about the plan. Are we going to see that report?

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Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, that is simply nonsense. First, Mr. Hafeman worked under Mr. Dussault.

Second, what has happened is that the superintendent has asked the Canadian Institute of Actuaries to come in and do a practised review of OSFI's "actuarial services division early in the new year". He has asked them to do it with special emphasis on the report of the CPP. There will not be one report; there will be two and it will be approved by the Canadian Institute of Actuaries.

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[Translation]

ECONOMIC SITUATION

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, this morning the Canadian dollar is in free fall. For the fourth consecutive month, the economy and all the economic indicators are declining. The Prime Minister, however, continues to say all is well.

Does the Prime Minister not think it is high time he acted as a responsible Prime Minister and took measures to stimulate the economy, before the country plunges into another recession?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is clear that we live in a volatile world. The meeting of the Commonwealth countries has just concluded. We have just seen the projections of the International Monetary Fund: two-thirds of the world's economies are in recession. There is no doubt that Canada will be affected.

That said, Canada, fortunately, has taken precautions in order to weather these storms. That is what counts most.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the experts are saying, the economists are saying, the opposition is saying, everybody is saying that there is a problem. For the fourth consecutive month, the indicators are dropping.

The Prime Minister, however, says everything is fine. The king is happy.

Is it not time the Prime Minister recognized that the first responsible step he should take is to return to workers, to the unemployed and to business the \$7 billion he took from their pockets and to inject this money into the economy? That represents \$500 million a month.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, let us look at what the Bloc is asking. If we followed every suggestion, we would be back in a deficit situation by the end of the year, and interest rates would be on the rise.

Allow me to quote the president of the Bank of Hong Kong, who said "Canada is being affected by events largely beyond its

control". I thank God every day that our financial situation is better than it was five years ago. Imagine what it would be like if we still had a deficit, as the Bloc Quebecois would like.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, while the government pocketed a \$7 billion surplus over a four-month period, experts are increasingly talking about a recession: the GDP is declining, the dollar is plunging and consumer confidence is being eroded.

My question is for the Prime Minister. Does the Prime Minister—who is stubbornly refusing to take any initiative to get the economy back on track—not realize that the outrageous cuts he continues to make in the economy could bring about a recession within a year?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, all the economists unanimously agree that, if there is a problem with the economy, it is outside our borders. This situation exists because there is a problem in Russia and Asia.

• (1425)

The best thing we can do to weather the storm is to maintain our policy, which is based on caution and a balanced approach.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, a GDP on the decline for four consecutive months is not the result of an international problem, but a domestic one.

For the past two months, the Bloc Quebecois has been warning the Prime Minister that we are slowly sinking into a recession.

So, I put the question to him: Will he continue to watch the train go by until next spring's budget, or will he have the courage to immediately take the actions he can and must take to get the economy back on track, without running a deficit?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is no doubt that there are problems outside our borders.

According to the Bloc Quebecois, if the government of Russia cannot collect taxes, it is Ottawa's fault. According to the Bloc, if there is a problem with Japanese banks, it is Ottawa's problem. According to the Bloc, if there are problems with emerging economies, it is Ottawa's fault. The Bloc's position is absolutely ludicrous.

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[English]

THE ECONOMY

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

For some time now we have had preached to us the virtues of an unregulated global economy and getting the fundamentals right here at home. Yet by the minister's own admission there is a storm

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coming. There is an economic downturn. There is a lot of anxiety in the country.

Could the Minister of Finance tell us today whether he intends any new measures to deal with the new situation which is that getting the fundamentals right has not worked?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, for a number of years the government has made its projections we have been told that we have been too prudent, that we have been too cautious. We have said that eventually there will be a downturn, that eventually the kind of storm we are going through in fact will occur.

It is for that reason we have been prudent. It is for that reason we have put in place a plan that will enable us to take advantage of the opportunities of an upturn and ride through the storms when in fact they occur. Thank heaven we have done that.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I say to the Minister of Finance that when there is a storm coming you generally take some kind of precautions, especially when you know the storm is coming.

Given the fact that workers are the ones most likely to be hurt by this coming economic storm, would the minister consider, in the debate he wants about the EI surplus, whether or not restoring benefits and eligibility in EI would be one of the options, given that workers are the ones to be most affected if the storm is as bad as we think it might be?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the government looks forward to a debate certainly on the EI issue, but in the kind of storm we are looking at we also happen to believe that lowering taxes for seniors and lowering taxes for self-employed workers is important.

We also believe there is no excuse not to make sure that the health care system in the country is in as good shape as it can possibly be. We believe that debt should be retired. We also believe that EI premiums should be reduced. We will do all this within the context of our financial resources.

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VETERANS AFFAIRS

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, yesterday the Minister of Veterans Affairs stated regarding fair compensation for Canada's merchant navy vets "I don't see the appetite for that in my cabinet". It is clear that the current minister has no clout at the cabinet level.

I am very concerned about these merchant navy vets being on hunger strike, but they remain convinced that hunger strike is the only way to get fair treatment.

Since the Minister of Veterans Affairs does not have the appetite to defend these vets, will the Prime Minister step in, do the right thing and offer merchant navy vets fair compensation like all other allied countries have?

Mr. Bob Wood (Parliamentary Secretary to Minister of Veterans Affairs, Lib.): Mr. Speaker, hunger strikes are regrettable. We are talking about the health and welfare of several Canadian veterans. I would strongly caution the hon. member not to inflame the situation with unnecessary rhetoric.

I have spoken to the merchant navy vets, as has the minister, and we have assured them that with the 1992 legislation merchant mariners are veterans in every sense of the word, that they are entitled to all benefits currently available to veterans of the armed forces, and that the 1992—

The Speaker: The hon. leader of the Conservative Party.

● (1430)

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I am embarrassed to hear such an answer like that from the government when the poor merchant navy vets are right here.

Let me tell him that they are not equal. That is why the minister wants to bring in new legislation which he was supposed to bring in June.

The Minister of Veterans Affairs cares so little that he is on a little trip in Korea. These men are still on a hunger strike. The minister does not care for these veterans. All I ask from the Prime Minister is will he replace him and put someone in who does care for them?

Mr. Bob Wood (Parliamentary Secretary to Minister of Veterans Affairs, Lib.): Mr. Speaker, the minister is a distinguished military person and he does care and the member knows it.

She is quite right. The Minister of Veterans Affairs is taking a delegation of Canadian veterans of the Korean war back to their former battle sites to commemorate the 45th anniversary of the ceasefire in Korea. Let me tell the member that this delegation is made up of representatives of every—

The Speaker: The hon. member for Saanich—Gulf Islands.

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FISHERIES

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, we know this government fires people who are about to expose the truth as it has fired the CPP watchdog.

Oral Questions

We know this government's failed fish policies, more specifically foreign overfishing and the mismanagement within the department have been an unmitigated disaster. We know the fisheries committee chairman has been removed not only as chairman but from the entire committee.

Is it the policy of this government to fire every single person who gets in its way?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I and some of my colleagues had the privilege to talk with the member for Gander—Grand Falls a few minutes ago. I asked him why he had asked not to be the chair of the committee. He said it was for personal reasons.

He asked me to inform the House and the Reform Party that he is completely happy with the Liberal government. He is very happy with the Prime Minister of Canada. He is very happy with the policies of this government and he is—

The Speaker: The hon. member for Saanich—Gulf Islands.

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, we know this government has trouble with the truth: Krever, Somalia, APEC the CPP watchdog and now fish. It is shameful that this government is trying to hide behind some phony excuse that it knows is absolutely not the truth.

Some hon. members: Oh, oh.

The Speaker: I ask the hon. member to withdraw those last few words.

Mr. Gary Lunn: Mr. Speaker, my question is—

The Speaker: I asked the hon. member to withdraw those last few words.

Mr. Gary Lunn: Mr. Speaker, yes I will withdraw them. I am sorry, I did not hear you.

The Speaker: The member will go directly to his question.

Mr. Gary Lunn: Mr. Speaker, we would like to know when the member for Gander—Grand Falls in Newfoundland has been promised his Senate seat?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I am delighted when the Reform Party tells me that I have very good members of parliament. I invite Reform to do it on a daily basis. It can say that for everyone on this side.

The member was a great chairman of the committee. He has done a great job. He is a great friend of mine. I want him to sit in the House of Commons because even the Reform Party loves him like we all do.

• (1435)

[Translation]

MONTREAL CONVENTION CENTRE

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, my question is for the secretary of state responsible for regional development.

The secretary of state is hiding behind the infrastructure program when it comes to explaining his failure to act on the Montreal Convention Centre issue. The fact is that priorities in terms of infrastructure were set by the Quebec Liberals in 1993 but, in 1997, only \$20 million was allotted to such projects.

Will the secretary of state act on the consensus that exists in Montreal, where everyone wants the convention center to be expanded? Will Ottawa pay up, and pay up now?

Hon. Martin Cauchon (Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.): Mr. Speaker, I am pleased to see that the Quebec government voted yesterday to go ahead with the expansion of the convention centre, after missing the boat the first time, with the infrastructure program.

I must say, however, that I am a little surprised at their attitude, because I spoke with Minister Perreault on Tuesday afternoon. They certainly went to great lengths to keep things quiet.

In any event, I am pleased with the decision made by the Government of Quebec on behalf of all Montrealers; it will take a great deal of pressure off us. I do hope that, as a prelude to further co-operative efforts, this project will lead to a solution at the national level.

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, the minister is asleep at the switch on this issue. I want to ask the real ministers from Montreal: Will they intervene to get Ottawa to do its part? Will the ministers from Montreal stand up and pay their share of the bill now?

Hon. Martin Cauchon (Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.): Mr. Speaker, I sincerely think that, if ever there was a government that has done a lot for the Province of Quebec and the greater Montreal area, it is the Liberal government on this side of the House. Since 1996, we have invested more than \$1 billion.

Some hon. members: Oh, oh.

Hon. Martin Cauchon: We also intervened in a number of—

The Speaker: We are having a tough time hearing the answer. The hon. secretary of state has the floor.

Hon. Martin Cauchon: Mr. Speaker, I was saying that, if there is a government that is omnipresent in the Montreal area, it is the

Oral Questions

Liberal government on this side of the House. Since 1996, we have developed a policy to support Montreal in key sectors, helping Montreal position itself and helping to maintain or create nearly 26,000 jobs.

However, the lack of co-operation and partnership we saw yesterday is unfortunate. I find this sad and I hope Quebecers will come up with a solution—

The Speaker: I am sorry to interrupt the hon. secretary of state. The hon. member for Edmonton North.

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[English]

EMPLOYMENT INSURANCE

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, there is a list of groups who say that the EI overpayment should go back to the workers and the employers who paid them in the first place. That group includes small business, labour and now the province of Ontario has come onside today saying that this money must go back. But the law says that that money must go back to those people who paid it.

I would like to ask the finance minister if he is willing today to do something really new, really brave, really different, and that is to obey the law.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the government has obeyed the law, number one. Number two, we are in a very volatile economic situation. The IMF has talked about the possibility of much more widespread depression than even we see now outside of our borders.

It is very important that the opposition and Canadians understand that we have to keep our powder dry. We have to proceed with caution. We will reduce EI premiums, as we will reduce income taxes as we will invest in health care as our priorities. We must do that taking into account the international situation. To do otherwise would be irresponsible.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, talking about being irresponsible in the volatile situation that we face right now, there are a lot of Canadians inside this House, both sides included, that say why in the world then would the finance minister yesterday at a conference lend credence to that and say that if he cannot keep his hands on all that EI overpayment, we are going to fall into a recession? That is volatile and that is irresponsible.

Why does the finance minister have to resort to these scare tactics? What good is the fear factor?

• (1440)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the member ought to get her facts right. That is clearly not what I

said. The hon. member knows full well that is not what I said. What I said is that the IMF has said there is a recession building up outside our borders and we basically have to make sure that our financial strength is there to withstand the storm.

The real issue is if the Reform Party wants to do what it is now saying it wants to do, will it stand up and say that it is against more money for health care, it is against more money for small children, it is against broad based tax cuts, it is against retiring the debt? Is the Reform Party prepared to accept the consequences of its choices?

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[Translation]

PRATT & WHITNEY

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

On August 28, Pratt & Whitney announced that it was laying off 900 employees, including 500 engineers, in its Longueuil research and development units because of federal government underfunding of the Technology Partnerships Canada program.

Does the minister realize that not only are these 900 jobs strategic ones for Quebec, but that what is at stake is Quebec's role, and Canada's role as a leader in—

The Speaker: The hon. Minister of Industry has the floor.

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I admit that Pratt & Whitney's decision was a very regrettable one.

I wish to point out that we created the Technology Partnerships Canada program in the 1996 budget. It began with \$150 million, and was subsequently increased to \$200 million and then \$250 million. Pratt & Whitney has received more than any other company since the program's inception.

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, I trust the minister is on top of this. If he is, he will know that not just Pratt & Whitney, but the entire aerospace industry supports these demands, because this is a high-growth sector.

I want to know whether or not the minister is prepared to do something concrete to prevent yet another economic catastrophe in the Montreal area?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I am proud of our investments in the Montreal area. We have invested in Pratt & Whitney, Bombardier, CAE and, last week, in SPAR. We have created a sector in Montreal, in Canada that is tops in the world. I am very proud of what this government has done in the Montreal area.

Oral Questions

[English]

EMPLOYMENT INSURANCE

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Ref.): Mr. Speaker, yesterday the finance minister said that he does not want to return the employment insurance over-collection to workers and job creators because he needs the money to save us all from a recession. He wants to spend it. It may be news to the minister but British Columbia is already in a recession and the over-collection that he sucked out of the B.C. economy did not help.

The minister knows full well that payroll taxes kill jobs. Why does the minister not do the right thing for B.C. and all Canadians and just cut the premiums now?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is no doubt Canadians are very worried about the situation in British Columbia. It highlights the problems and the integration we have in the world economy and what is going on out there.

I am saying that caution and prudence are what have enabled us to eliminate the deficit. They have seen our productivity increase substantially and have brought our unemployment rate down from 11.5% to 8.3%. We want to continue with that approach. This is not the time to jump ship. It is not the time to panic. It is the time to stay the course and we intend to do so.

Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Ref.): Mr. Speaker, if EI premiums were cut to their break even point as actuaries now recommend, then workers would have an extra \$2.8 billion and small business would have \$4 billion more to create jobs.

● (1445)

Instead of keeping it for his own political slush fund, why does the finance minister not just obey the law, help, not hinder, and return the money to the real job creators in this country?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member does not quite understand something and that is that the Reform Party, as part of its program, said that the EI fund should be used to reduce the deficit. That is the Reform Party's program.

Let them understand that they are now swallowing themselves whole. Why are they swallowing themselves whole at this point? They are doing so in order to argue against health care, in order to argue against broad-based tax cuts, in order to argue against debt reduction. That is why they are doing it. We do not buy that.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, these past few weeks,

the Prime Minister has been making all sorts of plans to spend the billions of dollars accumulated in the employment insurance fund.

However, in reply to a letter I sent him, the auditor general said that "it would not be legal to use contributions or take money out of the fund for purposes other than those prescribed in the act".

What does the Prime Minister have to say about the auditor general's statement, which confirms what the Bloc has told him repeatedly all week?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I can assure you that our government has always complied with the act. We are complying with the Employment Insurance Act.

It is absolutely unbelievable that one would keep insinuating that the government is not complying with the act. We do comply with the Employment Insurance Act.

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[English]

WATER EXPORTS

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs. Once again the Ontario government has been approached by the Nova Group to get a permit to export large volumes of water from the Great Lakes.

Will the minister assure this House that he will put a stop to this massive export of our water?

Mr. Julian Reed (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, I thank my hon. colleague for that question.

Water is of prime importance to this country. Canada stands opposed to bulk water exports. We are in the process of completing consultations with every province and we should have that done very soon. We will be laying out a comprehensive strategy on the issue this fall.

* * *

HEPATITIS C

Mr. Grant Hill (MacLeod, Ref.): Mr. Speaker, thanks to this federal health minister we have two classes of hepatitis C victims in Canada. We have his kind, half of which are left out in the cold, and then we have the kind in Ontario where every single individual will be looked after.

Why does the health minister not admit to everyone today that the only way his kind will get proper treatment is if they pack up and move to Ontario?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, it is obvious listening to this member that we take very different approaches. This member is someone who looks at the sick and

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thinks they should get cash. We look at those who are sick and think they should get care.

The hon. member insists on payment and we insist on treatment. When will this member understand that those who have hepatitis C do not want him to write them a cheque, they want to be written a prescription? Let me give an example.

In Ontario we cannot get Interferon, the only drug that is of any use, without paying \$10,000, depending on your financial circumstances, and getting permission from the Minister of Health. We say that should—

The Speaker: The hon. member for Macleod.

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, it is fascinating to listen to this story, but what the minister forgets is the individual left without anything, without a mortgage, without any life insurance, without access to this medication. This individual does not want this health minister. In fact he wants the Ontario health minister who has shown compassion, who has not given care or cash, but a proper compensation program. That is what he wants.

Why does he not do that?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, while this member and the Ontario minister of health pontificate politically about payment, people in Ontario cannot get Interferon which they need to treat their hepatitis C.

Not long ago two women from Windsor appeared before the Ontario legislature begging for access to Interferon. They have to wait weeks for the Ontario minister of health to give permission that it be furnished and then they have to pay up to \$10,000 to get the drug.

• (1450)

I say that is wrong. That is why we on this side of the House want treatment. We want care, not cash. He is wrong and he knows it.

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BANK MERGERS

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, my question is to the Minister of Finance. As the minister knows now, even the banker-friendly Senate banking committee has said that the question of the mergers of banks is not a question of life and death to the banks involved.

In light of that and in light of the growing opposition amongst the public to the question of the mergers of the big four banks in this country, I want to know from the Minister of Finance whether he will let parliament make a decision on whether the mergers should go ahead and not make the decision by himself.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, as the hon. member knows, the House of Commons finance committee is now holding hearings on the MacKay report. As he also knows, the government has stated that following the reports of the Superintendent of Financial Institutions and the Competition Bureau the government will make a decision.

If that decision were to consider proceeding, there would be full public hearings—Commons and Senate public hearings.

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, I think the time has come for a direct answer. We all know that a decision must be made sooner or later on the question of mergers, a yes or no decision.

I want to know whether that decision will rest in the hands of one man, the Minister of Finance, or whether parliament will have a chance to vote and make a decision on whether these mergers should proceed.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I have already answered the question. There will be full public hearings. The opposition I am sure can have opposition days. The opposition will be able to participate if it chooses.

In these national hearings there will be full opportunity for Canadians and every member of this House to express their views on the mergers.

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CANADA PENSION PLAN

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, we know the facts about the firing of Bernard Dussault. Mr. Dussault complained of being muzzled by the finance minister's information police. He was asked twice by John Palmer to change numbers in the CPP report because they would embarrass the minister. He complained of being stripped of his Dynacan computer program which was necessary to make accurate projections about the CPP.

I ask the Prime Minister: Was Bernard Dussault fired simply because he would not manipulate information for the political purposes of the finance minister?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I would like to be very clear on this question. The answer to the member's question is no.

I would like to correct the member with respect to the program he mentioned. It was a program that was requested by my department, human resources. It has nothing to do with the Department of Finance. We asked for that program. We wanted to compare his findings. It has nothing to do with the Department of Finance.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, Bernard Dussault has been very clear in terms of his response to this issue. The fact is that it was the minister's department, along with the

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finance department, that put a case review committee in place to muzzle Bernard Dussault. The Department of Finance was robbing Bernard Dussault of his objective ability to complete his job and make independent assessments of the CPP.

Dussault objected and he was fired. What was this government trying to cover up about the Canada pension plan and why was John Palmer so concerned about CPP projections that he wanted to change the information so as not to embarrass the minister?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, Mr. Palmer has denied those allegations categorically.

I will quote again from his statement: “—there have been no differences regarding the professional work of his Division—which is to calculate the actuarial liabilities of public pension plans”.

What he said was that there was a list of differences between Mr. Dussault and other members of OSFI management. He has further gone on to say that he regards his own independence, that of the Superintendent—

The Speaker: The hon. member for Durham.

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INFORMATION HIGHWAY

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, my question is for the industry minister. More and more Canadians are accessing their business using the information highway. Many of these people fear that their personal information will be misused.

What is the minister doing to protect these citizens of Canada?

● (1455)

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, we have today laid before parliament an important additional building block in the government's strategy for promoting electronic commerce. We have today tabled legislation which will protect the privacy of personal information which is retained in digital or electronic form. We are one of the first countries to do so.

I believe this legislation will give consumers the confidence they should have that the kinds of information they often disclose to banks and to businesses in the private sector will be fully protected.

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APEC SUMMIT

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, I thought we held our press conferences outside.

The experiences that we have had this past week and particularly this morning regarding APEC are just disgusting. We have seen the Prime Minister's lawyers stonewalling. We have seen cabinet ministers covering up. We have seen government MPs whipped into submission in committees.

Democracy in this country is truly in trouble. I wonder what is so wrong with this Prime Minister simply telling—

The Speaker: The hon. Solicitor General.

Hon. Andy Scott (Solicitor General of Canada, Lib.): Mr. Speaker, the Public Complaints Commission has dealt with thousands of cases over the last 10 years. We have never heard from the opposition before on this. It is quite a spectacle to see members of the opposition falling all over themselves trying to take political advantage of a very serious situation that the Public Complaints Commission will be dealing with starting Monday. I wish they would let it do its job and put their political ambitions behind.

* * *

[Translation]

CANADIAN COAST GUARD

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

Starting December 21, the Canadian Coast Guard will be charging a new icebreaking fee in eastern Canada. By imposing this service charge on the whole region, the government is putting Quebec in the same boat as the Atlantic provinces.

Considering that 80% of marine traffic is on the St. Lawrence River, does the minister realize that Quebec will end up paying most of the icebreaking fees for the maritime provinces and Newfoundland?

[English]

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the system that will be put in place for the recovery of less than 20% of the costs of providing the ice-breaking service will be based on the region.

It may be of interest to the hon. member that to get to the Quebec ports and to the St. Lawrence River one sometimes has to go through ice which is around Newfoundland. The result is that some of the costs affecting the ships going to the St. Lawrence ports are sometimes borne by ice-breakers in the Newfoundland region.

We cannot simply break the ice on the river and ignore the approaches to the river which he seems to believe we should do.

*Business of the House***PAY EQUITY**

Ms. Wendy Lill (Dartmouth, NDP): Mr. Speaker, today Canada is launching its participation in the International Year of Older Persons. Yet following 14 years of battle, more than 50,000 retired public service workers, most of whom are women receiving pensions based on the lowest salaries, are still fighting for pay equity. Twenty of these women are in parliament today.

My question is for the Prime Minister. Will the government honour these older women by paying them retroactive pay equity and recalculating their pensions as ordered by the human rights tribunal?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, the judgment of the tribunal on human rights has been appealed. It has been appealed for a very clear reason, for the reason of equity.

There was a previous judgment by the federal court concerning about 20,000 women and Bell Canada which used a certain methodology to determine what the payment should be. The tribunal has used a totally different methodology which our legal experts say is incorrect.

Are we going to use two different standards to pay two groups of women, one for the private sector and one for the public sector? Obviously that would be inequitable and that is why we asked the court to address the question.

* * *

• (1500)

AIRBUS INVESTIGATION

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, there is mounting evidence of political interference from the Prime Minister's office and the RCMP security at APEC.

Allegations have also surfaced which implicate the Prime Minister's office in the RCMP's Airbus investigation. Canadians want to know that their national police force is independent and not subject to political interference.

Did the Prime Minister have any knowledge of the RCMP Airbus investigation prior to November 18, 1995? What role did he play in this entire affair?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, in January of that year when there was a settlement, Mr. Mulroney and his lawyers said that the parties accept that the RCMP, on its own initiative, initiated the Airbus investigation, that the minister of justice was not involved in the decision to initiate the investigation and that before November 4, 1994, the minister

of justice was not aware of the request for assistance in the RCMP investigation.

“The parties accepted that RCMP and the Department of Justice in sending the request for assistance to Switzerland acted within their legitimate responsibility in this matter”. That was signed by Mr. Mulroney.

* * *

POINTS OF ORDER

STATEMENTS BY MEMBERS

Mr. Greg Thompson (New Brunswick Southwest, PC): Mr. Speaker, I point out to all viewers and to this House that you were not being insensitive when I was cut off before getting out the breast cancer research information number.

Under Standing Order 31, time restraint is very important and I simply ran out of time. That number is 1-800-387-9816.

The Speaker: That was not a point of order, but there it is.

* * *

BUSINESS OF THE HOUSE

Mr. Randy White (Langley—Abbotsford, Ref.): Mr. Speaker, some days you give a little more leeway than others. Given the nature of the economy in this country and the concerns people will have, I wonder if the government House leader might apprise the House of the nature of the business coming up for the remainder of this week and for the week following.

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, given the nature of the economy and the question just asked, I am pleased to answer that this afternoon we shall continue debate on Bill C-43 respecting the revenue agency. That is surely very important for the economy.

The back-up bills are Bill C-53, the small business bill for the amelioration of the economy, and Bill C-51, the Criminal Code amendments.

On Friday we will begin with those bills, Bill C-53 coming first.

• (1505)

Next Monday shall be an allotted day. On Tuesday we will deal with the test ban bill, Bill C-52, after which we will attempt to clean up any uncompleted bills such as Bill C-53, Bill C-51, Bill C-43 and Bill C-42 in that general order. We will continue with this list on Wednesday and Thursday. If this is finished we will then begin Bill C-40, the extradition legislation, Bill C-44 respecting administrative tribunals and, time permitting, Bill C-49 respecting first nation lands.

A week from Friday we will then call Bill C-50, the civil law harmonization bill.

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[*Translation*]

CANADA CUSTOMS AND REVENUE AGENCY ACT

The House resumed consideration of the motion that Bill C-43, an act to establish the Canada Customs and Revenue Agency and to amend and repeal other acts as a consequence, be read the second time and referred to a committee; and of the amendment.

The Acting Speaker (Ms. Thibeault): The hon. member for Lotbinière had eight and a half minutes remaining in his speech.

Mr. Odina Desrochers (Lotbinière, BQ): Madam Speaker, I will do my best not to go over eight and a half minutes.

Allow me to backtrack a little, because my speech was interrupted for oral questions, and say it is my pleasure to rise in this House today to speak on Bill C-43, to establish the Canada customs and revenue agency.

I was telling the House that I oppose this bill, mainly on account of the actions and behaviour of this government. We have no intention of taking any chances by passing a bill whose sole purpose is to centralize the collection of taxes across the country, to downsize Revenue Canada and, above all, to establish an agency that will clash with the Quebec Ministry of Revenue.

This agency, which, in my opinion, is a real governmental tax collection monster, will have powers vested in it that will give it access to all sorts of information on our private lives. What will this agency do with this huge amount of personal information concentrated in its hands? I would rather not think about it.

The agency is a relative of Big Brother, the computer that could run and rule the world.

At any rate, this new bill is doomed to fail. The rationale for establishing the Canada customs and revenue agency is to have a single agency in charge of collecting all the money and to convince the provinces to get on board.

The minister had not even signed a single agreement when he introduced Bill C-43. That shows how ridiculous this whole idea is. Quebec and Ontario categorically refused to consider using the agency. The initial support from several western provinces has all but died down in the past few weeks, and even Prince Edward Island has expressed concerns about the establishment of this new agency. Who are the ones who will pay the way for this agency? The users, but at what cost?

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Initially, the federal agency will attempt to demonstrate the savings its establishment will bring about, but before long it will be raising the charges to satisfy the greediness of the Liberals.

As far as the millennium bug is concerned, will all the changes which are being announced at this time and which Revenue Canada employees will have to face make it any easier for them to prepare for this transition in informatics, which is already demanding much energy? What stage has Revenue Canada reached in its preparations for the year 2000? No one knows.

I would now like to focus the House's attention on some of the clauses of Bill C-43, clauses 6 and 8 to be specific.

• (1510)

The agency is placed under the responsibility of the Minister of National Revenue, yet clause 8 stipulates:

8.(1) The Minister may authorize the Commissioner or any other person employed or engaged by the Agency—to exercise or perform on the Minister's behalf any power, duty or function of the Minister under any act of Parliament—

In other words, the agency could fall into the hands of a super-bureaucrat, possibly a good Liberal, who is neither elected nor accountable.

Now I would like to summarize the reasons why I am proposing that Bill C-43 be withdrawn: the centralizing obsession of the Liberal government; the danger this agency represents for the Quebec Department of Revenue; the anti-union attitude of the government in this bill as it affects Revenue employees; the intrusion on the privacy of our fellow citizens.

I need not remind the House of the performance of the Canadian Food Inspection Agency in its current handling of the scrapie crisis with Quebec sheep, where there is such an administrative muddle that the minister and the agency cannot even figure out where they are at. Do you think we are going to give this government another chance to create an agency? No.

I am saying no to the Liberals' plans, I am saying no to this bill and I am calling for its immediate withdrawal, in accordance with the amendment moved this morning.

Mr. Nick Discepola (Vaudreuil—Soulanges, Lib.): Madam Speaker, one of the most important features of the bill to establish the Canada customs and revenue agency is without a doubt the increased participation of the provinces and territories. The framework for their participation is an important part of the proposal to create the agency.

Revenue Canada is already providing them with a number of services and has taken steps to further increase co-ordination of fiscal administration. By creating appropriate conditions for improved co-ordination, the agency will be able to serve national and provincial interests.

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In addition, the new agency will make it possible to reduce duplication and overlap in the administration of federal and provincial revenue. There is only one taxpayer. Why, therefore, is there not just one tax collection agency?

This approach will enable government to reduce its administrative costs and lower enforcement costs.

We feel it is important to mention that the new agency will not be taking over provincial or territorial powers. No action will be taken until the provinces and territories agree that it is cost-effective for the agency to provide a particular service.

We also wish to point out that this fundamental attitude is not new in Canada. Right now, Revenue Canada collects individual income taxes for nine provinces and corporate taxes for seven.

Revenue Canada administers social benefit programs for British Columbia, Alberta, New Brunswick, Saskatchewan, the Northwest Territories and Nova Scotia. It also collects sales taxes and taxes on alcohol and tobacco products for many provinces at border points. Revenue Canada also administers the national child benefit.

There is therefore no lack of precedents for this co-ordination and pooling of services. The proposed agency's structure could lead to even greater co-operation and, at the same time, increased provincial participation in fiscal administration.

For their part, the provinces and territories will be able to submit lists of candidates from the private sector for 11 of the 15 director positions on the board of management, which will be responsible for planning the agency's activities. These directors will not represent the interests of their own province; they will instead help the agency take into account the special characteristics of provinces and regions in its management activities.

● (1515)

The agency will have fairly broad powers to enable it to conclude agreements on the provision of services with each province, such as on the collection of an unharmonized provincial tax.

To date, Revenue Canada has administered only those provincial taxes that were harmonized with federal taxes. Thus the number of programs Revenue Canada could administer was limited. Under Bill C-43, the agency will have the power to administer taxes that are not harmonized, such as a provincial sales tax that is not harmonized. There are, nevertheless, economies of scale to be achieved with a single administration, even with an unharmonized tax.

The agency will conclude an agreement with a province to administer a tax, but all agreements reached will be governed by

the guidelines established by the ministers of finance of the federal and provincial governments.

These guidelines will ensure that all taxes collected by the agency for the provinces and territories will first be legally valid, will not interfere with the self-assessment system, will not result in double taxation, will be fair and, finally, will be collected in the context of contractual agreements acceptable to all parties.

This last criterion reflects an important aspect of these agreements. They are service contracts. The agency will provide a service to a province or a territory according to the specific terms of a contract between the two parties.

This means that the province or territory will continue to enjoy full powers to apply the tax and will be accountable to its taxpayers in this regard. The agency will have to consolidate its obligation to report to the provinces with respect to the administration of programs on their behalf, so that they in turn may provide an accounting to their own taxpayers.

Once a year, the agency commissioner will have to report to the provincial and territorial ministers on the programs and services administered on their behalf. In addition, he will offer to meet the ministers annually as well in order to obtain their feedback on the agency's performance with respect to their programs and services.

This reinforcement of the obligation of accountability and of performance guarantees between the agency and the provinces and territories will make it possible to ensure that programs and services remain innovative, client-focused and, above all, cost-effective.

A study by the Public Policy Forum estimates that Revenue Canada could administer current provincial taxes at a saving of between \$97 and \$162 million over what it costs today. This represents an overall drop of 6% over today's costs, if all provinces participate.

Initially, a good number of the provinces adopted a wait-and-see attitude. They wanted to see the agency fully operational before giving unconditional support. This attitude changed as the information about the agency became clearer and the consultation process advanced. In fact, the attitude of several of the provinces was very positive and they are now prepared to give serious consideration to handing some of their activities over to the agency.

At the present time, we are undertaking joint studies with certain provinces in order to examine specific possibilities. The more provinces and territories participate, the more savings there will be for individuals, businesses and governments. It is, therefore, in the interest of all Canadians to have as much provincial and territorial participation as possible.

The position of New Brunswick Minister of Finance Edmond Blanchard is a typical example of this. In a recent Canadian Press

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article dated March 20, 1998, he expressed his agreement for the agency to handle more of New Brunswick's taxation operations. According to Mr. Blanchard, "If efficiency can be enhanced, I am prepared to look at the options".

Bill C-43 will put the Canada customs and revenue agency into concrete form. This agency will be structured and positioned in such a way as to obtain the support of the provinces and territories. All provinces and territories, as well as the federal government, have worked hard to put their finances in order. The Canada customs and revenue agency now represents an opportunity to reduce costly duplication and overlap between the various levels of government still further.

When we speak of provincial participation in this new agency, there is one particular question that crops up once again: How can a true national agency be set up without the participation of Quebec?

• (1520)

The success of the Canada Customs and Revenue Agency is not dependent on the participation of all provinces and territories. In fact, participation in the agency's activities is optional. The purpose of the agency is to provide a platform that would help the provinces. The agency will not appropriate provincial powers.

We have consulted Quebec, and the other provinces, since the beginning of the process. Quebec told us that, while it does not want the new agency to administer its programs, it wants to be kept informed of the agency's progress.

The legislation establishing the agency proposes a framework based on closer co-operation. The provinces, including Quebec, do not have to give to the agency the responsibility of administering a larger number of programs on their behalf. That decision is made by each individual province.

It should be noted that Quebec's participation would increase the benefits of having a single tax agency. However, even if Quebec does not participate, Canadian businesses will benefit from annual savings of \$116 million to \$193 million. Moreover, annual savings of between \$37 million and \$62 million will be achieved in terms of the administrative costs for all governments.

Any new program administered by the agency will have been subjected to a cost-benefit analysis. This will apply to Quebec, as well as to other provinces.

I should point out that even if Quebec decides not to have the agency administer one of its programs, it could still be represented on the board of management.

In conclusion, there are many issues on which the parties and regions may disagree. However, if we want all Canadians to

achieve substantial savings, regardless of their province or origin, all of us in this House must remember that we represent one person, the taxpayer, and that we must do our utmost to make that person save money. I do hope that all members will support this initiative.

[English]

Mr. David Iftody (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Madam Speaker, it is my pleasure to be in the House today to speak on the bill before us.

Many Canadians have expressed the basic fear of the concentration of too much power in one place. In developing the Canada customs and revenue agency, we have been sensitive to this concern as well. Tax, customs and trade administration affect the lives and livelihood of all Canadians. They want to be sure they are dealt with fairly and that their rights are protected. It is our intention to create a super agency, one with unlimited power and unlimited scope. In fact, in the design of the new agency we have maintained the essential checks and balances that govern the activities and ensure the accountability of Revenue Canada.

For example, the enforcement powers of the new agency will be the same as those currently provided to Revenue Canada through legislation like the Income Tax Act or the Customs Act. If there is a problem or if there is a complaint, the minister will be fully accountable to parliament and the public for the administration and enforcement of this specific legislation.

As well, the minister will have the authority, as the case is now, to answer questions in the House and to ensure that the agency is acting properly in its dealings with the Canadian public.

The confidentiality of taxpayers' personal information will be protected under this new agency, just as it is currently protected with Revenue Canada. The authorities governing confidentiality are clearly set out in the legislation and they will not be changed or compromised by this bill.

Revenue Canada has decades of experience in handling highly confidential information for millions of individuals and organizations. There is absolutely no reason to believe that this commitment to confidentiality would change under the departmental agency status.

Furthermore, the legislation before this House will specifically restrict the board of management of the new agency from directing the commissioner or any agency employee to exercise authorities under programs legislation of provincial statute. This will effectively ensure that the board will not have access to confidential tax, customs or trade information for individual Canadians or businesses. From an overall operational standpoint, the agency will have to develop a corporate business plan every year. This plan will have to be submitted to the minister who will in turn recommend its

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approval by the Treasury Board. A summary of this plan will also be tabled in parliament. So any new or unusual plans by the agency that would unreasonably extend its powers would be nipped in the bud.

• (1525)

The commissioner of the agency will have to offer to meet with provincial and territorial representatives annually to report on how programs have been delivered on their behalf. This will provide yet another check on the power of the new agency. The *raison d'être* of the Canadian customs and revenue agency is not to create a larger entity. Revenue Canada already employs between 40,000 and 46,000 permanent and temporary employees. Instead, the rationale is to expand the efficiency of the programs and services, to reduce overlap and duplication and to provide greater saving to Canadians. Doing something better is not necessarily an expansion of power but an extension of service, service to Canadians, service to businesses and services to the provinces and territories.

The intention of Bill C-43 is not to create a super agency. Rather, it is to establish a framework with all the checks and balances for a super agency.

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Madam Speaker, my question pertains to privatization. In Saskatchewan where I come from we have experienced privatization in spades. Every time something was privatized it resulted in larger debt for taxpayers, fewer jobs for people living in that province and the jobs that were left were lower paying jobs. It also resulted in reduced services, higher costs for those services and in many cases reduced services with a higher cost attached. Wherever you go in Saskatchewan when people say we are going to privatize something, it is like a four letter word. People spit that word out. Every single time something has been privatized they have screwed up the service, the utility or the product they have been marketing.

Can the member opposite explain to Saskatchewan people how privatization of our taxation collection system is going to be any better for them? Given the bad vibes and the bad results of privatization in Saskatchewan, and the member telling us that they will have all this confidential information for Canadians, what assurances can he give us that this privatization will not be like all the others that have happened in Saskatchewan and that there will be some sense of security for those people filing their income taxes, paying their taxes?

Mr. David Iftody: Madam Speaker, I thank the hon. member for his question but I believe he is wrong. This is not a bill about privatization. I know the minister of revenue has been in consultation with all finance ministers of the provinces and territories. He has had detailed discussions with the minister of finance from the member's home province as he has had with the minister from my province of Manitoba. Those discussions have gone very well. The provinces recognize properly that in forming this new agency we are going to save Canadian taxpayers some money. Instead of two sets of books, two auditors and two processes, we can do it one

time through this agency. We have the database and we are capable of doing this.

There is nothing inherent in this bill that would suggest it is going to be privatized, that information will be divulged to people who ought not to have it. I just finished saying that this is one of the guarantees that will be worked out in the bill with the participants in this province. There may be even more jobs created so I do not accept the hon. member's premise that there is some deep dark luring process in here that will send Canadian taxation and revenue employees scrambling to the streets looking for jobs.

• (1530)

Mr. Grant McNally (Dewdney—Alouette, Ref.): Madam Speaker, I have two questions for my hon. colleague.

First of all he mentioned the streamlining of this agency. It seems as though the provinces are not onboard with this super agency which he referred to therefore reducing the probability that there will be cost savings if there are in fact to be two agencies collecting taxes.

The hon. member also mentioned the handling of highly confidential information. I am wondering if the member can explain how the current system is able to give information. In a case that was mentioned in a speech earlier today by my hon. colleague, information from a person within his own province of Manitoba was given to an insurance agency. It was highly confidential information and ended up in the wrong hands.

How is it that this super agency with unlimited power can ensure that there is going to be any confidentiality? What specifics in this bill point to the fact that Canadians can be assured that information regarding their taxes will not be shared with others who are not privy to that information? How can that be so?

Mr. David Iftody: Madam Speaker, I thank the member for the question.

One of the principles and the pillar of this new agency will be that it will be fully accountable to the minister and therefore to parliament. That linkage, that trust relationship, that fiduciary relationship between the Canadian taxpayer and parliament will not be broken.

I would like to mention for the record that the Minister of Finance from Manitoba as reported in the *Winnipeg Free Press* has supported this agency and I believe is eager to be part of that.

In response to the member's question, it is a legitimate one but I think we have the necessary checks and balances to make sure that does not occur.

Ms. Libby Davies (Vancouver East, NDP): Madam Speaker, I am very pleased to have the opportunity today to speak on behalf of

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the NDP caucus on Bill C-43. I would like to say at the outset that the member for Regina—Qu'Appelle outlined very well why members of the NDP are opposed to this bill.

This is a very significant bill that the House is debating today. It deals with the importance of the national collection of taxes and revenue in Canada. Certainly from the government perspective, from the House of Commons perspective, this is probably the fundamental purpose we are here, to ensure there is a fair and equitable collection system as well as a process and formula whereby we do collect taxes from the Canadian people.

From the public point of view this is also a very significant issue. If we talk to Canadians about the taxation system, people obviously do not like paying taxes but I think Canadians understand that the process of doing that is something that must be transparent. It is something that must have a measure of accountability because it really is the most fundamental purpose and issue of why we are here in this House. From that point of view this bill is very important.

The issue arises then as to whether or not this bill is good public policy or whether it takes us in another direction. Having examined the bill and having looked at the various commentaries about this bill, I and my colleagues have come to the conclusion that this bill represents bad public policy. I would like to give a number of reasons why we have come to this conclusion.

First of all the bill is premised on the fact that bigger is better. When we look at the provisions that are contained in Bill C-43, it is quite alarming and scary to think that this bill, if it is approved by this House, will put into motion a mega tax collection agency in Canada that will go from the national to the provincial and even the municipal levels.

This agency could be in a position where it ends up collecting provincial sales taxes, gasoline taxes, liquor taxes, municipal property taxes and on and on. It raises the question of do we want this mega tax agency to be involved with such concentration in collecting taxes across the country?

I come from a municipal background. I understand as do other municipal representatives that the people of Canada, whether they are voting at the municipal, provincial or federal levels, believe very much in the old adage of no taxation without representation.

● (1535)

I know at the municipal level when decisions are made about municipal taxes, and the same is true at the provincial and federal levels, that there is an expectation that elected representatives are accountable for the decisions they make. That is not only decisions in terms of process and where taxes are spent, but also how taxes are collected.

One of the very alarming measures and proposals in this bill is it creates this mega tax agency and we will lose the sense of accountability at other levels of government in terms of tax collection. This is something we should be seriously concerned about.

The NDP believes very strongly in a strong federal government. In terms of national unity, in terms of what it is that holds Canada together, we believe there have to be national standards. It may seem contradictory that on this issue we are arguing against some kind of national agency that collects taxes from even other levels of government. I think the difference here is that because taxation is something that is involved in different levels of government, it is really important that those levels of government be responsible not just for the decisions they make but also for their tax collection and the accountability for that.

From that point of view we are very concerned about the rationale put forward in this bill that bigger is better. It leaves us open to all kinds of abuses. It leaves us open to a distance in terms of decisions that are made and the accountability that needs to be held.

Dealing with the issue of accountability, as a member of parliament, like other MPs, a lot of my case work in my constituency involves Revenue Canada. We get queries and complaints from constituents who feel lost in the maze of Revenue Canada. One of the fundamental concerns I have about this bill and I hope that other members of the House would have about this bill is that we lose the sense of accountability.

At the end of the day it is we as members of this House who have to provide the role of watchdog and monitor what happens in Revenue Canada or any other federal government department. I hold that responsibility for my constituents. I try to do the best I can when they raise complaints and concerns about Revenue Canada or any other department. That is a hard enough job, but it is a role we hold in this House and I believe that members take that role seriously.

What concerns me about Bill C-43 is that the government is poised to create a super agency that will now have a greater distance in terms of the relationship of the minister. It sets up sort of a private sector board and no doubt there will be Liberal appointees on it. It takes us one step further from the accountability that comes from this House of Commons and the members who are here in terms of providing that role of monitoring Revenue Canada.

For those reasons alone we should be speaking out against the creation of this super agency. We want to have departments and operations of the government that are fully accountable to the Parliament of Canada. I think there is enough in this bill to cause us concern that that will not be the case if this bill is approved.

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There are also some very serious concerns around issues to do with personal privacy. When I talk to my constituents in the riding, one of the issues that comes up continually is people's concern about the loss of privacy involving government operations. This is something that comes up in dealing with departments and government operations, such as Revenue Canada. I know that others as well have raised this as a concern.

The bill is creating this super agency of tax collection and concentrating the powers in a massive bureaucracy. It will have such wide sweeping powers for collection, potentially at every level of government. That is what the aim is of this bill and of the mandate that is being put before us. What will be eroded is an individual's right to privacy and confidentiality as people find themselves dealing with a huge bureaucracy where information, perhaps inadvertently or through whatever process, may end up in the wrong hands. That is another reason why we should be very concerned about the creation of this agency.

● (1540)

A little while ago in the debate we heard one of the government members give some of the reasons that the government believes this tax collection agency is a good thing. One of the reasons cited was that there would be greater savings. We were told that there will be less overlap. We were told there is one taxpayer so why not one agency. We were told that there will be increased participation by the provinces.

When one looks at this bill and at the dangers that are inherent in the creation of this super agency, I think the alleged benefits that are created become very suspect. I doubt that there will be greater savings. Even the work that has been done so far has created costs but the creation of new layers of bureaucracy in terms of this super agency is something that is costing us money. However, if there are greater savings, then I think we have to ask at what cost. At what cost in terms of the privacy loss that may be involved and in terms of the lack and lessening of accountability that will accrue as we move into this one agency.

Those are very serious issues that we have to debate in this House and challenge the government to answer. So far it has not provided answers to the questions that have been raised.

In terms of overlap and duplication, I would again like to express the concerns that we on this side of the House have about this mega agency becoming all-encompassing. We will lose the sense of accountability.

We have also been told that provincial governments are very much in favour of the potential cost savings and in handing over the collection to this mega agency. When we look at the record, as my colleague from Regina—Qu'Appelle outlined, we can see that there are two major provinces with major populations that are opposed to this agency. Now there are other provinces particularly

in western Canada that are expressing concerns. There is a lot of doubt that there will be any sign on as envisioned by the government.

The proposition is being put forward that this is a sold thing and that it is well on its way, but from day one this proposal has been in trouble. I think a lot of doubt has been created and some of it has come from the provinces.

Another issue that should cause us concern is the prospect that this agency will have the ability to levy user fees. This is something that has not come out very much and something which is not well understood. It is very important for us to understand that if this bill is approved and this agency is set up, it would have the potential to bring in user fees for certain client services.

We have to examine that very carefully and see the warning signals of what that means. We look at that kind of measure along the lines of privatization. Privatization and user fees go hand in hand.

This brings me to my next concern, the massive privatization of Revenue Canada. Something like 40,000 workers are involved. Most of the unions that are involved in Revenue Canada have been very opposed to this proposal. It is easy for the government or other opposition parties to discount the comments of the workers at Revenue Canada or any other government department and say "Well, they just have a vested interest and we should not consider seriously what they have to say".

● (1545)

Over the years I have learned that people who work on the front line, who understand the operation intimately of any department, whether Revenue Canada, the pension plan, EI or whatever, have very valid legitimate things to say. They have the real experience of what makes a department work.

When we hear from the representation of workers in Revenue Canada that they have serious concerns about the privatization of this agency it sounds a warning bell to members of the House of Commons to take serious note. We should consider their arguments. We are not in favour of privatization. The NDP believes strongly that these core government services should remain as departments of the government. They should be accountable to the House of Commons. Look at Canada Post and the relationship that has deteriorated between the people of Canada, the customers, and the corporation. One need only look at other privatized services to see the sense of distrust that develops.

Again this becomes a very strong reason why we should reject this bill and say that this is taking us down the wrong road. We do not want to go down the road of privatization. We want to ensure that this department remains within government services, that it is clearly mandated, that there is accountability to the House so that

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we do not end up in a scenario of user fees where this agency is used to pressure, for example, the harmonized sales tax.

We know from day one that one of the purposes of this agency was to promote that kind of idea. The fact is that idea fell flat. It was a resounding failure in the maritimes. With the creation of this agency under Bill C-43 the potential exists that there will be pressure from this agency to move ahead with the harmonized sales tax which Canadians are increasingly rejecting.

Within the financial community there has been debate about this bill. People have looked at the proposal and have tried to decide whether there actually is a public benefit, whether there are economic reasons for moving ahead at this, whether there are public policy reasons for moving ahead with this, whether this is in the interests of Canadian taxpayers.

It has been very clear that even the auditor general has expressed concerns about this proposal. This was raised in the auditor general's report of December 1997. He asked how Canadians and parliamentarians will have assurances that the public interest is protected. That is a very good question. How will we be provided with that assurance? The government has not given us any indication or substantial answer that the creation of this super agency will protect the public interest, that Canadians will be better off under this proposal.

We also have comments from other people. For example, Professor Vern Krishna from the University of Ottawa's CGA taxation research centre asked what really are the benefits. He clearly raised a number of doubts about the real public benefits of moving ahead with this.

This is the kind of bill that is not on the front pages of the newspapers. It is not on the national news at night. Nevertheless, it is a significant proposal. It has been a long time in the works. It is a proposal that has gone wrong. It is a proposal that does not serve the public interest. It is a proposal that raises serious questions about accountability of what is a core function of the federal government and other governments.

• (1550)

At the end of the day I and other members of my caucus believe that when it comes to taxes and revenue collection we have to ensure there is a clear line of responsibility and accountability.

For us that means saying no to privatization. It means saying no to user fees and it means saying we believe in a system that ensures a responsibility and an involvement of local governments. That means saying no to a mega organization, a mega new bureaucracy that will be more distant from this House, more distant from members of parliament, more distant from the Canadian public. For those reasons we are opposed to Bill C-43.

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Madam Chair, I can only conclude that the member unfortunately has not read the material and is not aware of some of the points. Perhaps I can correct her.

First of all, moving to the agency is creating a vehicle for options. I do not know why the member is against creating new options so that we can work with the provinces, so that we can sit down and say let us see what the benefits are, let us see how we can work together. It is about creating new options for Canadians as well.

Let me give the hon. member a good example. In the last tax return we asked Canadians if they would like to be on the electoral list. We asked them to checkmark the electoral list. Eighty-one per cent of Canadians chose to be on the electoral list. That means for Canadians we are going to save \$30 million for every election because we do not have to do an enumeration. That is about working together for the benefit of Canadians.

Let me give the hon. member another example, the child tax benefit. When the Government of British Columbia wanted to carry out a child tax benefit, it came to Revenue Canada and said can you perform this service for us. Because we have the computer system, the data, we were able to provide the service, to deliver a very important benefit for the Government of British Columbia at millions of dollars less than if it had to build a parallel system to deliver that program. We worked with British Columbia. Creating the agency is about creating a vehicle for choices. It does not force the provinces to do anything. In fact, it includes them.

The member has mistakenly said that we can put anybody on the board. Clearly the legislation says that each province will be able to nominate. The NDP government in British Columbia will be able to nominate people to sit on the board of management to make sure there is accountability.

The bill surely talks about accountability. I know many members have quoted the auditor general. The auditor general's quote was referring to the old model. I have made the changes because of the consultation I have done over the last year to make sure we have full accountability.

My final point is that in the last finance minister's meeting, one of the items on the agenda was the agency. In fact, all the finance ministers agreed to the guidelines regarding what the agencies could collect.

Mr. Petter, the former finance minister of British Columbia, at that time said this is the right direction, it is about reducing overlap, about reducing duplication, about making sure we reduce the compliance cost to business and about giving better service. The ministers agreed.

The member talked about user fees. It is simply not true. That is totally erroneous.

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In terms of harmonized sales tax, the agency says you do not have to harmonize. Let us sit together and see if there is opportunity to work together on collecting non-harmonized taxes. If you want to talk about harmonization that is something that the finance people do. We are in the business of tax administration. We have said part of this is to be able to collect non-harmonized taxes.

In terms of the quote from Mr. Krishna, he was referring to the former model. Mr. Krishna is a member of an advisory committee to me as Minister of National Revenue. I have discussed this matter and he was referring to the original model which we have changed to create greater political accountability.

Really what we are talking about are choices. What we are talking about is opportunity. What we are talking about is bringing the federal and provincial governments together. Canadians want us to work in co-operation. They want to make sure we get rid of overlap and duplication to simplify and streamline.

• (1555)

That is what the agency is all about. It is creating a new vehicle for us to work together in co-operation.

Ms. Libby Davies: Madam Speaker, I thank the hon. member for his comments. I am surprised when we are told that this is simply a vehicle for creating options and that it is a pretty soft approach and we should not worry about it.

I think there has to be an acknowledgement that there have been serious concerns raised about this proposal. If it is simply a vehicle for creating options and choices then where are the provinces lined up all raring for this to go? That does not appear to be evident. It is quite the contrary. There is opposition. There are serious doubts about whether this, as the minister has said, would simplify and streamline the system. What does that mean?

What is the downside of that, what are the costs of creating a massive new bureaucracy that allegedly will simplify and streamline the collection of these revenues?

I reiterate that there are questions of accountability raised by the provinces and by experts in the field who are still saying to the government that there needs to be further review and there needs to be further work before this proposal is moved on.

I do not think the minister can escape the reality that the provinces are not lining up at the door to move ahead with this proposal. On the contrary, they are casting doubt and they have many questions and concerns about this proposal which I think should cause the government to go back to square one, back to its advisory committees or whatever processes are in place to look at the fundamentals of this bill and look at where it went wrong.

[Translation]

Mr. René Canuel (Matapédia—Matane, BQ): Madam Speaker, I listened very carefully to the remarks of my hon. colleague, who raised some very important issues.

When any bill is introduced, we must first consider how it will affect individuals and their privacy. Does the bill affect privacy? Does it affect individuals?

My colleague mentioned she was from a rural riding; so am I. It is well known that, in rural ridings in particular, services provided to the public are extremely important.

I was listening to the Parliamentary Secretary to the Minister of Finance saying the Minister of Finance has said this and the Minister of Finance had said that. The minister says many things; on the subject of the employment insurance, he has said some pretty incredible things, so this may not be the best yardstick. In my opinion, the yardstick is our constituents, individuals. We also heard that savings would be made. But on whose backs will these savings be made?

I would ask my colleague to elaborate a little on how this could interfere with someone's privacy.

[English]

Ms. Libby Davies: Madam Speaker, I thank the hon. member for his very thoughtful comments and questions. I agree that there are very serious concerns about the impact of this proposal on the individual.

We heard from the minister that this is about streamlining, about simplifying. Even if we take that at face value that may be good for governments in terms of huge bureaucracies but there are very real questions about how that does affect individual Canadians who then have to find their way through an increasing maze of a massive bureaucracy, to try to retrieve information, to find out what happened to their income tax return or any other matter that may be before the agency.

From the individual's point of view, from the taxpayer's point of view, there has not been a thorough examination to really answer whether this is in the public's interest, which is not necessarily the same as the government's interest in terms of the bureaucracy.

• (1600)

The question here is the public interest and I think for individual Canadians that question has not been answered. In fact, there are serious concerns that it is not in the public interest and, therefore, it should not go ahead.

Mrs. Sue Barnes (London West, Lib.): Madam Speaker, I am pleased to follow the previous speaker. The prepared text that I had

has disappeared because of the many issues raised in her speech and throughout the day and I think it is necessary to debunk some of these myths.

Where is the piece in the proposed legislation which takes away the privacy conditions of the Income Tax Act? It is just not there. The sections of the Income Tax Act will be the same. They prevent people from getting personal taxpayer information.

Canada has the best revenue collection in the world. We have over 97% voluntary compliance. People sitting in the gallery and watching on TV know that every year they sit down, gather their information, calculate, self-assess, send in the information to the government and, in large part, do it correctly. They get a refund or they submit their taxes. Nobody comes pounding on the door. People in this country are responsible. It is the responsible citizens of this country who will be best served by this piece of legislation.

Under this legislation we are not in a transition to some private company. Private companies do not have cabinet ministers answerable to parliament. The citizens demand accountability and citizens across this country, no matter whether they are in one province or another province across the land, are taxpayers. They pay taxes to different levels of government.

Unfortunately, these citizens have not had the best service because they have had to answer to different auditors at different levels of government, and not only individuals but businesses as well. The small businesses that drive the engine of our economy could have a provincial tax auditor come in one day, a federal auditor the next and an income tax auditor the next.

What we are talking about is the potential for better service to Canadians and the potential for new partnerships with Canadians, new partnerships between levels of government.

I would like to know if any government, any finance minister, any province has definitively slammed the door and said "We do not even want to listen to what you are talking about".

The finance ministers, as the minister just told us, got together and came up with guidelines on what is potentially available. There would be a range of services and options available both at the provincial and federal levels. For instance, the Atlantic region was promised a range at the time of harmonization. It is another step, another potential choice.

There has to be accountability. In the speech we talked about representation and accountability if you have representation in your population. What better method of accountability to the different levels of jurisdiction, that is, provincial, federal and territorial, than allowing those levels of government—in fact, we do work with many of them right now—to have input and to give to the federal government nominees to fill the positions on the board that will form a new body of management?

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They will be approved at the federal level. That is in the bill.

It will be a new approach to public service management. Are we unique? Are we the only people in the world who have dreamed up this scheme? No.

I have had the privilege over the last couple of years of serving as the parliamentary secretary and I have worked with the men and women in this department. I am very pleased that we have a new parliamentary secretary in the department of revenue, but I still believe firmly that the employees and the public are well served.

• (1605)

We have looked at some of the models that are out there in the world, models such as those in the United Kingdom, Australia and New Zealand which have similar mechanisms.

It is important to understand that some of the things we have heard today are things that would concern Canadians. They would concern me as a taxpayer if they were true.

We are debating this legislation at second reading. It will go to a committee. There will be hearings and it will come back to the House for another debate. It will go through the normal process of the House. It will go through the scrutiny and there will be further input. To pretend that there has been no process or consultation is erroneous. There has been a process.

I will spend a bit of time debunking some of the myths I have heard today and try to place before the House and the Canadian public some of what I believe are the facts.

I have heard and seen material that says the agency is being developed behind a closed door and that there have not been any public consultations. That is just not true. Revenue Canada, the Minister of National Revenue and the officials from the department have consulted on this proposal. In fact the proposal has changed over time. There have been two progress reports, one in April of 1997 and one in January of 1998, on the development of the proposal. These reports were published and distributed. Views were sought by the minister from all the people who were concerned and interested, from a wide spectrum of the public, including the provincial and territorial governments, private sector stakeholders and various members of parliament who let us know their feelings and those of their constituents.

I attended some of the meetings. I was there last summer when the minister went across the country and met with certain finance ministers, when he went to editorial boardrooms, when he appeared on TV and radio talk shows to answer questions. I was there when he spoke to different members of our own employee groups.

Maybe we have to look for further advice. There is the private sector advisory committee. It has and will continue to give advice, and we will listen.

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It is also important to talk about what has gone on with our own employees and the unions involved with Revenue Canada. There have been good attempts at broad consultation with both unions and employees. The unions have been provided with all the information that has been used for the consultation purposes. They have received private briefings on the details of the proposal on an ongoing basis from the very beginning.

In the summer of 1997 the department created working groups to include employees, managers and unions to obtain suggestions, ideas and considerations in the development of a new human resources framework for the agency. More than 7,000 of our employees were heard during that particular consultation process.

In December of 1997 the deputy minister of Revenue Canada committed to a process of working with the unions and employees to develop the requirements for a new human resources regime. The union for taxation employees, the customs and excise union, Douanes et Accises, the Professional Institute of the Public Service of Canada and the Association of Public Service Financial Administrators signed a document of intent to participate in a design team process using the working group report as the starting point.

Two of these unions have subsequently withdrawn from the design team process, but the door always remains open for their participation in further development work. I think that is an important point, especially for our employees.

Five of the design teams have completed their work now and their recommendations are under review.

• (1610)

One of the fears I have heard, especially within the employee group, which is a very large group, is that the agency creation means job losses for Revenue Canada employees. There is the feeling that there is some hidden agenda that maybe management does not want to talk about.

Let us be clear once and for all. The agency is not about downsizing. There is no hidden agenda. It is about service. Every member of the department will be transferred to the agency.

I fail to comprehend how one organizational structure, which will become a super organizational structure, will be unequal in size. That is part of the myth.

In fact, all the work that has come to the department over the last couple of years, on a cost-recovery basis, from some of the provinces which have given us non-traditional tasks to do has actually increased the workforce because there has been more work.

The agency is clearly about improving service to clients: Canadians, businesses, the provinces. It is not about laying off employees. We want to build a new human resources framework with the full participation of employees and their unions.

It represents a new start. It is a change. People resist change. It is natural. But Revenue Canada needs change because the world is changing. That is a fact.

Imagine yourself in a global economy trying to do business with us. We have a number of provinces spread out over a large geographical area and they each have their own tax rules. They each have their own auditors. They are not the same from one province to another. It is not like dealing with one Canada, it is like dealing with different levels, different people, different systems.

There is the potential to simplify it. Are we forcing it? Absolutely not. Is this another way to get at harmonization through the back door? Absolutely not. However, it will allow us to collect non-harmonized taxes, something we could not do before for the provinces.

That option will not be forced on anybody and not on any level of government. It will be a choice. Are there user fees? Not in any section of the legislation I have read, and I have read every section.

Is cost recovery available if a province uses some of our systems? Certainly. Cost recovery is not a user fee. They are two different things.

Let us think about some of the other myths I have heard today.

This will benefit management at the expense of the employees. I do not think so. In fact I know that is not true.

This is enabling legislation and it represents a significant improvement over the current framework for both employees and management at Revenue Canada. Management I hope will benefit by having a system that is much easier to manage.

For instance, the staffing, the classification and the administrative systems being developed will be more responsive. They will concentrate less on process and more on results.

The system will also benefit employees in a number of ways. There will be direct negotiations between agency management and the unions which will lead to in-house solutions, inside the revenue agency, designed by persons who understand the agency's business and are committed to the agency's success.

What is wrong with that? A simplified classification system, a group structure for the agency would respond and in fact give a focus to the employees' suggestions for broader jobs and career opportunities for employees.

It is very difficult time-wise to get a person sitting in the department doing one job that really does not need doing any more over to this job that desperately needs doing because of the maze that we have to go through.

• (1615)

We have qualified people who want more opportunity and it takes us far too long to put them in the positions to do the jobs they

want to do and which we need doing. A more streamlined classification and staffing system would result in employees being placed in jobs faster. We believe this.

A new approach to recourse would focus on alternate dispute resolution mechanisms such as fact finding and mediation, yet incorporate access to independent third party review. The possibility of additional provincial workloads would mean increased stability of employment.

With the agency, the big winner is always the person most important to the government, the Canadian public. Canadians will benefit when any process is more efficient, responsive and accountable, whether it is customs administration or revenue administration. That is the goal.

There are some that have argued today in this House that the agency will reduce accountability to the public we serve in this parliament where we sit today. In fact, the full ministerial accountability for program legislation and overall government control of the agency has to be maintained and will be maintained. The federal government will remain firmly in control.

Furthermore, there will be no change in the ability of the members who sit in this House, the federal members of parliament who are accountable to their constituents when they come to them with problems. There will be access in exactly the same manner that we have today. With the consent of the individual constituent, the member can deal with the problem for the people the member represents. That is far different than open. Consent forms are needed. Nobody in Revenue Canada is going to give the member one iota of information unless the member has the full and informed consent of the constituent.

The Minister of National Revenue will retain all current authorities he has under the act. There are multiple references to different authorities under the various acts that he administers, whether it is the Customs Act, the Income Tax Act, or many others.

The broader interest of the cabinet will continue to be fully protected. The bill provides that Treasury Board must approve the agency's corporate business plan, including its strategies regarding human resources. The minister will also have the authority to direct the agency on matters that are within the management authority of the board and that affect public policy or could materially affect public finances.

So where is this idea of privatization? It certainly does not go hand in hand with what I have just stated. It cannot.

The minister will have the ability to investigate any matter brought to his or her attention. Furthermore, the minister will continue to be responsible for providing answers to those MPs who make queries on behalf of their constituents.

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Where is the personal privacy issue being jeopardized? Personal privacy will not, should not, and will never be privatized knowingly. Accidents are possible, but accidents are rare and they are not intentional. The law of Canada has the fundamental principle that the taxpayer information of Canadians is sacrosanct. It is private. It is not communicated. The barriers are there.

We have rules governing confidentiality of information. We have rules governing access of private information. We have rules governing fairness. We have the declaration of taxpayers' rights and that will apply the day after the legislation is passed, as it does today.

The enforcement powers will not change through the creation of the agency. These powers are limited by the authority given in the tax and customs legislation. The opposition likes to use the new label of super agency, but that does not give it new super powers. The powers that are there and the definite checks and balances in the system will remain.

The system is in its evolution. We have a framework on which we can build. We have a system that may in time create a less complex environment. We have a system that we believe will be better for our own employees and will give them the challenges and rewards they deserve.

• (1620)

It is not easy to be an employee in this department. Nobody ever comes to an employee of Revenue Canada because they have a good news story to tell. It is because people need help and we try to help.

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Madam Speaker, my question for the member opposite concerns a point I made when I spoke on behalf of my party this morning.

I said that there is a lot of opposition right now in the provinces. Ontario has said definitely no. Quebec has said definitely no. Certainly Saskatchewan and British Columbia are leaning that way. No other province I know of has signed a letter of intent to join the plan.

I thought we lived in a federation. Here we have something that deals with both federal and provincial jurisdictions. I believe very strongly in co-operative federalism. I noticed that the member did not comment on that although it is a very important aspect of this.

We are getting to the time when the Quebec election writ will be dropped very shortly. That gets into the question of national unity and perceptions in the province of Quebec about this super agency.

I would like the member opposite to comment on whether or not she is satisfied with the enthusiasm, or lack thereof, of the provinces. None have joined this and the two biggest provinces

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which represent about two-thirds of the population have said that they will not be part of this agency.

Mrs. Sue Barnes: Madam Speaker, I am pleased to respond to the question of the hon. member opposite. It is a fair question.

It is very difficult to join something that has not yet been created. That is the bottom line. But the structure is there. I will give an example by quoting directly from a statement made by the minister of finance for New Brunswick, the hon. Mr. Blanchard: "Where there are efficiencies to be gained, I am open to alternatives. There may be areas that yes, some of our current taxes can be collected in an efficient way by this agency. I have not shut the door on any possibility". He is one.

The situation is such that if we went across the country and looked at how collections are made and the current functions of Revenue Canada, some provinces were already up in the high 80% of collecting revenues. That is already status quo. We are doing some things, like the child tax benefit in British Columbia. There are many things Revenue Canada is currently doing under different agreements where the provinces do not have a direct input in the board situation that we are offering. This will provide for that input. When people have some input into board management, I am sure over time they will sign on.

Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.): Madam Speaker, I would like to follow up on my colleague's question in the same area. In her speech the member said that this is not about downsizing. We can all agree with that. There is nothing the past two governments have done in this country over the last 15 years that has been downsizing. Everything they have done has created more jobs for people in the bureaucracy so I am not too concerned about that area.

The member said that it is not harmonizing through the back door, that it is not being forced and that it is a choice. She quoted a minister from one of our smaller provinces who said that where efficiencies were to be gained they would look at it.

This government has been looking at it with the provinces for over 18 months. It does not have the definite agreement of Ontario, Quebec, British Columbia and Alberta, which is the overwhelming majority of this country. The government will not get those agreements even once the act is in place.

As my colleague said in his question, with the election coming up in Quebec, this is another little thing we can throw in the fire to show that this country is not working in the way the people and the provinces want it to work. They do not want a bigger federal government with bigger federal government agencies. The provinces want to run their own business. They do not want these kinds of agencies and they have told the government that.

The government has had a consultative process. The government says that it is listening. When the majority of provinces are saying they do not want this, why is the government proceeding with a bill that is going to change the face of this thing, probably create a lot more jobs in the federal bureaucracy, but not solve any problems for Canadians and the provinces? It will not give any more power to the provinces which is what the provinces want.

• (1625)

This is not consultation. This is big brother telling the rest of us what we should be doing in the provinces.

Mrs. Sue Barnes: Madam Speaker, I know the hon. member was sitting in his seat and listening attentively a couple of minutes ago when the minister emphasized that at the finance ministers meeting there was an agreement on the outline of those taxes that could be covered under this legislation.

I would ask to be shown anywhere where they emphatically say "We do not want to have discussion. We want this process to stop. We are not engaged".

The reality is even though the Government of Quebec has a different system than the rest of Canada in its revenue collection, there is day to day co-operation. There is day to day co-operation, consultation and communication between the systems of tax and revenue collection. That is why we do work together and will continue to work together and seek more co-operation. We will not halt the potential for more co-operation because that would not be in the best interests of Canadians.

[Translation]

Mr. René Canuel (Matapédia—Matane, BQ): Madam Speaker, I would have three brief comments to make.

The bill says the headquarters of the agency must be in Ottawa, but, as we know, the financial community is concentrated in Toronto and Montreal, but not necessarily in Ottawa. So what is the advantage?

The agency will be responsible for contracting with the provinces or for implementing agreements between the federal government and the provinces. How many of these tax agreements does the government intend to ask the agency to look after? None, so what is the point?

The Minister of National Revenue will be responsible for the agency. But the minister may delegate his powers, except the power to make regulations. So a non-elected person who is not accountable to this House could be acting on his behalf. The minister would actually be going through this person. I would like the hon. member to comment on this.

Mrs. Sue Barnes (London West, Lib.): Madam Speaker, I want to thank the hon. member for his question. It is a good question.

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I believe that the federal and provincial finance ministers have agreed to standards for administering provincial taxes. In other words if there is an agreement on standards, there could be an agreement in the different collections.

With regard to the point which is a political one I understand about the location of a head office per se, to my understanding the minister and the department location will not change. The minister works here in the capital of the country. I have every expectation that will remain. I certainly have not seen or heard anything different. I think the hon. member should be more concerned about the co-operation as opposed to the geographic location of this agency.

Mr. Jason Kenney (Calgary Southeast, Ref.): Madam Speaker, I appreciate the hon. member's comments and know that she as the parliamentary secretary spent a great deal of time on this bill and was very dedicated.

As the parliamentary secretary knows, while the vast majority of Revenue Canada agents are hardworking and treat taxpayers fairly, from time to time we see some really extraordinary abuses of their power, as I have outlined in various interventions today. What is in this bill that would strengthen accountability to preclude the possibility of these types of abuses of power and to treat taxpayers as innocent until they are proven guilty by the tax system?

• (1630)

Mrs. Sue Barnes: Mr. Speaker, I am delighted to answer the question.

At Revenue Canada we have what is called the fairness principle and as the hon. member knows there is a taxpayers' bill of rights in place. Those things would continue, but we need to have the culture of fairness understood by Canadians citizens. I believe our workers already understand the principle. They have the training in the principle and they work every day in this principle. It is a system of due process.

I know I do not have the time to go into the details, but I would like to direct the member to one of the speeches I gave specifically on this point which I think was at least 10 or 15 minutes in length. It was in the last session of parliament. It goes through the different processes available to the Canadian taxpayer. If the member approaches me I can get that to him at a later date.

[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 Kootenay—Columbia, APEC summit.

[English]

Mr. Derrek Konrad (Prince Albert, Ref.): Madam Speaker, I am glad to speak to Bill C-43, the Canada Customs and Revenue Agency Act, an act that affects all Canadians and is extremely important to the House as taxation is the primary reason for the existence of government.

I would like to change the direction of the debate a little to how the legislation itself will be considered. It is being debated in the lower House and will probably be passed by the Liberal majority. After it goes through second reading, it leaves the House and goes to the other place, a place of unbiased sober second thought which is not in any sense subject to partisan consideration. We do not really believe that. We know the only piece of equipment required over there is the rubber stamp that is issued without any delay when a senator is appointed and not elected to that place.

While it may seem an aside in the discussion of Bill C-43, I would like members of the House to consider that for the last two federal elections there has not been a single Progressive Conservative elected west of the Saskatchewan-Manitoba border. Yet the Prime Minister recently appointed a senator for Alberta who was not from the Reform Party, which has the bulk of support in Alberta, and not from the Liberal Party which has marginal support but from the PC Party which has no support.

Does anyone believe that a place of sober second thought will represent the so-called regions, the regions being the provinces? Several provinces have already indicated they do not support the legislation. How are their concerns to be heard in that place?

What do they have at the present time? They have members of parliament, the bulk of whom are Liberals, who will vote for the legislation, probably denying any proposed amendments set out by any of the opposition parties. They have premiers who have moral suasion but do not have legislative power.

Parliament needs a triple-E Senate that has the power which flows from elections, the people's choice, effected senators able to act independent of the Prime Minister and equal in that each province has its own senators who will represent the province's point of view in debates like this one and others. They will represent their provinces in parliament. They will not represent the governing party in the House of Commons. That is some of the background I wanted to set. As we consider this matter we know the provinces will not be heard in this place.

• (1635)

Turning to consideration of the actual bill, we understand that debate is important in that various perspectives on tax collection policy are at issue. The balance is between increased efficiency in

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the collection of taxes owed to the government and the potential for abuse by the government of the centralized tax collection power.

Few people would admit to being happy to pay taxes. The dissatisfaction with paying taxes is largely due to perceived government waste and the inefficiencies in the use of the tax dollars collected. In a civilized society no one would acknowledge that a world without taxes is possible since taxes are used to provide services of benefit to all as well as services that benefit those particularly in need.

Dissatisfaction with paying taxes should lead, though, to actions to lower tax levels and to make the government more accountable for the use of tax dollars. Dissatisfaction with paying taxes cannot justify the evasion of taxes properly owed. Dissatisfaction with paying taxes should also not lead to unreasonable delays in paying taxes properly owed.

The position of the official opposition on Bill C-43 is essentially that there should be greater safeguards for citizens with respect to the centralized tax collection power of government. It must acknowledge that concerns about the tax collection practices of government assumed public prominence in the early 1980s.

Some in the House will remember that the Conservatives then in opposition conducted public hearings into the fairness of tax collection policies. The parliamentarian conducting those hearings, Mr. Perrin Beatty, later became the Minister of National Revenue during the Conservatives' term of government.

At that time comparisons were made between tax collection policies in the United States and Canada. I believe it is fair to state that tax collection policies in the United States, notably through the actions of the IRS, have always been regarded as significantly more aggressive than they are in Canada, perhaps due to national differences in perspective as much as to the benevolence of government.

In the United States the government and its citizenry often assume adversarial roles whereas in Canada the consensus appears to be that citizens are less inclined to regard government as the enemy. We must be very cautious with respect to any criticism of initiatives to make tax collection more efficient. After all, it is well known that those least able to avoid paying taxes are the salaried employees throughout Canada. Those most able to avoid paying taxes are self-employed persons and businesses.

Everyone should pay taxes justly owed. The requirement for instalment tax payments on the part of business and the self-employed is to avoid unwelcome tax liabilities and collection difficulties.

There is a further difficulty that the government faces in collecting taxes and that is the elimination of its priority under the Bankruptcy Act.

For better or for worse it was determined that the government did not merit the status of preferred creditor under the Bankruptcy Act, meaning that for many people the easiest answer to tax collection problems is simply to go bankrupt. Given this trend some might argue that it is in the larger public interest that tax debts survive a bankruptcy, not unlike family support obligations.

Why this is important can be seen in the experiences of countries where there is widespread public contempt for tax collection, which is usually tied to great public lack of confidence in government. Our most recent example is that of Russia where the outgoing head of tax collection has predicted this week that his successor will soon fail, given that the government is bankrupt and likely to fall within weeks.

These types of attitudes cannot gain a strong foothold in Canada lest it be to widespread resistance to paying taxes justly owed. The appropriate response in a civilized society is political action to change dimensions of the tax system considered to be objectionable.

I might add again that political action should involve creating a House of Commons and a Senate that are workable. The proposals of my colleague from Calgary Southeast, who is also the official opposition critic for national revenue, appear to be aimed at balancing the need for the efficient collection of taxes justly owed with protections to curb the potential for abuse of the collection power.

This balancing of interests would occur through the legislative enactment of a taxpayers' bill of rights combined with the creation of an office for taxpayer protection. This office for taxpayer protection would involve an independent taxpayer advocate who would report to parliament in a similar fashion to that of the auditor general. We have recently seen why the need for independence in reporting is important in terms of the assertions now made by the recently dismissed chief actuary of Canada.

• (1640)

Some may ask why a taxpayer's bill of rights. We know that the tax department collection policies are generally asserted to be far more considerate of taxpayer concerns than in years previously. There is a similar bill of rights approach communicated by the tax department to taxpayers. However, with the centralized collection power of the new agency the position of the official opposition is that Canadians should never be subjected to the abuses of power and summary treatment that has made the internal revenue service the most feared institution in the United States.

What is a primary constraint on the abuse of a centralized tax collection power? As proposed by my colleague from Calgary Southeast, the office for taxpayer protection represented by a chief advocate would have the power to issue taxpayer protection orders

to protect taxpayers from arbitrary treatment or treatment that could lead to undue financial hardship. The office of taxpayer protection would also have an ombudsman-like role with respect to assisting taxpayers in resolving disputes with the Canada customs and revenue agency.

To those who are concerned that this proposal would increase costs without any demonstrated benefit in terms of increased efficiencies in tax collection, I wish to point out that there is no intention to create another government bureaucracy in the office for taxpayer protection. Rather, this office would be funded primarily from an appropriation to general revenues from Revenue Canada's current budget.

In terms of the taxpayer rights that are being referenced in the proposed taxpayer's bill of rights some of the more important dimensions concern circumstances where a taxpayer acted in good faith and without the intention to evade taxes, which are more or less synonymous terms. Another circumstance is where a taxpayer relied upon incorrect advice provided by a Revenue Canada official or an official of the Canada customs and revenue agency. In these circumstances penalties and interest otherwise payable must be waived.

In addition, in cases where penalties and interest may cause severe financial hardship or in cases where reassessments can be proven to cause severe financial hardship, the Canada customs and revenue agency must make alternative payment arrangements. This could be by way of negotiated repayment schedules or in certain cases abatements of amounts owed.

Many will argue that current tax practice incorporates these elements in any event. So what is the problem? The fact that tax collection practices in Canada are not regarded with great disfavour does not minimize the potential for future abuse. By formalizing a good practice as a taxpayer right one is ensuring that a social good will be preserved, notwithstanding changes in governments or government debt positions.

One area involving a particular compassion relates to the effects of the seizure of assets on employees or family members not involved with a particular tax transgression. We know the actions of wrongdoers frequently have negative consequences far beyond their own persons. Families can be destroyed by wrongful acts over which they have little or no control. The sensitivity of the tax department in this area is a matter of discretion on the part of particular officials.

What is proposed under the taxpayer's bill of rights is that the office of taxpayer protection can advocate fairness in seizure practices, making a protection order, for example, in cases where undue hardship is caused to third parties. In a general sense the office of taxpayer protection acts as an intervener and moderator with respect to government seizure practices.

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I emphasize that the official opposition's concerns primarily relate to the protection of individual taxpayer rights. No one, absolutely no one, can be seen to be an advocate of letting those who justly owe taxes to the government avoid their obligations to pay such tax.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I congratulate the hon. member for Prince Albert on his remarks.

The hon. member spoke about the need for greater accountability. Has he, in his now 14 months as a member of this place, received any case files or complaints from constituents that would lead him to believe there is a need for greater accountability of Revenue Canada? Or, do his constituents believe that everything is just hunky-dory over there and that we can just plough along with the status quo with a mega-tax collection bureaucracy that has really no presumption of innocence for taxpayers and which tends to shoot first and then ask questions?

• (1645)

I just wanted to ask what his experience is as a member and the thoughts of his constituents with respect to the accountability of Revenue Canada and whether it does indeed overreach its very considerable police powers in occasionally harassing law-abiding and well intentioned taxpaying citizens.

Mr. Derrek Konrad: Mr. Speaker, I have had bad experiences. Some have had better experiences and some have not, which illustrates the need for taxpayer protection provision in the new act.

Because these responsibilities are going to be transferred to an arm's length agency, we are certain to see cases increasing where arbitrary decisions are going to happen. Rather than having some on and some off, we should have legislation in place that allows the individual taxpayer to know what his or her rights are and to know that there is an ombudsman like person there to interpret his rights and to make sure they are fairly and evenly applied across the board.

Mr. Grant McNally (Dewdney—Alouette, Ref.): Mr. Speaker, I was in the House earlier today and heard the Minister of National Revenue talk about Canadians gladly and voluntarily complying with the tax forms they have to fill out and the wise management of the taxes collected by the government.

I would like to quickly ask my colleague whether he would agree with the Minister of National Revenue that the government is currently managing the tax dollars taken from Canadians in a wise way? Would this lead us to believe that this super agency with extensive powers being contemplated would in any way be a wiser way to manage Canadian hard earned tax dollars that the government continues to take?

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Mr. Derrek Konrad: Mr. Speaker, the Reform Party puts out a frequent publication called "The Waste Report" which talks about how our tax dollars are handled. I bring to the attention of every member of this House that it is available from our revenue critic. Members can supply them to all their constituencies. Liberal members are also welcome to have them.

The collection of tax dollars is one thing which really frustrates people when they get "The Waste Report" or reports from the Canadian Taxpayers' Federation outlining how their tax dollars are frequently abused.

Mr. Roy Bailey (Souris—Moose Mountain, Ref.): Mr. Speaker, I listened with interest all day to members talking on this bill. It was a little humorous to hear some members talking about how Canadians cheerfully pay their taxes.

I was thinking about my last trip home when somebody opened a letter from Revenue Canada at the post office. They owed something like an addition \$600. I assure members they did not say "goody, I owe the government another \$600".

I want to address this point in particular to the member for Ottawa West who spoke earlier. She said we need better service. I believe she used the word service about eight times while she was speaking.

Service has a connotation of servant. The IRS in the United States had to look at its whole department and say it has to become more humane in dealing with people. If there is one lesson that human resources needs, even if this bill goes through, it is to treat the taxpayers of this country with a great deal more respect than it does at the present time.

It is a fallacy beyond comparison for members of the government to say they handle people and it is cheerfully done.

• (1650)

I have caseload after caseload of widows and elderly people who get letters that are a disgrace. I have yet to see a letter from Revenue Canada that offered an apology to any of my clients dealing with that department.

Would the member for Prince Albert not agree that they need to take a lesson in public relations?

Mr. Derrek Konrad: Mr. Speaker, I thank my hon. colleague. I do not think it is up to the government to be delivering lectures to its people on arrogance when we see the arrogance of the Liberal government at the top. It flows down. It does not come up. It comes down. Leadership starts at the top in that chair over there. We can see it in what I said earlier about the appointment of a Progressive Conservative from a province that does not know what a federal Progressive Conservative looks like. They have forgotten their faces and names.

We see a member in the other house who had nothing to do with the people of Alberta's selection. Talk about arrogance of servant-

hood. Servanthood is something that is demonstrated at the top. As it is practised by the leadership, it will be practised by those who see it practised.

[*Translation*]

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Mr. Speaker, I have a question for my Reform Party colleague.

Does he think that this agency would create another level of bureaucracy that the federal government would naturally be unable to control?

And, as a supplementary, would creating a board of management as described in the bill not create positions for friends of the party? I would like to hear my hon. colleague's comments on this.

[*English*]

Mr. Derrek Konrad: Mr. Speaker, I thank my hon. colleague for the question about democratic control.

Again, this is why we are suggesting that these amendments be made to the bill calling for a taxpayer protection agency, something we can work with that will ensure government has some control even in setting the terms of reference for how that person will work.

As to political friends, we all know the record of this government. One would not be surprised to see that most members of any boards or commissions would probably have Liberal connections.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to lend my support to Bill C-43, an act to establish the Canada customs and revenue agency and to amend and repeal other acts as a consequence.

I asked to speak on this because I want to talk a little about the finance and administration aspects of the proposal to create this agency.

The Canada customs and revenue agency, while acquiring many new powers and responsibilities in areas such as human resources management, will still be a department from a standpoint of financial management. That is a very important aspect. What is happening is that a government department is becoming a government agency. Yet the controls and the many other aspects of it are identical to what was in place as a department.

It will operate under the authority of the Financial Administration Act. It will be governed by the policies and procedures of the Treasury Board and the receiver general with respect to matters of financial management and the treatment of public money. The agency's financial statements will also be prepared in accordance with standard government accounting practices.

The budget of the Canada customs and revenue agency will still have to be approved by part of the government's overall expenditures management system. It will be subject to the normal Treasury

Board approval process and will be subsequently approved by parliament. That is very important for Canadians to understand.

• (1655)

Parliament will continue to receive the same level of detail from this agency as it does from Revenue Canada and although the board of management of the agency will be responsible for determining terms and conditions of employment at the agency, the overall human resource cost will still have to remain within Treasury Board approved financial levels.

To repeat, although the human resources component will be centred within the agency, the same scrutiny and criteria will be applied.

The obvious question about the new agency is what about the new sources of revenue such as user fees? I think it is an area of concern to Canadians whenever they hear user fees.

The simple answer is there will be no change in the way user fees will be prescribed and administered. I think Canadians should be assured by the fact that there will be no new user fees as a result of this change, that the fundamental reasons for this change are directed at efficiency, productivity and cost effectiveness.

Overall, user fees that are charged now represent less than 1% of the department's overall budget and the new agency will continue to charge these user fees. It is not the intention of the agency to convert into one that is totally or even considerably reliant on this form of income.

The idea is not to take more money out of the pockets of Canadians but rather to return it to them in the form of lower costs for compliance and through other forms of savings. The agency will be funded in a way that Revenue Canada is funded today, namely by parliamentary appropriation.

One possible new source of income for the agency could be some form of financial arrangement with a province or territory to administer a particular program or to institute a new process or procedure.

This is where the composition and skill of the board of management which is proposed under the act will come into play in terms of negotiating appropriate financial arrangements for new programs and services.

Provinces and territories will obviously invest their money where they can achieve real savings from central administration of a program. Program results will have to be monitored, including, most important to Canadians, levels of service.

The new one time costs of moving the agency status will be included in the overall cost structure of the agency so that Canadians should be assured that there is no significant additional cost in establishing this agency and that it will be done within the overall cost structure being proposed for the agency.

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Finally, it is anticipated that these costs will be minimal relative to the overall operating budget of the existing department and will be offset with planned savings of the new organization.

We are dealing with transferring a function from a department of government to an agency of government. We are dealing with the concepts of accessibility, responsiveness, reliability of service, efficiency and effectiveness.

The two main points are that this agency will more effectively co-ordinate federal and provincial revenue collection programs, reduce overlap and duplication and therefore reduce costs and reduce taxpayer costs of complying with the tax laws.

The second theme is that it will modernize its internal management to be more responsive to the needs and requirements of Canadians. This board of management will ensure a client oriented approach and still maintain accountability to parliament.

In brief, I believe this fairly and accurately reflects the intent and the effect of Bill C-43 with regard to this new agency. I hope all hon. members will support conceptually the principles being offered here.

I really would like to make some comments with regard to the previous speaker's statements about the Senate of Canada, certainly an area which has been under much scrutiny for many years. I would like to pose for him some facts I have thought about quite a bit, about what happens if we did move to an elected Senate.

I think it is interesting that although the Senate is an integral part of parliament, the concern about whether it is an elected body and whether it is able to discharge its responsibilities continues to come up. It is a subject of debate. I would pose this as a rhetorical question.

• (1700)

If there was an election, as there was previously in Alberta and which I understand cost the Alberta taxpayers \$2 million, there would be a significant cost of conducting the election which would be borne ostensibly by the taxpayers through taxpayers dollars.

As all hon. members know, senators do not have constituency offices across the country. They do have offices here. If they were elected and had a constituency, would we have to provide constituency offices for them as well as the support staff and all the other costs associated with it?

Another question I have is how we would differentiate between the responsibilities of members of parliament and senators if they are elected from within the same geographic area. Since there are 301 members of parliament and just over 100 senators, it means a senator's geographic area or population coverage would be three times that of an MP. Would that mean that the senator would have to handle three times the workload that we handle right now? I am

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not sure whether it is really possible. Those are some of my thoughts.

I know it is an important aspect but I think at this point with regard to Bill C-43, the important thing is that we do have a parliamentary system and we do have a committee that is going to deal with this. All members will have an opportunity to debate again at report stage and third reading as well as to have input on other aspects through the committee process.

To dwell on the possibility that the Senate is somehow going to act in some particular way, this is our system of parliament. One way to deal with it is to complain about it. The other way is perhaps to do something about it.

I am going to end my comments because I have a feeling there may be a question.

The Acting Speaker (Mr. McClelland): We will go now to questions and comments. Just before we do, I would like to take a moment to point out that we are talking about the Revenue Canada bill. Although there has been a fair amount of latitude in this debate, let us try to keep our comments about the Senate to an absolute minimum. We are talking about this bill. I appreciate the fact that it was not the member for Mississauga South that introduced it.

Without any further adieu we will go now to the member for Calgary Southeast and then to the Bloc.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I will take your words of caution with respect to relevance advisedly as you did of course allow the hon. member to pose certain rhetorical questions.

I would simply say that the member suggests that rather than talking about parliamentary reform, one ought to do something about it. This is precisely what the people of Alberta are doing in the process of selecting their next senator. With respect to the cost objection that the member raises, yes democracy does cost something. I know the people of Alberta, 92% of them, are prepared to incur some small cost to be able to hold their representative accountable.

The reason they want their representatives accountable in the Senate and in this place is precisely because we have enormous powers, powers such as the power to tax which is really the power to destroy. Too often it is a power that is abused. Too often the tax collection agents at Revenue Canada treat taxpayers as though they are guilty until proven innocent.

Would the hon. member not support a statute which would more clearly define the rights under due process of taxpayers to be given the presumption of innocence in the collection and assessment process? Would the member not think it would be a worthwhile complement to this bill for such a taxpayer bill of rights to be passed, essentially to enshrine in law the current declaration of

taxpayers' rights which is really a statement of good intentions? Does the member not think this would be a worthwhile proposition to support?

Mr. Paul Szabo: Mr. Speaker, it is an interesting point. We do have laws in Canada, tax laws and other laws. What we expect of our various departments which are responsible for the administration and enforcement of those laws is that the laws are respected.

Most members know that when a case comes to our office, it is not people who have filed clean returns or who have done something in accordance with the tax provisions, it is usually people who have been assessed for legitimate reasons. I think the most important job we do is to ensure that they are put in the position that they should have been in, had all things been done the way they should be done.

• (1705)

Taxpayers have implicit broad rights by virtue of the fact that the laws are clearly articulated and that they are not there for interpretation at the whim of some Revenue Canada employee. Rather the laws are there and articulated in a way in which all Canadians know what their responsibilities are so that everyone pays their fair share, no more, no less.

[Translation]

Mr. Bernard Bigras (Rosemont, BQ): Mr. Speaker, I am surprised to hear government members describing Bill C-43 as a change of very little consequence overall. We are told that it merely involves transferring certain applications to collection and certain functions from a department to an agency, with no real impact on individual members of the public, on workers and public servants.

In late August, I was fortunate to be able to meet with tax collection employees in Shawinigan, Quebec, to talk about a completely different area in which the government has outdone itself with its incompetence, namely pay equity. The public servants described the position in which they found themselves. Some employees came to see me and reminded me of the upcoming Bill C-43 and how they were counting on the Bloc Quebecois to intervene.

I would like to know if the member opposite is aware that 20% of public servants will no longer be covered by the Public Service Employment Act, meaning that, in two years, the agency will have carte blanche to raise or lower salaries, to hire or fire employees.

I would like to know if this is not the real reason that the government created the agency. Does the government prefer strong-arm tactics that will ultimately crush employees' collective demands? That is my question.

[English]

Mr. Paul Szabo: Mr. Speaker, with regard to the pay equity component, that is not a fair reflection of the government position. In fact, the government not only has offered some moneys but also

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has already paid additional moneys into the pay equity settlement. The issue right now is the final amount and whether or not it is equitable relative to private sector settlements.

With regard to the human resources component of the new agency, I do not share the member's cynicism. This is a joint program between the federal government and the provinces. We are working together, co-operating and collaborating so that we can achieve a number of things, not only efficiency in the whole system but more importantly, to provide more cost effective service, at lower cost to Canadians with regard to Revenue Canada.

Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, there are many reasons for moving to a departmental agency, none more important than the demands of our clients, the constituents of our country.

Streamlined and more responsive tax, customs and trade administration services will provide more effectiveness with this new agency. Few Canadians appreciate that in a time of economic expansion the demand for tax, customs and trade services also increases. A million new jobs in Canada since 1993 mean many more tax filers and hopefully more in the future. An 8.6% increase in real exports in 1997 coupled with a 13.4% increase in real imports means a substantial increase in the demand for trade administration and customs and border services.

Resources at Revenue Canada have remained relatively stable during this period of economic expansion and steep increases in business volumes. Much of the new demand has been accommodated by internal operating efficiencies. But as everybody knows, everything has a limit. Hence the new framework for this agency.

The agency model we are proposing for the Canada customs and revenue agency is unique since it combines the strengths of both the public and private sectors while remaining fully accountable to parliament and the Canadian people.

• (1710)

Bill C-43 will permit the agency to offer new and better services to the provinces and territories. For example, at the present time Revenue Canada can only collect provincial taxes that are harmonized with federal taxes. The new agency would be able to collect non-harmonized taxes. This would expand the potential for single window tax collection with considerable savings for businesses and individual Canadians. Greater co-ordination between the federal, provincial and territorial governments will simplify tax administration for Canadians and reduce the overlap and duplication.

To ensure the various needs of Canadians are given full consideration, a board of management of the agency will direct its management activities and oversee its business planning. The board will include 10 directors nominated by the provinces and

one director nominated by the territories, all from the private sector.

Another major change that would allow the new agency to adopt a more client oriented approach is increased operational flexibility in the management of internal resources. The new legislation will allow the proposed agency to tailor its human resources and administrative functions to meet the changing needs of the client as well as those of its employees.

For example, under the current status as a department, Treasury Board negotiates collective agreements and determines classifications for personnel. The Public Service Commission is responsible for the staffing process. Under departmental agency status, the Canada customs and revenue agency will assume responsibility for these critical functions.

This change will offer the agency more flexibility in attracting certain in demand skills such as auditors and computer systems experts, training, retraining and keeping these experts. It will significantly reduce hiring times and allow the agency to match resources to work demands whether created by policy or by program changes, seasonal factors or general economic conditions. All of this means improved service to the provinces and territories, to businesses and to individual Canadians. An improved service means savings in time and money, savings in compliance costs for businesses and savings in administrative costs for the government itself.

In creating the Canada customs and revenue agency, we are encouraged by the experience of many other countries such as the United Kingdom, New Zealand and Australia. Organizations that have been given greater managerial autonomy and operational flexibility provide improved service to the public even while retaining accountability to the public and its elected representatives.

We live in a world that is competitive at many levels. We live in a world that is changing. Businesses and individuals need their governments to support their activities rather than to set up roadblocks. The Canada customs and revenue agency is an important step in the process of providing the best tax, customs and trade administration services in the world. This will mean more business and more benefits for all Canadians and looking to the future, to make it even better.

[*Translation*]

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): This afternoon, we heard all the members opposite including the minister of revenue, who finally joined us. They said they consulted people across Canada and that everyone supported the new agency.

However, this same minister, who is sitting in front of me, called for a report by the Public Policy Forum. This report revealed that Canadian business has serious reservations about the creation of the agency.

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In the same report, 68% of businesses felt that a single agency would increase their compliance costs and would have no impact.

I would like the last government spokesperson to comment on the report on this agency.

• (1715)

[English]

Mr. Walt Lastewka: Madam Speaker, I can understand where the member is coming from with respect to the various reports that were compiled during the consultation periods. That is one of the reasons this government has taken excessive consultation time to meet and review with people and to hear what people are saying about the reports. When we have a chance to present legislation we take all of these items into account.

I want to remind the member opposite that a number of people, whether they are chartered accountants or people involved in tax areas, have said over and over that this type of legislative framework will provide more efficiencies and stronger management.

The Canadian Federation of Independent Business said: "If we combine all these functions under one umbrella, the business community would breathe a big sigh of relief".

When the time comes and this bill is in committee, the stakeholders will again have a chance to understand exactly what is in the legislation, what is intended, and their viewpoints will be heard again.

Mr. Roy Bailey (Souris—Moose Mountain, Ref.): Madam Speaker, I would like to make a brief comment and put a question to the hon. member.

Would the hon. member not agree that in the length of time it has taken to consult on this bill that perhaps they have not done a good job of selling the proposals? Today, with the bill in its current form, the majority of the provinces have not definitely said whether they will be on board. We have not heard from the largest provinces as to whether they will be coming on board.

Would the member not agree that perhaps what we have to do is call in some super salesmen to sell it to the provinces now, before the legislation is put in place, to avoid each province having to negotiate changes within the act to suit it?

Mr. Walt Lastewka: Madam Speaker, I understand where the member is coming from.

I would remind this House that provincial ministers of finance were a part of the consultation process. Many provinces have provided input. The member opposite will be able to provide input. There is always room to make improvements. That is why we are here debating the bill. We are here to look at the legislation as well as other things. It is not a one way street. One cannot just sit over

there and oppose everything. One has to be constructive from time to time. That is what committees are for.

This legislation will come back to the House and hon. members will again have the chance to debate it and make it even better than it is. I hope there is more constructive criticism from members opposite.

[Translation]

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Madam Speaker, I am pleased to speak to Bill C-43 to create the new Canada customs and revenue agency.

Before I start, I know I will probably not have enough time to finish my remarks. I hope to have the opportunity to continue when we next examine this bill.

I would begin by congratulating my colleague, the member for Rivière-des-Mille-Îles, for his good work. I heard his speech this morning, in which he presented a whole series of arguments. I felt the agency served some purpose, but was not relevant because a department of revenue already exists. My colleague's arguments were well founded.

• (1720)

Once again, the member for Rivière-des-Mille-Îles has shown how attuned he is to his constituents and to the groups concerned by these issues.

First, let us talk of the government's objectives in the 1996 throne speech. The first objective was to provide programs and services more effectively and cost efficiently through greater autonomy and flexibility. I want to focus on the words "more effectively and cost efficiently". I think everyone agrees on "cost efficiently". The more it brings in, the more it is in the public interest.

However, I have a few questions about the "more effectively". The understanding is more effectively than at present. At the present time, those responsible for tax collection are employees of Revenue and Customs, in other words public servants. I am told there are about 18,000. There is a message in this. Is it being implied that the 18,000 people assigned to taxation are not efficient and are not doing their job properly so that it will be cost-effective? The government has presented this as its first objective.

This is not surprising, when one realizes that the tendency within this government is a desire to privatize. This is something to be considered per se, but what is involved is a service that is already provided. It is not a new service, but one already being provided. The agency will not be totally privatized, but it will not be covered by the legislation which governs, and will continue to govern, all other public servants at the federal level.

I do not wish to worry people needlessly. I do not even need to do so, anyway, because I have seen a letter to the hon. member for Rivière-des-Milles-Îles by the taxation employees' union. They are

all worried about this. They wonder what might happen to them. Behind it all lies the fear of being shunted aside. Perhaps a number of them may be hired again by the new agency, but they do need reassurance.

The second was to improve services—and who could be against that—and to reduce the cost of administering revenue and compliance by working in conjunction with the provinces in order to eliminate duplication and overlap. The key words in this are “working in conjunction with the provinces”. The concept of “co-operation” is understood. Generally, the purpose is harmonization.

“Working in co-operation” is all very fine-sounding and is a good objective as far as it goes. But what is actually happening? When we check with each of the provinces, not just Quebec, they say they are not in agreement and that, before they sign on, they will want to give it some thought because they are not at all sure this is a good thing. How can the government get away with saying in the throne speech that it will be done in co-operation with the provinces, when the provinces are not in fact interested in working together in this context, since they are apparently going to lose their powers, especially Quebec, because Quebec has its own revenue ministry. Moreover, it is the only province that does, having had one for a very long time. In this regard, Quebec wants to keep its powers and its responsibilities.

A third objective was mentioned, which we no longer hear anything about today, but which was in the throne speech: “Strengthen the federation’s effectiveness and enhance national unity by making the agency an organization responsible for providing Canadians with federal and provincial services”.

• (1725)

When this was first announced, it obviously resulted in some discussion here in the House and elsewhere. We in the Bloc Québécois, and Quebecers in general, reacted back then, and we feel no differently now. Except that we notice that the government members no longer mention this objective. But once bitten, twice shy. Just because the government no longer mentions this third objective from the throne speech does not mean it is no longer guided by it. These were statements of principle, the government’s intentions and policies until the next throne speech.

This objective no doubt remains. In my opinion, it is part of the current Liberal government’s plan A, because, while it is a gentle approach and not a stick, it remains a tendency of the current federal government, which tries to meddle in provincial matters and increasingly expand its control over them.

But with the creation of this agency, it is not doing so directly, but indirectly, rather as it did with the millennium scholarships. Members remember the famous millennium scholarship fund. The federal government could not do it directly, so it set up a private

foundation, an agency of sorts, to do indirectly what it could not do directly.

I am no lawyer, but I know the public is discouraged from indirectly contravening legal provisions. The same is not true for the government. It sets up agencies, it takes an indirect and convoluted approach to achieve its ends. Even though it is no longer raising the issue of so called national unity, the federal government, in the end, wants to collect taxes and take over the mechanisms that bring in new revenues with an independent agency.

I am a sovereigntist. I do not hide the fact. Neither do the member for Rivière-des-Mille-Îles or the members of the Bloc. However, we are still in the federal system. The people in the other parties, whom I respect, have another opinion. They are federalists and want to stay within the federal system. They often consult the Constitution. I too have read it. We know about the Constitution.

I also know its history and the facts surrounding it. In 1867, when Canada’s Constitution was drafted and passed, those who have studied it will recall that the federal government did not collect taxes from either individuals or companies. The provincial governments did. It was during the two world wars—the 1914-18 one and the 1939-45 one—that the federal government asked the provincial governments, in the light of the exceptional circumstances, to allow it to collect income tax.

Subsequently, having tasted the pleasure of collecting taxes, the government wanted to continue. Ontario finally agreed, but Mr. Duplessis, who was then Premier of Quebec, created his own department of revenue. That is the history of the two tax returns: one for the federal government and one for Quebec. They go back to that time. However, I will have the opportunity—

The Acting Speaker (Ms. Thibeault): I must unfortunately interrupt the hon. member and tell him that he will have some nine minutes when we next resume consideration of the bill.

It being 5:30 p.m., the House will now proceed to the consideration of Private Members’ Business as listed on today’s Order Paper.

PRIVATE MEMBERS’ BUSINESS

• (1730)

[English]

CHARITABLE CONTRIBUTIONS

The House resumed from June 1 consideration of the motion.

The Acting Speaker (Ms. Thibeault): The hon. member for Prince George—Peace River has six minutes remaining.

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Mr. Jay Hill (Prince George—Peace River, Ref.): Madam Speaker, how did I manage that? I have never spoken to this bill.

The Acting Speaker (Ms. Thibeault): I would ask the hon. member to start the debate right away. In the meantime the clerk will check the records for the last session.

Mr. Jay Hill: Madam Speaker, it is a pleasure for me to rise this afternoon and briefly address Motion No. 318 placed before the House by my colleague from Fraser Valley.

Motion No. 318 states:

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.

If we were to flip that motion around and stand it on its head, it would really state that gifts to political parties should not be given more favourable treatment than donations to charities. That is how we need to look at this motion. The intent is clear. It is to level the playing field between donations to political parties and those which accrued to charities.

I compare this motion to the Reform blue book policy that deals with political donations. There has been some concern expressed about that and why my esteemed colleague would bring forward a motion that on the surface would seem to be contrary to Reform's blue book policy.

Reform policy in the blue book under the heading of electoral reform states: "The Reform Party opposes any assistance to political parties and political lobbies from public funds including—" and it lists a number of things. In that list is tax credits for contributions to federal political parties. That is the policy of the Reform Party. Certainly it is a policy that my Reform colleague adheres to, as do I. If we were ever to become government, or when we become government, we will enact that as well as a number of other policies.

In the meantime, it has become painfully clear to charities that this government does not intend to address the inequity between the donations to political parties and those to charities by removing the tax incentive to donate to political parties, as the Reform Party would do.

Therefore my colleague took it on himself to bring forward Motion No. 318 which would level the playing field between the two and treat them the same. Unfortunately we see that in some cases people who are looking at making a donation might be encouraged to make a donation to political party rather than to the charity of their choice. It is very unfortunate that they might be tempted to do that because the tax incentive is so much greater.

How unfair is the present system? It was noted in the debate last spring that for a \$100 dollar contribution to a political party a donor will receive a \$75 federal tax credit. For a \$100 donation we have a

75% tax credit. For a \$100 gift to a charity the donor will receive a \$17 federal charitable donation tax credit. That is \$17 versus \$75.

• (1735)

To receive a tax credit of \$500 for a donation to a federal political party an individual would have to give \$1,150, and to receive that same \$500 tax credit a donation to a registered charity would have to be in the amount of \$1,807.90. Clearly a gross inequity exists. My colleague is attempting to address that by putting forward Motion No. 318.

I think it would interest the viewing public at this point in the debate to ask what are we talking about here. How many charities are we talking about? There are roughly 80,000 registered charities in Canada and in 1996, 5,451,860 donors gave approximately \$4 billion. We are talking about a substantial industry, as it were, in the sense of charitable organizations. They employ a lot of people and they certainly do lots of good work.

I see the Chair is telling me I have one minute left. I must have spoken on this issue previously. I thank the Chair for the correction.

On such an important motion I could go on at great length but I will sum up by stating the obvious. This motion is votable. It is not too often that members of this place have a great opportunity to right an injustice.

When we come to vote on Motion No. 318 we can seize the opportunity and vote to level the playing field and treat both these things the same. I urge all members of the House to do exactly that.

Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP): Madam Speaker, I am pleased to support this motion put forward by my hon. colleague.

The motion provides us with an opportunity to make a number of appropriate comments around the whole issue of charities. As the previous speaker indicated, we are talking about 80,000 organizations which have been identified as legitimate charities in this country.

The definition of a charity needs some work. I think the definition we use goes back many decades and I suspect that the nature of charity and charity work in Canada has changed significantly from the 1920s and 1930s.

One thing we can say is the recent years of government deficit fighting efforts have really hit charities hard. Charities in Canada now unfortunately have to designate an inappropriate amount work by volunteers simply pursuing fundraising activities.

I think we all appreciate that those who volunteer and those who work for charities are really those people who weave the social

fabric of which we are so proud in our country. These are the people who donate their time, effort, energy, talents and in many cases money to enable these charities to provide the services that hitherto governments often provided. Because of the reduction in government services, because of the downsizing of government, because of the trimming of government budgets, we now are looking toward charity organizations to pick up that void and to provide more services than ever before.

It is a bit disappointing to read the information that has been provided in terms of charitable donations. They are at a virtual standstill. The growth simply is not there. The Canadian Centre for Philanthropy says that we have to find ways and means to encourage more Canadians to participate in the development of the social and supportive caring fabric of our country through charity giving.

● (1740)

Recently the Standing Committee on Finance made the following recommendation: "Government should consider enhancing the charitable tax credit for donations to charities currently funded by government to make it as generous as the current political tax credit for small donations to political parties".

Let us acknowledge the fact that in our effort as a country, which I support enthusiastically and which I endorse, we encourage people to participate in the democratic process. There is no question that for a democracy to work effectively, people have to participate as directly as possible. Therefore, as we all know, for a \$100 contribution to a political party in Canada the donor will receive a \$75 tax credit. That is a real incentive for average men and women across the country to make donations to the political party of their choice. We endorse that.

As a result, I think it is fair to say that when we look at the political contributions to at least some of the political parties, a massive number of Canadians participate in supporting the political party of their choice as a result of this rather encouraging tax write-off.

The motion states:

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 support that principle. As other speakers have indicated, Motion No. 318 does not specifically recommend that the government increase the tax credit for donations to charities from 17% as it is now to 75%, although this is an option. Rather, it allows the government to use its discretion to choose the optimal tax credit rates, making sure the charity tax credit is no less than the political tax credit.

I want to flag a concern at this point. I know this is votable. I want to indicate an area that I think deserves consideration.

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Representing the voices of the New Democratic Party, we are not suggesting that the level of political contribution should be reduced, but we are saying that the deduction for giving to charities should be increased to that same level.

We are talking about those that are the weavers of our social fabric and now we look more and more to those in the charity sector and the volunteer sector to provide that level of service. We think it is appropriate to re-examine this whole issue. I think all of us would say that 17% is simply inadequate, that it does not reflect the reality of our country.

Is it appropriate that people who donate their energies to the charity of their choice spend such an inappropriate amount of time raising funds? I do not think an evening goes past now when in our places of residence here in the nation's capital or back in our own constituencies there is not a knock at the door from someone raising money. Sometimes three or four times in the evening there is a knock on the door and somebody is asking for a donation to a particularly worthy cause or a worthy initiative or a worthy endeavour.

You make the contributions because you realize that if you do not, that person will not be able to carry out the charitable work they wish to do. But it troubles me that that person has to spend that evening going door to door raising funds and not out providing the service or doing the charitable work that person is actually interested in. They do not join these organizations to go on fundraising activities.

I think this is a step forward. I think it is a step in the right direction. That is why I say on behalf of those of us in the New Democratic Party that we are pleased to support this initiative by my colleague for Fraser Valley.

We are not suggesting that we reduce the tax deductions available for political contributions but that we enhance those associated with charitable giving.

● (1745)

I want to talk a bit about the simplicity of the matter. We have to acknowledge that there are two sets of rules: one for charities and one for political parties. Therefore, if the tax system treated political parties and charities equally the system would be simpler to explain, certainly a lot simpler to write and a lot simpler to understand.

There is one thing we should strive for as parliamentarians during these complex and changing times. We look at tax forms and shudder and dread the day we have to sit down at a table to try to figure them out, fill them out, or dread the day we have to hire an accountant to do that on our behalf. We have to struggle to make such forms simpler.

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The motion would move us in the direction of simplifying the tax return and making it equivalent in terms of whether one is making a political contribution or a contribution to one of Canada's worthy charities.

It is a big business. It is a \$4 billion business annually. We are talking about a considerable amount of money relatively speaking. We have to acknowledge that this unfortunately is a growing trend, that more and more the realities of our fiscal programs suggest that charities will be providing those necessary and crucial services in the future.

We have always relied on charities, but changing times make them even more important today. It is with enthusiasm that we support the motion. We are looking forward to the vote and we are looking forward to seeing legislation move through this House and subsequently on to the other place, and the sooner the better.

Mr. Lynn Myers (Waterloo—Wellington, Lib.): Madam Speaker, I welcome the opportunity to participate in the debate on Motion No. 318. I will begin by taking a few minutes to respond on behalf of the government to the motion put forward by the member for Fraser Valley.

Let us be clear. 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 into place in consultation with the charity industry.

Through the work and assistance of the Standing Committee on Finance stemming over a period of four years of prebudget hearings, the tax treatment of charitable donations has evolved to the point where we are now beginning to see a stronger and more vibrant charity industry. That is a good thing.

In fact the government has provided additional incentives to charitable giving in four of the last five federal budgets. Measures have been included and adopted. The first is lowering the threshold for eligibility for the 29% level of the tax credit to \$200 from \$150. The second is raising the annual income limit for the use of charitable donations to most charities from 20% when the government took office to 75%. The third is reducing the income inclusion rate for capital gains arising from the donation of appreciated publicly traded securities to 37.5%.

These measures are very important. The hon. member should recognize that the differences in the treatment of political contributions and charitable donations reflect the different policy intentions 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 generous tax assistance is given to small political contributions. This tax assistance is reduced by incremental

amounts to the point that 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 those charities.

Indeed in the case of very large donations tax credits may be claimed for donations up to 75% of the taxpayer's income in any given year. Tax credits then may be carried forward to future years should the 75% limit be exceeded.

Recently we have witnessed the important role the present tax regime has played in charitable giving. The charitable industry has reported seeing more large scale donations from individuals than ever before. 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.

• (1750)

I was interested recently in reading in the *Globe and Mail* that they 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, for example, has received more than 70 individual contributions of \$1 million or greater during its current fundraising drive.

Gorden Floyd, director of public affairs at the Canadian Centre for Philanthropy, recently stated that the charities have "all seen a real surge in major gifts or stock since the legislation change. It is important to see that take place.

Meg Beckel, executive director of the Royal Ontario Museum Foundation, has also noted an increase in tax driven gifts to charities, particularly from new beneficiaries. 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 real difference.

The incentives for large scale giving also have borne fruit in terms of a new community foundation 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 its collective assets are now worth more than \$1 billion. This announcement is clearly good news for communities. I think that is something with which all of us in the House can agree.

These foundations tend to fill a unique need in that they are funded locally in their base projects in the community and in the country in almost every province. Gifts to such foundations can be

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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 the Calgary Foundation announced a series of grants that they were being awarded including \$1,000 to a high school program that helps with the integration of immigrants and \$500 to a Hispanic youth centre.

This type of community action by these foundations is very encouraging, helping to reinforce in our collective notion the relevance and importance of community in an increased and ever globalized world.

We can see from these examples the tax regime that has been put into place has been working to maximize the benefits of charitable giving both for individuals and for charities in the important work that 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. There are another 100,000 not for profit agencies as well.

By any measurement that we might choose 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 the donation of small amounts to charities has 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 according to donations that would in all likelihood have been made in any case.

There is one further and important note: 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. That is important to note.

This 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. Increasingly tax assistance for small donations would not have been in accordance with this principle.

The government cannot support the motion for the following central reason. The current design of the current charitable donations tax credit acts to encourage larger donations while recognizing the value of smaller donations. The greatest impact of the motion would be to increase tax assistance accorded to donations that would have been made in any case.

In conclusion, I want to simply say that tax assistance accorded charitable donations as we have seen by the growth of the industry is already very generous.

• (1755)

I thank the hon. member opposite for bringing forward the motion for debate. We are all reminded of the importance of charitable giving and the worthy causes that are pursued through such work. In that we all benefit.

Mr. Greg Thompson (New Brunswick Southwest, PC): Madam, Speaker, it gives me pleasure to rise on behalf of my party to speak to Motion No. 318.

Under the current Liberal government in power personal income taxes are among the highest in the industrialized world. Quite frankly Canadian people are being taxed to death. Even on such things as individual charitable donations the Canadian public is not given a break. In the meantime the government has been cutting and slashing social investment grants and funding to charitable institutions to the extent that many have difficulty keeping their heads above water.

The wording of the motion before us is worth looking at. The motion calls for the government to bring in legislation making the tax deduction for contributions to charitable organization no less than the tax deduction for contributions to political parties. Presently, as has been stated by others this evening, if a donor contributes \$100 to a political party he or she would receive a \$75 federal tax credit. The same individual who contributes \$100 to the cancer society would only receive a \$17 federal tax credit. That is the problem that the motion is attempting to address.

The motion is cleverly worded, for the lack of a better expression. Motion No. 318 does not specifically recommend that the government should increase the tax credit for donations to charities from 17% to 75% although this would be an option. Rather, it allows the government to use its discretion to choose optimal tax credit rates.

This is a bit of a cop-out in terms of the motion before us. The motion is laudable and worth consideration, but it is obviously putting the onus back on the government. Any motion should clearly define exactly what it is going to do, for obvious reasons.

It is fashionable and almost honourable given the political atmosphere out there to attack politicians and political parties. We have a pretty good system of tax relief and tax credits for individuals who want to contribute to political parties. The \$100 donation winds up giving a \$75 tax credit. There is a lot of good in that.

Another side of the argument says that could be and possibly should be reduced. We do not want to fall into the same kind of political financing as has happened in the United States of America where \$1 million campaigns are the order of the day and there is basically no limit on political financing. In this country it is possible for ordinary Canadians to get elected and to contribute to political parties. There is complete transparency in the process. I

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do not want to see that diminished in any way and that is part of the consideration this evening.

A speaker from my party debated this issue a few months back. However, one component we do not want to overlook in this equation is the clambering for special tax status if this change ever came about.

• (1800)

I think my Quebec colleague would agree with me. How many of us in this House of Commons regardless of political party have been approached by groups that want special tax status as a charitable donation. They want to be recognized as a charitable organization. The line up would be endless if we changed the system significantly. There would be so much clambering it would be unmanageable for the government.

There is a danger in a wholesale change of the system. That leads into the argument, and of course this was on debate today as well, about the Canadian tax system and the complexity of the Canadian tax code. If the Canadian tax code were laid here next to me, it would dwarf me. It is much taller than my six foot two inches.

Our Canadian tax code is overly complex. I do not think there is any one of us in this House that does not use the services of a professional accountant to do our income taxes at the end of the year. I certainly have been using one for years. Most of us do because of the complexity of it. It is one of those things we no longer want to do ourselves for obvious reasons. It goes right back to the word complexity.

This is interesting and quite humorous. It is an interesting reflection on the complexity of our tax code and why we are forced into hiring professionals to compile our taxes. I lent this line to the member for Kings—Hants who used it today in the House but I am taking credit for it as if I invented it. The complexity of the tax code forces us to use professionals to compile our taxes for us. They say that compiling our own tax returns is the only do it yourself project that could land us in jail if it is not done to perfection.

I do not think we want any more complexity in the tax code. I think we would like to see a levelling of the playing field in the sense of charitable donations versus political donations, but it has to be thought through.

The efforts of the member have to be commended. This goes beyond partisan politics. I do not think there is a member on either side of this House who thinks government can be the be all and end all, the sort of blanket approach to curing all the ills of society. We have to leave part of it up to charitable organizations in our hometowns, our churches, all the various organizations that do good across Canada each and every day. We do not want to see that end. We want to see that enhanced.

The value in this member's motion is that if charitable associations were given better tax treatment, the resources and the money these organizations would have to help our friends, neighbours and often ourselves through those charitable donations would most likely increase. That would be a good thing. It would take some of the onus off the government to do the very things that governments today are doing.

Some of the programs governments are engaged in from time to time in that blanket approach, and this government is no different, sometimes do not work. What is good for Newfoundland sometimes is not good for British Columbia. That is on any given day of the week. That happens. Quebec, Ontario or the rest of the country.

The organizations that deliver services best are usually the ones in our backyards. We have to do everything possible to enhance that type of giving and that type of ownership of our hometowns.

We commend the member. He is on the right track. I would like to see this idea carried forward and the government come up with legislation that would address this inequity in our tax system.

We are prepared to support the motion. The onus then goes back on the government to take this motion seriously and introduce tax law that would change the status quo.

• (1805)

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Madam Speaker, I am pleased to participate in this debate in the second hour of our consideration of Motion No. M-318 introduced by the hon. member for Fraser Valley. I remind the House of the motion we are debating, that in the opinion of this House the government should bring in legislation for making the tax deduction for contributions to charitable organizations no less than the tax deduction for contributions to political parties.

I have been a part of the charitable sector of our country for a lot longer than I have been a part of the political sector, so I speak to this motion with a degree of personal conviction and I support it.

I am reminded of the history of our country and the large part charitable organizations have played in that history, for example, in the growth of hospitals and schools. The community charity sector and the churches provided relief and assistance to those who were beyond their own means to look after themselves.

We are all well aware of the enormous benefits all of our country derives from the generous contributions and the generous efforts of various charities and the people who support them. To say these are not important is nonsense. We cannot diminish it.

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For example, St. Paul's hospital in Vancouver is a hospital that belongs to the Roman Catholic Church. I am sure the church does not wish to do this but if it did it could remove those services. Here is an organization that has provided hospital care and educational facilities like schools for the full duration of our country's history.

To give a snapshot of charities in Canada, in 1996 nearly five and a half million people gave about \$4 billion to the nearly 80,000 registered charities in this country. That is a lot of money. Charitable organizations are major employers in Canada as well as major contributors. They employ approximately a million people. We are not talking about an insignificant sector of our country.

I cannot fail to mention what it meant to charities when the government decided to cut back on the value of contributions by limiting the tax deductions available. Speakers have mentioned a number of times that you get \$75 out of \$100 on your tax receipt for political purposes and a \$17 receipt for a \$100 contribution to a charity.

I am not speaking against political parties and the need for people to participate in the political life of our country. This is important. I do believe the Canadian people put a lot more emphasis upon the need for people to participate voluntarily in the lives of our communities. Tonight we are discussing an issue of participation, the avenues of participating and the willingness of the government to facilitate that participation through gifts and activities.

I am reminded that charities may be around knocking on doors for the money they need. Often the money they use is simply to operate the machinery that provides an avenue for other people to contribute their time in large numbers of hours in a whole variety of ways.

Charities support a wide range of activities and provide a wide range of services, everything from health and welfare to athletics. Their contribution to the quality of life of individuals and the community is greatly appreciated and proven.

• (1810)

What would it be without those services that are given freely and generously by Canadians? This is even more the case in today's world as most of us have had to tighten our belts. We have seen this not only in our individual lives but governments in particular have had to change the way they spend public funds.

When I was a minister looking after a church and the needs of people in Vancouver, I was well aware of the consequences of the government's decision to take people out of the mental health institutions and move them supposedly to community based care. However, there was no community based care. We found large numbers of people walking on the sidewalks unable to care for

themselves. And who but people like the volunteers, the Canadian Mental Health Association, the hospitals and the churches were able to look after these people.

I am aware that more people can give more money to charities. It has been mentioned that 75% of a person's income can be contributed to a charitable organization for a tax credit. However, how many people have it in their ability to contribute 75% of their income?

There are some who can, but these are not the people who get up in the morning and go to work every day. These are not the people who need to have all that they have to care for their children and families, to pay the mortgage and to look after their own immediate needs and if they are lucky, have a little bit left over to contribute to their favourite charity. Many people because they cannot contribute money, contribute time, but the time and the money go together.

I think it is a red herring to suggest that the government has provided opportunities for people to contribute more and more generously, when in fact the government has limited these opportunities and provided opportunities for people who are wealthy and can do this. In fact, the wealthier one is, the more one can contribute and the more benefits one can get for contributing. However, this does not speak to the needs of the average man and woman, their families and their desire to participate freely and voluntarily in contributing their time and money.

Charities have to work harder to ensure that people do not fall through the cracks. With the lack of adequate funds, it is becoming increasingly difficult for them to do this. This is why we see charities resorting to bingos and lotteries. As well they send vehicles from door to door to pick recyclable items and use this as a means of income.

It is estimated that for every 1% the government cuts from social service programs it takes an increase in donations to charities of nearly 6% to maintain the level of services. This increase is not happening. The charities are not getting this kind of increase. As a result, those who most require these services are not getting the assistance they need.

Individuals who donate to specific charities also want to have a say in where their money is going. This is not the same as when we hand over our money to the income tax department. It takes it with very long teeth and with the threat that if we do not do it, we may go to jail or it may raid our bank accounts. However, by giving to a specific charity we are supporting a self-approved activity and supporting a cause personally.

On the other hand, governments must identify needs to allocate the necessary resources to meet those needs. We know that needs to happen. We also know that political parties need to have money for their members to participate in the political process.

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The reason we are asking this House to approve this motion is that this type of participation is just as important in the charitable sector as it is in the political sector.

I would encourage hon. members in the House to vote for this motion, particularly those members of the government party who are thinking that they should vote against it because it is going to cut back on government resources for their programs.

• (1815)

We have enough government. Our government is massive and big. We need to provide opportunities for individual Canadians to participate more and more on a personal basis with their time and with their means.

Mr. Stan Keyes (Hamilton West, Lib.): Madam Speaker, at first blush my constituents are probably sitting in their living rooms right now saying "This is a heck of a good idea". I was sitting in the lobby and thinking, at first blush, "This is a really good idea. Let us give those charitable donations more of a tax break than they currently get".

Then I looked at the proposal. The proposal is being put forward by the member for Fraser Valley, a member of the Reform Party. The bells started going off. I began to think "What is it they want to do?" At first blush my constituents would say to me "What they want to do is make the tax credit for charitable donations at least as generous as the credit accorded political contributions. That is exactly what they want to do".

Why do we not look at the mirror image of what they are proposing? The Reform Party's selective use of the facts in any particular issue is what any opposition party relies on. They rely on only telling so much. If they tell more it makes things very difficult and they do not get the support they need on a particular bill.

Let us look at the whole story, the whole situation when it comes to a tax credit, whether it is political or charitable. I will tell this to my constituents because it is important. Let us say that Stan Keyes received a \$100,000 donation to his political campaign. That is very generous. I would appreciate it. But the only tax relief they would receive on that \$100,000, to a maximum, would be \$1,150. That is it.

That same constituent could say that it was not enough to give money to Stan, that they would also like to give \$100,000 to the St. Joseph's Hospital Foundation in my riding. The Reform Party will not tell us that the tax credit they would receive on that donation would be far greater than they would receive giving the \$100,000 to me. That is right. Even the members of the Reform Party are puzzled by this. It is true. A political donation of \$100,000 gets a maximum tax credit of \$1,150. A \$100,000 donation to a charitable organization gets a far greater tax credit.

Why is that? It is because we encourage grassroots Canadians to donate money to their political parties on a much broader spectrum. Let us get more people donating to political parties and friends in smaller amounts. Let us ensure that people who are generous toward charitable organizations, like the St. Joseph's Hospital Foundation in my riding, are encouraged to give larger amounts so they also get a larger tax credit for doing that. Does that not make sense?

Now the alarm bells go off in my head. Why do we suppose that a party like Reform, which claims to be grassroots—and the Bloc can be lumped into this as well—said from the beginning that they wanted a lot of small donations? They want those \$10, \$20 and \$30 donations from their grassroots supporters.

Now we have a motion from the Reform Party that proposes to make the tax credits for charitable donations as least as generous as political tax credits.

Let us look at that mirror image I spoke of. Now we see that the Reform Party is really after some equality with charitable donations in those bigger amounts of cash coming into its political coffers. Now we get the picture.

• (1820)

This is not talking about "Let us help out those people". We are only talking about donations of up to \$200. That is all they are talking about. That is suspicious.

What is the mirror effect of this? The mirror effect is, if they are looking to have equality and simplify the tax system, they are looking for, dare I say on behalf of the Reform, larger political donations. No, I would not want to say that, but let us have a look at exactly what this is all about.

The Minister of Finance has always been supportive of enhancing tax assistance to the charitable sector. He has always been there for them. Consequently, the assistance given to the charitable sector has been enhanced. I tell that to the hon. member from the Reform Party who has nothing better to do than stand in the House and yell at me. During his speech I was quiet, but he has chosen to be very agitated about this. I understand why.

If I were out there asking the public to increase the amount of money they were going to give to me, and for that they would get a bigger tax break at the end of the day, I would be kind of embarrassed too. I would be yelling at members opposite for pointing that out to my constituents who are watching tonight.

What has the minister done? The Minister of Finance has enhanced and assisted the charitable sector in every budget: in the 1994 budget, in the 1995 budget, right up until this year's budget in 1998. The relationship between government and the private sector in support of charities can be described as a 50:50 partnership, although the level for tax assistance to donations by individuals is

generally somewhat larger than 50% for cash donations, again I say above \$200.

Quite frankly, I think many taxpaying Canadians out there would say that is very generous support.

My constituents are saying the tax assistance provided through a federal tax credit of 17% on donations up to \$200 and 29% on amounts in excess of \$200 is generous. They are quite satisfied. The application of the credit reduces basic federal tax, which in turn reduces a donor's provincial tax liabilities.

When we look at the proposal being put forward by the member for Fraser Valley, I say it looks very level headed and it looks as though they really care.

I have heard some terrific speeches in the House tonight during Private Members' Business. Those members are absolutely correct. Those charitable organizations out there doing the good work in our communities are most valued. There is no question of that.

Everything this government can do to help those charitable donors it will do. We are going to give them every assistance that we can possibly give them.

An hon. member: Make the tax credit the same.

Mr. Stan Keyes: The member opposite from the Reform Party says to make the tax credit the same. He just did not get it, did he?

Unlike the Reform Party, the government on this side of the House is trying to ensure that there is a balance.

An hon. member: Oh, oh.

Mr. Stan Keyes: He laughs because he does not understand. I can understand that. The Income Tax Act is a very complicated thing and the hon. member opposite is only going to look at this thing on the surface. All he wants to see is a tax credit for everybody, whether it is a political or a charitable donation, et cetera.

I ask members of this House to look a little deeper. Look a little deeper at exactly what this bill proposes and look at the ramifications it would have if it were to be implemented, not at the up to \$250, \$300 or \$500 range that the hon. members opposite are proposing, but at the larger end where the Reform really wants the big money, tax credited, coming into their pockets.

• (1825)

Mr. Derrek Konrad (Prince Albert, Ref.): Madam Speaker, I would like to make a couple of remarks that will be appropriate for the previous speaker, the member for Hamilton West. He said we will help them. Yet I read in the *Globe and Mail* of February 6, 1996 that grants and other support from governments have been

Private Members' Business

sharply reduced and sometimes eliminated entirely. We will help them all right. That is some help. That was the Liberal government.

The House of Commons finance committee which tabled its prebudget report last month endorsed the viewpoint that growth in charitable donations is at a virtual standstill and new incentives are needed. The finance committee which is chaired by a Liberal asked that the government consider enhancing the charitable tax credit for donations to charities currently funded by governments to make them as generous as the current political tax credit for small donations to political parties. We see that the Liberals' own committees are against what the previous speaker had to say.

The Liberals are the biggest beneficiaries of the current system, but I can assure members of one thing. In my riding the Liberals will be the big losers under any system as they supported Bill C-68 in the last election.

The question now is who do we want to help in this country, the political system or the charitable system? I have worked with charities. I have worked in government, as now, and I am not entirely convinced that we are doing the good that many of the charities do. One thing is for certain. I hear a lot of complaints about MP paycheques and other perks available to them but I do not hear anyone complaining about what charities get and do. That says a lot to me.

Canadians are voting with their pocketbooks. They are voting to support charities at an extremely high level. Why should charities be subject to discriminatory tax treatment? Should this country not have one law for those who support volunteers?

Three out of fifty-two awards for caring Canadians were made to people from the riding of Prince Albert. That left only 49 for the entire rest of Canada.

The changes requested in the motion would do a lot of good in a constituency like mine which is a rather low income constituency but very generous in giving to support fellow Canadians.

Caring costs money. The government should not be hindering. It should be helping charities to get ahead. I am sure those who make the large donations appreciate the large tax credits on donations. But many Canadians give smaller donations because it is all they have left after the government has finished taxing them out of existence. Many charities, in particular pro-family charities, need help and they are key to Canada's way of life in the 20th century. As we go through redefinitions of family and the family is under attack, those pro-family groups need to have their charitable status.

The Acting Speaker (Ms. Thibeault): I am afraid that I must interrupt the hon. member, since it is 6.30 p.m. The hon. member will have approximately six minutes left when this motion is brought back to the House.

*Adjournment Debate**[Translation]*

The time provided for the consideration of Private Members' Business has now expired and the order is dropped to the bottom of the order of precedence on the order paper.

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

APEC SUMMIT

- (1830)

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, the case of Peppergate is becoming more and more complex as we have the solicitor general continuing his cover-up for the Prime Minister by using a body that was never designed for this purpose.

There are many people in Canada who make a very good living at building two or three or four houses a year. They are contractors, very reputable people who build those homes. However, I would never ever use any of those contractors to build a 60 storey skyscraper because they lack experience. They are totally lacking in expertise. They just simply do not have the ability to get the job done.

I make a comparison between the Public Complaints Commission of the RCMP and a small contractor. The purpose of the Public Complaints Commission is clearly set out in section 45.35(1) of the RCMP Act:

Any member of the public having a complaint concerning the conduct, in the performance of any duty or function under this act of any member or other person appointed or employed under the authority of this act, may, whether or not that member of the public is affected by the subject matter of the complaint make a complaint.

This is to get to the bottom of any alleged misdeeds by the RCMP. What we are talking about here very clearly and specifically is alleged misdeeds of the prime minister, of the foreign affairs minister and of this government.

Furthermore, any evidence taken under this act will be taken under section 37(1) of the Canada Evidence Act which reads:

A minister of the crown or other person interested may object to the disclosure of information on the grounds of the specified public interest.

In other words, this board, this commission, is not an inquiry. It is a Public Complaints Commission capable of building houses, not skyscrapers, and truly we have a skyscraper.

To underscore the point that this body does not have the expertise, I am not questioning any of the board members or their integrity. That is not the issue. The issue is their expertise and their ability to get the job done.

I point to the finding of Justice Reed on the matter of whether the board should have called for the funding of the students. In that he came up with two reasons, and I quote:

The board said that the commission's duty of impartiality would be compromised by advocating for a benefit in favour of only one of the parties before it.

That is the complainant. She continues:

Submissions by the commission of the federal government for the funding requested would intrude on the exclusive power of parliament to legislate the entitlement which is sought.

This is not me speaking; this is the judge speaking. She says with respect to the first ground on which the commission based its decision "the conclusion is inaccurate". Also she says with respect to the assertion that the recommendations would intrude on parliament's executive power to legislate "that is also incorrect".

This is the key. She says that the commission was operating on misunderstandings of the law. This is the board that is supposed to be looking into whether the foreign affairs minister and the prime minister were indeed involved in this matter.

I suggest—as a matter of fact I charge—that this board is being used as a cover-up for the prime minister and for the misdeeds of he and his foreign minister with respect to APEC.

That is my assertion and I say this on the basis of the fact that the board unfortunately in the judgment of Justice Reed is incompetent.

[Translation]

Mr. Jacques Saada (Parliamentary Secretary to Solicitor General of Canada, Lib.): Madam Speaker, I should repeat the mandate of this board, for the benefit of Canadians. It would appear that my colleague across the way has great difficulty grasping it, so I am going to read it word for word from the Royal Canadian Mounted Police Act. I will read from the English text.

[English]

The Commission has, in relation to the complaint before it, the powers conferred on a board of inquiry, in relation to the matter before it, by paragraphs 24.1(3)(a), (b) and (c).

Adjournment Debate

[*Translation*]

What do paragraphs 24.1(3)(a), (b) and (c) say? First of all:

[*English*]

—A board of inquiry has, in relation to the matter before it, power

(a) to summon any person before the board and to require that person to give oral or written evidence on oath and to produce such documents and things under that person's control as the board deems requisite to the full investigation and consideration of that matter;

(b) to administer oaths;

(c) to receive and accept on oath or by affidavit such evidence and other information as the board sees fit—

• (1835)

[*Translation*]

Despite his protestations to the contrary, my colleague across the floor is casting doubt on the very credibility of the organization.

The specific purpose of creating this board was for it to hear citizen complaints against the RCMP.

This board was informed of the complaint on the initiative of the students themselves. I find it regrettable that an attempt is being made to use this as a pretext to discredit that body.

[*English*]

The Acting Speaker (Ms. Thibeault): 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 6.36 p.m.)

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