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Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Monday, September 25, 1995

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

[*English*]

UNITED STATES SUGAR IMPORT RESTRICTIONS RETALIATION ACT

Mr. Paul Zed (Fundy—Royal, Lib.) moved that Bill C-311, an act to require the Minister for International Trade to retaliate against import restrictions introduced by the United States of America on Canadian refined sugar and sugar containing products, be read the second time and referred to a committee.

He said: Mr. Speaker, I rise today to talk about a private member's bill which the all-party caucus, the sugar caucus, has proposed, Bill C-311.

With six plants in six provinces sugar production is truly a national concern. An equally important statistic is that over the last 10 years four plants have closed and nearly 1,000 Canadian jobs have been lost. Plants located across the country include Lantic Sugar in Saint John, New Brunswick, to Rogers Sugar in Vancouver. Approximately 90 per cent of Canada's sugar production is refined from sugar cane and sugar beet. The remainder comes from the domestically grown sugar beet market, produced mostly on our western Canadian farms. Whether derived from cane or beet, Canada has an annual sugar production of about 1.1 million tonnes.

The sugar industry is one of significant and historic importance to Atlantic Canada and to the country as a whole. Sugar refining has provided stable employment and regional economic benefits for about 150 years. Given the employment challenges, especially in Atlantic Canada, that we face today, it is of paramount importance that the sugar industry be protected at all costs or more jobs will be lost.

Protecting the jobs of Atlantic Canadian sugar workers and those of the rest of Canada's sugar industry is extremely important to me and to the many members of the House and the other place who are members of our sugar caucus.

The Liberal Party's red book stated more power and opportunity would be given to members of Parliament to create and participate in a process that would benefit Canadians as a whole. I believe the all-party sugar caucus formed to protect our sugar industry from coast to coast is good evidence of this commitment.

Last June sugar caucus members from the three official parties went to Washington to meet with our political counterparts, the House of Representatives ways and means committee, officials from the United States department of agriculture, and representatives from the United States sugar industry to discuss problems that currently plague our sugar industry.

A notably difficult and separate issue from access is the Helms-Burton anti-Cuba legislation.

• (1105)

While the anti-Cuba bills originally proposed to prohibit the importation of sugar, syrups and molasses from any country that does such trade with Cuba, I am very pleased that changes have recently occurred and that the pressure exerted on the United States by our Prime Minister during President Clinton's recent visit and our own sugar caucus has resulted in this deal being struck to remove the sugar provisions from the House version of the bill which was formerly voted on in the House of Representatives.

The Senate version remains to be formerly introduced but the redrafted version retains a narrower requirement for certification of origin in respect of sugar, syrups and molasses. It is likely the Senate version will also follow the lead of the House of Representatives in deleting the references to sugar.

During our visit to Washington as a team of members of the House of Commons representing different regions of our country and representing all three major political parties we emphasized to our political counterparts that Canada was being unfairly targeted by the Helms-Burton legislation.

The combined efforts have resulted in significant changes to the legislation. This is viewed by our sugar caucus as a major victory in our fight to protect the jobs of Canada's sugar industry. The sugar caucus is extremely pleased to have contributed to the efforts made by our ministers of agriculture and agri-food, foreign affairs, and international trade on the anti-Cuba legislation.

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However we must continue to fight to protect these jobs. Today the sugar industry in Canada provides 1,400 direct full time jobs across Canada. In the west many more seasonal positions are provided during the annual beet harvest. Aside from the direct number of jobs created, many other regional benefits flow from having a Canadian based sugar industry. The direct employment figures do not account for those employed by sugar containing product industries which have located in Canada to take advantage of Canada's low sugar prices.

Canadian industrial sweetener users employ thousands of people, with annual sales in the billions of dollars. The benefits also extend upstream. By creating demand for inputs the industry supports employment in supplier industries, including packaging and other inputs such as transportation, fuel and electricity.

However the principal problem that still confronts our sugar industry is restricted access to the U.S. market while our American friends enjoy unrestricted access to our market. In Canada, in our open and unprotected sugar market, consumers and industrial sugar users enjoy prices roughly one-half of what they are in our protected markets of the major sugar trading partners.

Canada's traditionally low sugar prices have had some very attractive benefits. Because of that Canada has attracted its processing sector which has benefited refiners, food processors, consumers and generally the economy as a whole. Canadian sugar producers continue to support free trade as being in the best interest of all Canadians. However that trade must be fair. The sugar caucus has proposed a solution to the problem of unfettered access of U.S. sugar to our marketplace.

Bill C-311 is an act to require the Minister for International Trade to retaliate against import restrictions introduced by the United States on Canadian refined sugar and sugar containing products.

• (1110)

In other words, the all-party sugar caucus wants to continue to fight to protect the jobs of Atlantic Canadians, western Canadians, sugar workers and the workers across this great nation by imposing the same restrictions on American sugar exports as those which have been imposed on ours.

The arguments for the actions outlined in Bill C-311 are very strong. I invite my colleagues from all parties to speak on this extremely important issue. The workers of Lantic Sugar in Saint John and the workers from the rest of our sugar industry are anxiously watching the debate to see what we as elected representatives will do to address the most important problem they are facing, tackling the unrestricted access to our market which the U.S. sugar industry is basking in.

[*Translation*]

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, I am extremely pleased to speak on Bill C-311, an act to require the Minister for International Trade to retaliate against import restrictions introduced by the United States of America on Canadian refined sugar and sugar-containing products.

I said that I was extremely pleased to speak on this bill, and I am pleased to do so of course, but also somewhat distressed at having to speak on such a bill. I feel it is an unfortunate bill not because the initiative of my colleague from Fundy—Royal is an unfortunate one, anything but, but because I think it is unfortunate we are placed in a situation at this time which requires us to discuss or pass such a bill.

It is unfortunate that the two largest trading partners in the world, Canada and the USA, have reached the stage of having to envision bills such as this one. It is unfortunate that these two countries, which share the longest undefended border in the world, are forced to assess, to envisage, to discuss bills such as this one. This bill from my colleague from Fundy—Royal, who also heads the sugar caucus, the all-party caucus to which he referred a few minutes ago, was introduced to this House in reaction, essentially, to two things.

First, to a decision by the United States to restrict unilaterally access to the American market by Canadian sugar products as of January 1 this year. On January 1, the United States decided to limit Canadian sugar exports to the United States to 8,000 metric tonnes for the period of January 1 to September 30. It will further reduce imports of sugar to 22,000 metric tonnes as of October 1. This is a considerable reduction, since in three months, from October 1 to December 31, 1994, we shipped more than 35,000 metric tonnes of sugar products to the United States. This is a considerable reduction.

As a result, sugar refineries in Canada and Quebec stand to lose \$135 million, while in the process more than 2,400 jobs across Canada and Quebec may be lost. These unilateral reductions directly contradict the provisions of NAFTA and the provisions of the Uruguay Round agreements that led to the creation of the World Trade Organization.

The bill before the House today is also a reaction to legislation proposed in the United States, the Helms—Burton bill, which would prohibit any company importing sugar from Cuba from having access to the American market. The bill has already reached the floor of the House of Representatives and will soon be put to a vote in the U.S. Senate.

The consequences of the passage of such a bill may be quite serious for Canada and Quebec, since the bill may further restrict access to the U.S. market for Canadian and Quebec sugar refineries. As the hon. member for Fundy—Royal said earlier, we went to Washington to discuss the matter with our American colleagues, and we found that they were influenced by two

stubborn misconceptions, two misconceptions that will not budge.

• (1115)

The first misconception is that Canada is flooding the American market with sugar products. Let me say that this is totally false. It is totally false, because Canadian refined sugar represents only 1 per cent of the American market, and sugar containing products represent only 3 per cent of the American market, whereas the Americans occupy 13 per cent of our refined sugar market and 26 per cent of our market for sugar containing products. I say this to show how wrong this misconception is.

The second misconception that is very popular in the United States is the belief that Canada is dumping Cuban sugar on the American market—another belief that is totally wrong. It is totally wrong, because we differentiate in Canada between sugar produced in Cuba and anywhere else, and this differentiation is certified. The American authorities recognize this certification.

A few months ago, American inspectors came to Canada to check and were satisfied with the differentiation we make between sugar products from Cuba and other sugar products.

It is important to note as well that Canada imports more sugar from the United States than it does from Cuba.

While we were in Washington, people asked us if our mission was not a bit dangerous, if we did not think the Americans would take advantage of our being in Washington to try to obtain Canadian concessions on farm product quotas? Of course we did not, because the two matters are completely different.

Why are they completely different? The answer is very simple. In order to comply with the new provisions of the Uruguay Round, which gave rise to the World Trade Organization, Canada decided to transform its farm product quotas into tariff quotas, thus complying with the provisions of the Uruguay Round.

The U.S. in turn did not convert already existing quotas into tariff quotas but imposed new restrictions in flagrant violation of the provisions in the Uruguay Round agreements, in flagrant violation of the Marrakesh agreements.

This is a different situation because agricultural products were already subject to quotas. The Americans cannot claim that they were not aware of the situation since it already existed. All we did was modify it to comply with the provisions of the Uruguay Round agreement. As I pointed out earlier, the U.S. imposed new restrictions. So this is not a situation that existed before.

The two situations are totally different. One cannot put in the same basket a discussion about access to the U.S. market for Canadian sugar products and access to the Canadian market for U.S. agricultural products that are subject to quotas in this country.

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We also saw when we were in Washington that even if the Americans do not try to link the sugar issue with the issue of supply-managed agricultural products, they will link it with anything else. In Washington, they talked to us about durum wheat, about softwood lumber, even about peanuts, believe it or not.

So the Americans are ready to link the issue of supply-managed agricultural products with anything. They will negotiate on anything to try to obtain concessions from Canada. They will negotiate on anything that relates to the sugar issue in order to extract concessions.

Finally, what must be understood is that they imposed new restrictions on sugar, simply to exert pressure on Canada, to force it to make concessions, whether on supply-managed agricultural products or on something else, which is totally unacceptable because the situations are completely different.

• (1120)

In this context, I think it should be pointed out that the government has been refusing for several months now to tie various trade issues to one another, considering them as completely separate issues, which are distinct from one another. I think that is desirable.

Bill C-311, finally, was put forward to show our American partners how concerned we were about the situation, how deplorable we found these additional restrictions imposed by the United States on Canadian sugar containing products. As I mentioned earlier, it is unfortunate that we have to debate a bill like the one before us today. That is probably why our colleagues have decided to make this bill a non votable item, because this kind of petty, eye for an eye, tooth for a tooth attitude of tying together discussions on completely different products does not fit in with our view of things, in Canada and Quebec.

We are for an open market and absolutely free trade, we abide by the terms of the North American Free Trade Agreement and the agreements concluded as a result of the Uruguay Round. In that sense, we are definitely not crazy about this kind of legislation, be it Canadian or American.

However, the purpose of this particular legislation is to clearly convey to our American partners that we will not tolerate such an attitude on their part and that, if need be, we are prepared to retaliate to make sure our rights as well as the partnership and trade relations between Canada and the U.S. are respected.

Of course this bill will not be voted on. We will not have to vote on this bill, and it will not be passed. But not passing this bill does not mean that the Minister of International Trade will not be authorized to retaliate or take other action against this kind of action taken by the U.S. government. Of course, the Minister of International Trade and the Canadian government will remain perfectly free, if required, to retaliate against this kind of attitude displayed by our American partners.

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Nevertheless, as I said, I greatly appreciated the opportunity to speak on this bill, although it will not be voted on. But, as I said, the government has complete latitude and can count on our fullest support in any action it may initiate to strengthen economic relations between the United States, Quebec and Canada.

[English]

Mr. Mac Harb (Parliamentary Secretary to Minister for International Trade, Lib.): Mr. Speaker, when Canada and the United States negotiated the free trade agreement that came into effect in 1989, both sides reserved their GATT rights. The United States retained its ability to take action under section 22 and Canada retained its quantitative restriction under article XI of the GATT.

The reservation of GATT rights were also incorporated in the North American free trade agreement five years later. In effect both sides, the Americans and the Canadians, agreed that a negotiated settlement on bilateral agricultural trade would be best achieved in the Uruguay round.

From 1982 to 1990, Canadian exports of refined sugar to the United States were subject to an absolute quota representing 1.1 per cent of the total U.S. imports. This roughly amounted to about 12,000 tonnes per year. Producers of raw and refined sugar from other countries were also limited to various shares of total U.S. imports.

• (1125)

In 1989 a GATT panel, at the request of Australia, concluded that the United States mechanism for imposing sugar import restrictions was in violation of the GATT. In 1990 the United States implemented the panel recommendation by converting its absolute quota on sugar into a tariff rate quota that essentially had the same effect as the quota it replaced.

For Canada, implementation of the GATT panel recommendation had an unexpected effect. The United States decided that due to the existence of the recently signed free trade agreement it would not apply the tariff restriction to Canada. That was a unilateral decision.

As a result, our exports of refined sugar, which had consisted exclusively of sugar made from Canadian grown sugar beets, have increased since 1987 from the previous annual level of 12,000 tonnes to an average of approximately 35,000 to 38,000 tonnes per year in the last three years. In fact we were able to triple the exports of refined sugar to the United States following the unilateral interpretation of the free trade agreement.

With respect to products containing sugar, the United States had an absolute quota in place as far back as 1983. Canada, like other countries, has always been subject to these quotas. During the last three to four years Canadian producers, for example, due to the high quality of their products and very competitive prices, have accounted for the vast majority of U.S. imports of sugar.

In 1989 the United States converted its old tariff schedule to the harmonized tariff schedule. In the process a U.S. custom service reclassified powdered drink bases, commonly known as crystal drink mixes, into a non-quota item. That has caused the Canadian exports of crystal drink mixes to the United States to increase rapidly.

[Translation]

In the case of refined sugar, the United States will apply a tariff quota of 22,000 metric tons, as of October 1, 1995. Canadian exports of refined sugar will be subject to that quota. As well, a tariff quota of about 64,000 metric tons has been in effect since January 1 of this year and includes crystal mixes for drinks and other products containing sugar.

[English]

The government has pressed the United States to allocate to Canada a specific share of both sugar and sugar containing product tariff rate quotas but the United States has decided not to do so. We regret this decision but it must be recognized that the United States is under no international trade obligation to allocate the tariff rate quota by country.

The imposition of unilateral retaliatory measures as requested by the bill would be a violation of Canada's international trade obligations as contained in the NAFTA and the agreement establishing the World Trade Organization.

[Translation]

International trade agreements define the circumstances which can justify the taking of retaliatory measures, as well as the specific procedures to be followed before a party can invoke the right to impose such measures. A party must first ask that consultations be held to find a solution to the problem. If such consultations do not bring mutually satisfactory results, the aggrieved party can ask that a dispute settlement panel be set up. If the panel concludes that the contentious action violates the contractual trade obligations of the other party, and if that party refuses to amend its action or to provide satisfactory trade concessions then, and only then, can retaliatory measures be taken. Moreover, the panel must be convinced that the proposed retaliatory measure is not disproportionate, given the prejudice suffered. By proposing unilateral retaliatory measures, Bill C-311 goes against the arbitration procedure.

• (1130)

Consequently, the United States might decide to challenge our action under NAFTA, or under the agreement establishing the WTO. Moreover, Canadian exports of sugar, and possibly some non-sugar products, might be adversely affected.

[English]

Bill C-311 does not take into account Revenue Canada's anti-dumping duty investigation into imports of refined sugar from a number of countries, including the United States. The investigation was initiated following a complaint by the Canadian Sugar Institute earlier this year and a preliminary finding of dumping was announced on July 7 of this year. As a result, Revenue Canada assessed provisional anti-dumping duties on imports of refined sugar from the United States.

The investigation is following its due course in accordance with Canadian trade remedies. The investigation has until October to make a final determination of dumping. This will be followed by the decision of the Canadian international trade tribunal on whether the Canadian industry is being injured by such imports. The decision of the Canadian international tribunal is also expected some time in November of this year.

I would also like to mention an important development currently taking place in the United States that could further complicate U.S.-Canada trade in sugar and products containing sugar. I am referring to the proposed U.S. legislation to expand the U.S. embargo on Cuba, the Cuban Liberty and Democratic Solidarity Act, 1995, also known as the Helms-Burton bill.

There were serious concerns earlier this year that the proposed legislation would lead to a ban on imports of Canadian sugar and possibly products containing more than 35 per cent sugar on the grounds that Canada imports raw sugar from Cuba. This would have affected over \$500 million in Canadian exports of sugar and products such as confectionery, chewing gum, jams, jellies, gelatin mixes, as well as products already subject to U.S. quotas.

Canada has been actively registering its opposition to the proposed legislation with the U.S. administration in Congress. A strong diplomatic note was delivered to the United States administration and ministers have raised Canada's concerns with their U.S. counterparts on numerous occasions. Furthermore, the Canadian ambassador in Washington has written to many congressional representatives on the issue. The government has emphasized that if legislation is passed banning the import of sugar and products containing sugar, Canada would have no option but to respond firmly.

We are pleased to see that subsequent revisions to those proposed bills have been made by congressional committees in the weeks prior to the summer recess of Congress as a result of Canadian interventions. Changes to the legislation are now being proposed that could reduce the impact on Canadian

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exports in sugar and products containing sugar. Most of the sugar provisions in the House bill were removed before the bill proceeded to the floor.

Unilateral retaliation not sanctioned by either the World Trade Organization or NAFTA dispute settlement mechanism would therefore not be helpful at this time.

Finally, on behalf of the government I would like to recognize the enormous work and valuable effort of the sugar caucus led by my colleague, the MP for Fundy Royal. I assure the House as well as my colleague from Fundy Royal that the government is fully seized of the importance of resolving the issue.

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, it is my pleasure to speak to the private member's bill introduced by the member for Fundy Royal, Bill C-311.

I must confess that I do have a bit of a sweet tooth, so I can assure the member that I support the thrust of his bill. I am certainly not interested in seeing the Canadian sugar industry damaged in any way, especially not through unfair trade restrictions on the part of Americans. I know of the concern of all parties in the House regarding the possible damage to our sugar producers and I commend the work of the sugar caucus in this regard.

I can imagine though that the bill comes at a rather awkward time for the government, since the Americans are taking us to task for tariffs we have put on that have precisely the same origin as the one the bill is attacking. I have to wonder if during the negotiations on the GATT we were outmanoeuvred and outnegotiated in this area when we allowed the Americans to expand the category for sugar into refined products as well.

• (1135)

I would like to give a bit of background. On January 1 of this year all countries that signed on to the Uruguay round of the GATT were required to replace existing import quotas with tariff rate quotas that would provide similar protection to vulnerable industries, with the proviso that these tariff rate quotas would eventually be reduced and dismantled.

For those members who do not know what tariff rate quotas are, if they do not know the difference between a TRQ and an O Henry bar, I would like to tell them. A tariff rate quota is a cut off level. Up until that cut off level has been reached no tariff is payable. After the TRQ is reached a tariff comes into play, which is usually so sizeable that it discourages imports altogether.

On January 1 the Americans put into place a TRQ of 64,000 tonnes on all products containing sugar, such as drink mixes and gelatin desserts. At the same time, TRQs of 8,000 tonnes until the end of September and 22,000 tonnes from October to December were put in place for refined sugar. Since Canada is not the only country that sells sugar and products containing

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sugar into the United States, our share of the TRQ will be substantially below that level.

It is ironic that the GATT, which was intended to provide gradual expanded access, has actually led the Americans to restrict access in this regard. This is grossly unfair and totally contrary to the spirit of the Uruguay round. Furthermore, the Canadian Sugar Institute informs me that the Americans have taken advantage of the GATT tariffication by expanding this category to include items that were previously unrestricted. The Canadian Sugar Institute predicts that these restrictions could potentially lead to the loss of 2,400 direct and indirect jobs. It is a very serious matter.

I know that the hon. member who initiated the bill is concerned about the closure of one Canadian refinery, resulting in 700 immediate jobs. He predicts an additional 1,700 jobs will be lost through the reduced production of products containing sugar.

The hon. member proposes in his bill that consultation take place between Canadian and American governments to determine whether previous levels of access can be restored. If after 60 days no satisfactory resolution is reached, American access to Canadian sugar and the sugar products market will be restricted in direct retaliation. More precisely, the American share of the Canadian market will be reduced by an amount equivalent to the Canadian market share of the American market.

Research indicates that prior to these restrictions the Canadian share of the U.S. market was quite small. It was said earlier that it was about 3 per cent. At the same time the American percentage of our market share is 23 per cent. Presumably, American imports would be held to 3 per cent, a reduction of some 20 per cent, if we took this step. This would allow for some of the displaced Canadian sugar to find a domestic home. That is the kind of thing we have to do. We have to give protection to our Canadian producers.

The American sugar industry is highly protected. The U.S. government guarantees producers prices that are up to double the world market price and it maintains these high prices by restricting imports. The American government also provides loans to U.S. producers, loans which are guaranteed by their sugar crop. If prices fall too low and producers cannot repay the loans, the farmers simply forfeit a part of their crop or all of their crop, leaving Washington holding millions of tonnes of unwanted sugar. That is exactly what we were trying to stop through the Uruguay round of the GATT.

Not too long ago Washington assigned allotments or quotas to domestic producers, which could now force a lot of the excess sugar northward across our border. It is entirely possible, as the

U.S. border closes to our Canadian sugar products, that our market could be flooded by the same American sugar products that are highly subsidized and trying to find a new home. In the past the Americans have sold Canada twice as much sugar as they buy from us, running up surpluses of some \$230 million.

• (1140)

Another fact worth noting is that the industry in Canada is extremely efficient and only about 10 per cent of it receives deficiency payments when prices drop. I am referring to the refined beet sugar industry in Alberta.

Even though I support the bill I wonder whether another approach might not be just as good, if not better. Since the American industry is heavily subsidized, I wonder whether instituting a countervail action might not be a more honourable way to proceed. We do not need to let the Americans get away with this underhanded action, yet it would be preferable if we could take the high road and not stoop to the same level. It is just a thought. I guess we need to bring the Americans to the table and negotiate an end to the situation.

I support the bill. Should it become votable I will vote in favour. I certainly do not want anything to disrupt my supply of bonbons.

In conclusion, I would ask the House for unanimous consent that Bill C-311 be given votable status and that it be voted on, on Thursday, October 5, 1995.

[Translation]

The Deputy Speaker: Is there unanimous consent?

Some hon. members: Agreed.

Some hon. members: No.

[English]

Mrs. Anna Terrana (Vancouver East, Lib.): Mr. Speaker, I rise in support of the bill before us to protest the trade practices exhibited by the United States against the Canadian sugar industry and against Canadians.

The U.S. imposed severe new trade restrictions against Canadian sugar and products containing sugar on January 1, 1995, effectively closing its borders to imports of Canadian refined sugar and food products containing sugar. Its actions unfairly penalize the efficiencies of the Canadian sugar industry and unfairly penalize Canadians.

The United States extended the coverage of a tariff rate quota on products containing sugar by including crystal drink mixes, for which Canada is the main supplier. Also, on January 1, 1995, the United States limited Canadian exports of refined sugar to 8,000 tonnes until September 30, 1995, further eroding Canada's access to the U.S. markets.

The unwillingness of the United States government to act fairly in attempts to resolve the dispute and its disregard and violation of general fair trading principles has resulted in undue harm to Canadians, with potential consequences for the sugar beet growers, sugar beet processors and Canadian cane refiners in the long term.

[Translation]

There is a severe reduction in sales of Canadian sugar and products containing sugar in the United States and an increase in American sugar sales in Canada. Canadian producers are paying dearly for this and Canadian jobs are being cut.

Entire communities have suffered, and additional job losses are predicted. According to the Canadian industry, the Americans constitute about one quarter of the Canadian market, while Canadians represent only 3 per cent of the American market. That difference is remarkable. Far worse, while the American share of the Canadian market is on the upswing, the Canadian share of the American market is decreasing. American exports to Canada are four times greater than Canadian exports to the U.S.

Our market is open and barrier free. On the other hand, Canadians are faced with tariffs which discourage free trade between the two countries.

[English]

Signatories to the General Agreement on Tariffs and Trade, which include both Canada and the United States, agreed that they would reduce barriers to trade and increase market access over time, with the objective of creating a more open and stable trading environment.

[Translation]

I myself have seen the damage to communities and individuals. BC Sugar Refinery Ltd. is located in the Port of Vancouver in my constituency of Vancouver East.

On June first of this year, the company's western Canadian operations were consolidated under the name Rogers Sugar Ltd. Rogers Sugar is the main sugar outlet in the west but it has had to lay off 17 per cent of its employees in the last 16 months. Most of the lost jobs were in Vancouver, the others in Alberta and Manitoba.

[English]

Unless the restrictions against Canadian sugar are lifted, Rogers Sugar may be forced to lay off more of its employees. Across Canada the situation is equally as dire, if not more so.

• (1145)

Since 1980 we have seen the closure of four Canadian sugar refineries and job losses in excess of 40 per cent are a direct result of these practices. We risk the closure and the relocation of many Canadian companies to the United States lured by lower prices for sugar.

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The U.S. trade restrictions also hurt Canadians as consumers as they result in higher sugar prices and may lead to the decline of high quality domestic sugar.

The sugar industry has enjoyed years of success and has provided meaningful employment for hundreds of Canadians across the country. It has demonstrated it is efficient and cost competitive, but the viability and very existence of our sugar industry is threatened by unfair trade practices. The Canadian government has acted in good faith throughout and has worked diligently to resolve this dispute and is left with this option, the measures contained in the bill.

[Translation]

I would like to conclude by stating how proud I am of the efforts of Canadian parliamentarians to resolve these differences. A parliamentary caucus has been set up by my colleague for Fundy—Royal and I am very proud to have also been a member.

The participating MPs and senators represent all parties in the House. They, along with representatives of the sugar industry, have worked very hard to resolve the matter. I am sure that this co-operation will help Canada persuade the Americans of the importance of reducing tariffs in this area.

[English]

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, I appreciate the opportunity to speak to Bill C-311.

I support the remarks of the hon. member for Fundy—Royal which were very appropriate, very accurate, very non-partisan and certainly appreciated by this side of the House. The Bloc Québécois member and member of the sugar caucus, the hon. member for Verchères, also made very appropriate remarks. I totally endorse his remarks as well since they were a very positive and constructive contribution to the debate and to the support of the principle of the bill before us.

I would also like to thank my colleague from Peace River, the Reform caucus trade critic for his support of the sugar industry whether in the area of production of sugar beet sugar or the import of sugar cane, which is refined in our country, and for supporting the industries that use Canadian sugar in a variety of products that are exported not only to the United States but to many other places in the world.

I give those compliments on the grounds that it shows this issue can be dealt with in a non-partisan way. It is a basic issue to the country. It is a basic area where Canadians can compete in the world market, can make a contribution not only economically but also in an indirect sense can provide many social benefits to the Canadian fabric.

I support the comments made with regard to the Helms—Burton bill. I am pleased like other members here that Congress and the Senate are seeing fit to make some changes that will be of benefit to the sugar industry of Canada.

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I want to support the concepts already before the House, with regard to the attitude I gathered of the American Sugar Alliance. The alliance is an executive group which represents not only the producers but also the refiners, the sugar beet producers, the cane producers and the refiners of those two respective products. I want to talk about that group's attitude with regard to the situation and the advice they gave us as a committee when we visited Washington.

I would have to say very bluntly that we were stonewalled in our presentation. I raised a question with the alliance. I said to the alliance: "I believe we have set before you the current Canadian circumstances. We are going to have limited exports. The exports will be reduced in terms of refined sugar from some 43,000 tonnes down to 22,000 tonnes. Of that 22,000 tonnes we in Canada may get some. We may get half. We may get a little more than that, but we could end up not receiving any portion of that 22,000 tonnes of export opportunity into the U.S. market". We could be shut out completely if the Americans wanted to do that.

• (1150)

I also said: "Between our two countries we have the concept of free trade. My sugar beet producers back home support free trade. The refiners support free trade. We are open to that concept. We feel that could work very well between our two nations".

I asked how we could work together, how we could improve the circumstances we face in Canada and what they were prepared to do as an alliance. Their remarks were very clear and forthright: "Why do you not go home and do what we have done in the United States? Why not do the same thing?" What does that really mean?

It means we would put on import quotas with regard to some products. Maybe we would have to use other products as leverage, but we would put a quota on the import of sugar and products containing sugar into Canada. We would be reversing a trend that is the essence of free trade. That was the first thing they asked us to do, to go home and do the same thing they were doing with regard to imports.

I asked about pricing. They said to go home and establish a pricing system so there is a floor price for sugar in Canada, which there is not today, and our sugar producers are not asking for that. "Go home and do the same thing". They said to go home and put on import quotas, go home and put a floor price on sugar.

That is totally in contrast and is a negative interface into the way we want our North American economy and our economy relative even to Mexico to evolve. We want free trade and an open system by which we can work together, compete together, but also profit together. It is totally in contrast and I was very disappointed in that.

I raise that issue because underlying that attitude are political forces which exist in the United States. Congressmen who represent sugar beet areas, sugar producing areas or sugar cane areas, or refiners in their respective constituencies are faced with that dilemma. They are lobbied by the sugar alliance to work against opening the borders to Canadian exports so that we could again maybe export 43,000 tonnes of refined sugar.

A major portion of that sugar was sugar beet sugar from southern Alberta. We can clearly understand the effect that has on my constituency of Lethbridge and the constituency of Medicine Hat which is adjacent to mine where there is a major industry. The sugar beet industry has been one of the solid foundations of the economy of southern Alberta. Losing it would be a drastic disaster to the cities of Lethbridge and Medicine Hat, the rural areas and Alberta as a whole.

We are fighting against that kind of attitude and that kind of politics in these negotiations. I ask that when the government is in negotiations it understand that force is out there. Part of our strategy as Canadians and as a sugar caucus is that we must deal with it knowing there is this kind of anti-force when working toward free trade, a free exchange of ideas and free competition between our two nations.

I certainly support the concept of the bill. It may be a lever to try and open up the discussions and to relax some of those political attitudes which now exist in the mill and which we have to deal with to come to the conclusion we think should be arrived at.

• (1155)

I appreciate the work the chairman of the sugar caucus has done. I appreciate that the government has made representations on the issue but I urge it to work quickly. It was indicated to us that around September 15 the U.S. department of agriculture would be making a recommendation on what portion of the 22,000 tonnes we would get as Canadians. I hope the government and the ministers of agriculture and trade are making a strong recommendation.

We should have at least two-thirds of that 22,000 tonnes for Canadian exports. If that were there at least we would be able to have some assurance that our sugar beet industry and cane industry in terms of refining would be stabilized and we would be able to continue in the year or two ahead.

Mr. Paul Zed (Fundy—Royal, Lib.): Mr. Speaker, in closing the debate today I pay tribute to the new process which in many ways we as members of Parliament have brought about in a modest way in attempting to speak out for an issue that stands for all of us in Canada. That is the issue of our sugar workers, whether those workers are working in the fields of western Canada or producing and refining sugar in Montreal, Vancouver or Saint John. I am very gratified to express to all members of the sugar caucus my appreciation for their co-operation, guidance and advice.

This is a complex issue which has affected all of our constituents. As I said in my opening remarks, we have lost almost four and possibly five plants over the last 10 years in Canada and 1,000 direct jobs. We are very worried about the industry.

Bill C-311 is a line in the sand, or a line in the sugar in this case. We as members of Parliament have said we are looking for levers. We are looking for ways to express our concern, our dissatisfaction and our outrage at the way Americans have access to our market. Yet we do not have unfettered access to theirs.

I urge the House leadership and the ministers of agriculture and international trade, as the hon. House leader for the Reform Party has said, to make a very strong case to our American cousins. Tell them we need some of the rate quota that is being allocated over the next couple of weeks. If we can get some of that quota back, our caucus will have gone a long way in making some important statements to the Americans. They will understand this is not a political issue for us in terms of Liberals, New Democrats, Reform or Bloc; this is a Canadian issue affecting all of us. It affects all workers in our country.

With that I want to thank the House. Perhaps because it is a very important issue and an issue of such strong national concern, I would like to make a last plea that we be given an opportunity to vote on the issue. I move for unanimous consent to have that voted on now.

The Deputy Speaker: Is there unanimous consent?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: There is not unanimous consent.

[Translation]

Since no more members wish to speak and the motion was not selected as a votable item, the hour provided for consideration of Private Members' Business has now expired and the item is dropped from the Order Paper, pursuant to Standing Order 96(1).

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• (1200)

[Translation]

EXCISE TAX ACT

Hon. Michel Dupuy (for the Minister of Finance, Lib.) moved that Bill C-103, an act to amend the Excise Tax Act and the Income Tax Act, be read the second time and referred to a committee.

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He said: Mr. Speaker, it is a pleasure to introduce the second reading stage of Bill C-103, an act to amend the Excise Tax Act and the Income Tax Act. The purpose of this bill is to support Canada's cultural industries, and especially the periodicals industry.

Canadian periodicals are essential to cultural expression in Canada. They bring Canadians together from coast to coast. They provide a clearing house for the exchange of ideas and information. They disseminate information and points of view that are specific to this country and provide a voice for the country's artistic and cultural expression.

Issues that concern Canadian periodicals are important to the public. More than 1,400 periodicals are sold in Canada. They are an integral part of the media environment of Canadians and, from the economic point of view, constitute a substantial part of the cultural sector.

Today, more than 92 per cent of the content of Canadian periodicals is Canadian. Some of the more popular ones which have a long publishing history, like *Saturday Night* and *L'Actualité*, have become genuine institutions.

Strong and diverse editorial content notwithstanding, limited circulation figures will necessarily restrict the volume and viability of Canadian periodicals. The problem is the relative size of the market and economies of scale.

Over the years, Canadians have consistently shown that periodicals are important to them. For instance, in 1978 and in 1990, an increasing number of families preferred to spend their recreation budget on Canadian or foreign periodicals as opposed to any other cultural activity, with the exception of buying newspapers.

Bill C-103 provides for the implementation of two measures which I announced following recommendations by the task force on the Canadian periodicals industry. The first measure consists in imposing an excise tax in respect of split run editions of periodicals distributed in Canada. In these split run editions, publishers reuse content which was targeted at their own market and which made money there and insert new advertising intended for a foreign market.

These so-called Canadian split run editions are inexpensive to publish and attract lucrative advertising. It is therefore not surprising that they pose a serious threat to the long term viability of the entire periodical industry.

The second measure is an anti-avoidance rule with respect to the deductibility of advertising expenses. Let me explain. Advertising revenues are essential to the survival of the periodical industry; 65 per cent of the revenues of Canadian periodicals come from advertising. Since 1965, two measures taken by the Government of Canada have helped inject advertising revenues into the Canadian periodical industry. These revenues enable it to live alongside the powerful American periodical industry,

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which has direct access to readers, to newsstands and to Canadian distributors.

These two measures are custom tariff 9958, which prohibits the importing of split run periodicals, and section 19 of the Income Tax Act, which permits the deduction of the costs of advertising directed primarily at the Canadian market, on the condition that this advertising is placed in Canadian editions of Canadian owned or controlled periodicals.

• (1205)

These measures paid off, because they led to the growth of the Canadian periodical industry. Thanks to them, the industry has expanded and prospered.

In April 1993, however, *Sports Illustrated Canada* was launched in Canada. It was a split run edition, printed in Canada and transmitted directly electronically from the United States. Canadian advertisements were substituted for American ones, and a little Canadian content was added. *Sports Illustrated Canada* managed to get around custom tariff 9958, because most of its content was sent electronically from the United States. It was simply a loophole in the tariff laws since electronic transmission made it possible to avoid tariff regulations.

In March 1993, the Government of Canada set up a task force on the Canadian magazine industry. The task force's mandate was to find ways to modernize the existing measures underpinning government policy on the magazine industry.

After researching the problem, the task force concluded that split run editions presented a real threat to the Canadian magazine industry, which stood to lose up to 40 per cent of its advertising revenue over a five year period. According to the task force, such losses would put many magazines out of business and marginalize even successful ones.

Task force members explored several avenues and finally concluded that the proposed excise tax was the best solution. It could be designed and implemented in order to avoid split run editions.

The task force's main recommendation is therefore the key element of this bill, whose purpose is to amend the Excise Tax Act and address the problem of split run editions printed in Canada. This new excise tax would apply to all periodicals distributed in Canada and containing more than 20 per cent of reused editorial material as well as one or more advertisements aimed at Canadians.

The proposed amendments to the Excise Tax Act will impose an 80 per cent tax on the value of all advertisements appearing in a Canadian split run edition. Depending on circumstances, the tax would be paid by Canadian publishers, distributors, printers or wholesalers and not by consumers.

Periodicals otherwise subject to the tax would be exempted from the tax based on the number of split run editions that were distributed in Canada during the 12 month period ending on March 26, 1993, the day the task force was set up.

This tax would not restrict access to the foreign periodicals Canadians enjoy reading. It will make it possible to modernize a government policy that is already several years old.

[English]

The proposed amendment to the Income Tax Act will add an anti-avoidance rule to section 19 of the act. The purpose of this provision is to ensure that newspapers and periodicals that claim to be Canadian are in fact Canadian owned and controlled for the purposes of the act.

• (1210)

The other recommendations of the task force deal with strengthening the industry through increasing the effectiveness of existing measures. Bill C-103, the legislation now before the House to amend the Excise Tax Act and the Income Tax Act, would not change or create new policy concerning Canada's magazine industry. It would simply provide a new tool to support a longstanding magazine policy. The tax would close the loophole in the existing policy framework.

The emergence of *Sports Illustrated Canada* as a new Canadian split run edition revealed to us that we should re-examine our policy instruments which support the Canadian magazine industry. This led to the formation of the task force, the resulting recommendations and the proposed new excise tax. In short, we are modernizing the policy tools that underpin this important sector of Canada's cultural industries.

I repeat that the excise tax would not result in a tax for Canadian consumers. The publisher, the distributor, the printer or the wholesaler of any magazine subject to the tax would be responsible for paying the tax.

Why is the tax necessary? In view of the challenge to federal magazine policy and in particular to custom tariff No. 9958, some means must be found to maintain an environment in which Canadian magazines can survive and flourish. Canadian magazine publishers would be at a grave disadvantage if they were forced to compete for advertising revenues with magazines that have recovered their editorial costs in markets which are much larger than the Canadian market. The average profit for a Canadian periodical is only 2.6 per cent. To compare, the average profit for U.S. consumer magazines is 12 per cent. Advertising is the most important source of revenue for magazines, accounting for 65 per cent of income. Ensuring adequate access to those revenues is essential in maintaining a healthy Canadian magazine industry, benefiting all magazines in all regions of the country.

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The *Sports Illustrated* Canada case has sent a signal that it is not possible for split run editions to enter the Canadian advertising market in spite of the policy measures in place. The threat to the health of the industry is real. The Canadian industry could lose up to 40 per cent of its advertising revenue over five years. The task force noted that such a loss would put many magazines out of business and marginalize even successful ones.

Clearly we do not have the resources to provide the magazine industry with a direct subsidy program that would offset the split run problem. The proposed tax, however, would bring the support framework up to date.

The Government of Canada is committed to the continued existence of a viable Canadian magazine industry. We recognize that advertising is key to the health of the magazine industry. The new tax is consistent with Canada's international trade agreements and obligations. Canada is the most open country in the world to imported magazines. The new excise tax will not limit the access of Canadians to foreign publications. Furthermore, the new tax will not be borne by the general consumer.

Finally, the new excise tax updates the legislative framework supporting Canada's longstanding magazine industry. The Government of Canada agrees with the findings of the task force on the magazine industry. The best way to support the Canadian magazine industry is to adopt measures which will encourage original content, regardless of the country of origin. We do not want the kind of recycled editorial material that is commonly dumped into split runs. We want a Canadian magazine industry that reflects Canadian voices.

• (1215)

The legislation now before the House for second reading promises to provide the kind of environment in which the Canadian magazine industry can survive and thrive.

I urge my colleagues in the House to promptly pass the legislation.

[Translation]

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, my remarks today will focus on Bill C-103, an act to amend the Excise Tax and the Income Tax Act. This bill's purpose is twofold: to put an end to the distribution of split run editions in Canada by imposing a tax at the rate of 80 per cent of the value of all the advertisements contained in these editions and, second, strengthen section 19 of the Income Tax Act so that tax deductions for advertising in Canadian newspapers or periodicals really apply only where the advertisement is placed in newspapers and periodicals owned by Canadian interests or ones with Canadian content.

How is split run edition defined in the legislation? Split run edition of a periodical means an edition of an issue of the periodical that is distributed in Canada, in which more than 20 per cent of the editorial material is the same as editorial material that appears in the original foreign issue, and which contains advertising sold in Canada.

Let us now ask ourselves what justifies the government in taking such action. Is it acting out of sudden concern for Canadian culture or is this a positive step taken by the heritage minister? No such thing. As usual, instead of acting on its own initiative, the government is merely reacting to legitimate pressure exerted by the Canadian periodical industry for many years.

In fact, after Time Warner announced its intention to print a split run edition of *Sports Illustrated* in Canada, the Canadian magazine publishing community reacted strongly to this announcement, especially since this would considerably reduce Time Warner's advertising expenditures, thereby draining the magazine advertising market.

The magazine industry began to exert this pressure, and sounded the alarm back in the spring of 1993. It would have been appropriate for the government to act then, since the Mulroney government had all the tools required to do so at the time. Instead, he shirked his responsibility and appointed a task force on the Canadian periodical industry. The Liberal Party, which then formed the opposition, denounced the Conservatives' failure to act regarding that issue, as well as their lack of energy in defending Canadian culture. Who would have thought that, once in office, the Liberals would do nothing in the first two years of their mandate for Canadian culture, except to sell it piece by piece on a silver platter to American interests.

In March 1994, the task force released its report. It was not until June 1995, over a year later, that the government replied to the recommendations contained in that report by tabling Bill C-103, which we are debating today. Now that we understand what brought on this legislation, let us ask this question: Why did the Canadian periodical industry object to a split-run edition of *Sports Illustrated* on our market? First, because the situation of the Canadian market for magazines is precarious and even fragile.

Indeed, in 1991, more than half of the 1,440 magazines sold in Canada had never generated any operating profit, while such profits for the industry as a whole stood at 2.36 per cent. To make things even worse, these operating profits were on a downward trend. From 1987 to 1991, operating profits for English language magazines went from 5.2 per cent to 2.6 per cent, while those for French language magazines went down from 8 per cent to 2.7 per cent. In fact, the Canadian market for magazines must face the same pressures as our audio-visual industry.

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The six main factors which make this industry fragile were well summarized by the task force in its report entitled *A matter of Balance*.

• (1220)

These factors are as follows: First, there is the massive penetration of imported magazines. According to the task force, foreign magazines account for 81.4 per cent of all magazines sold in newsstands, and for a little more than half of the total number of mass circulation English language magazines in Canada. As in the case of the audio-visual industry, that foreign penetration is mostly of American origin. For example, English language foreign magazines sold in Canada total close to 236 million copies, of which 233 million come from the United States. Therefore, Canada annually imports 25 times more magazines from the U.S. than it exports.

Second, because of Canada's relatively small population and the fact that it is split into two different linguistic groups, the potential number of readers here is only one tenth of that in the United States. This severely limits the potential circulation of our magazines, as well as the revenues which can be generated from advertising.

Third, Canadians are interested in foreign cultural products and are therefore avid readers of American magazines.

The fourth factor is the price of imported magazines compared to Canadian ones, which have to try to be competitive. However, it must be recognized that foreign magazines, which have a greater potential number of readers, generate more advertising revenues and, consequently, produce magazines which may be more appealing and which are certainly cheaper.

Fifth, competition by foreign magazines at the newsstand. Over 81 per cent of English magazines which can be found in newsstands are imported from the United States. I believe that magazine subscriptions depend, to a large extent, on the visibility of the magazine at the newsstand.

Sixth, the ban on tobacco advertising in Canada was very costly for Canadian magazines, depriving them of at least \$10 million in revenues, based on statistics for the last year when advertising was allowed. Meanwhile, this type of advertising was still allowed in the United States earning American magazines \$224 million in 1992. Obviously, such an injection of money makes it possible to sell the product much cheaper.

To protect the magazine industry, Canada took measures which, for years, satisfied the industry. The first one was the postal subsidy, which is 100 years old and which I will come back to later. The second one is section 19 of the Income Tax Act, which allows taxpayers to be granted a tax deduction if they advertise in a Canadian magazine defined as being 75 per cent Canadian owned with 80 per cent Canadian editorial content.

However, this measure is affected by the bill before us which is aimed at tightening this provision, following a recommendation to this effect by the task force. A number of witnesses reported that Taxation Canada was lax in controlling the application of this provision. Several taxpayers are said to have claimed advertisements in magazines which did not meet either of the above mentioned section 19 criteria.

The third measure is Canadian custom tariff 9958 preventing split run editions from entering Canada. Split run magazines printed outside Canada were not allowed in. For thirty years, this legislation kept them from entering Canada, but *Sports Illustrated*, using technology, outsmarted Canada in its efforts to protect its periodical industry, transmitting via satellite the American content of the magazine to be printed in Canada.

The bill before us today redresses this situation. If it passes, which remains to be seen, the distribution of split run editions will be banned or those involved will have to pay an 80 per cent excise tax on advertising revenues derived from this transaction.

Without the prospect of earning a lot of money at the expense of Canadian culture, *Sports Illustrated* should disappear soon.

• (1225)

The Bloc Quebecois agrees with the last two measures the government is proposing in the bill we are debating today, that is the tax and the limited application of section 19 of the Income Tax Act.

We will support the government in its efforts to abolish this loophole which allowed *Sports Illustrated* to squeeze out of Canadian magazines 250,000 dollars' worth of advertising for each issue published.

However, we feel that the government is stopping half way. The task force did recommend other measures to support the Canadian magazine industry. We would like the government to follow up on these recommendations as soon as possible.

Let us come back for a few minutes to the postal subsidies program. Created more than a hundred years ago, this assistance program is really useful for readers. It allows all Canadians to receive magazines, books and newspapers through the mail since it helps pay for the real cost of transporting such reading material. Not so long ago, that program's budget was \$220 million a year.

At the beginning of the eighties, the government and the Magazine Association of Canada began negotiating the updating of that program. They even agreed on a replacement formula. But then the federal government decided to make some arbitrary cuts. The replacement program was never implemented. Nonetheless, the resource envelope of postal subsidies will decrease from its 1990 level of \$220 million to \$50 million in 1996-1997.

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In its report, the task force wrote this about postal subsidies, and I quote: "The viability of the Canadian magazine and periodical industry depends heavily on the postal subsidy. Canadian newsstands, particularly in the English language market, are dominated by foreign publications: only 18.6 per cent of the English language consumer magazines sold at newsstands are Canadian. The task force strongly urges the government to recognize the vital importance of this program to the industry and to preserve it for future years".

The Bloc Quebecois invites the government to follow up on the task force recommendation to freeze funds for the postal subsidy program at the level they were in 1995.

The task force on periodicals put forward another measure on which the government remains surprisingly silent: the abolition of the GST on all reading materials. The task force wrote in its report, and I quote: "The government should give serious consideration to eliminating any sales tax on reading materials in any new tax regime that includes exemptions".

This tax must be eliminated for several reasons. First, it was a Liberal promise. In March 1994, Carol Martin, a reporter, wrote in *The Canadian Forum* about the magazine situation. He was reminding us that the Liberal caucus had adopted the following resolution, and I quote:

[English]

"A Liberal government would reaffirm the historical principles embodied in tax free stages for the printed word and remove the goods and services tax, GST, on reading materials".

[Translation]

According to the Magazine Association of Canada, 50 million U.S. copies will not pay the GST and thus enjoy an undue advantage of 7 per cent over their Canadian counterparts.

The subscription loss due to the introduction of the GST is another reason for eliminating this tax. The Canadian magazine industry had predicted that it would lose one percentage point of subscribers for each tax point that was introduced. Unfortunately, the facts proved it was right. During the first year of the GST implementation, the subscriber rate fell 6 per cent.

Finally, among the G-7 partners, Canada holds, with Germany, the sad record of the highest tax on any reading material.

• (1230)

Another recommendation by the task force deserves consideration, and the Bloc Quebecois urges the government to implement it as soon as possible, given its financial situation. Here it is: "That the federal and provincial governments, their agencies and corporations, make every effort to support the Canadian magazine industry by placing magazine or periodical advertisements directed at the Canadian market in a way that is consistent

with federal government policy regarding Canadian periodical publishing".

That recommendation is all the more meaningful when we realize that the Canadian government is one of the 30 biggest advertisement buyers in *Time Magazine*, a grandfathered split run periodical. Through its action, the government undermines its own directives concerning advertisements in foreign magazines.

Finally, the Bloc Quebecois would have liked the Minister of Canadian Heritage to draw a lesson from his last two years' experience and swiftly implement the following recommendation made by the task force: "That the Investment Canada Act be amended to provide that, when the Minister responsible for that Act issues an opinion or takes any step or makes any recommendation in connection with matters relating to Canada's heritage or national identity concerning magazines or periodicals and the applicability of the Investment Canada Act, he or she do so with the concurrence of the Minister of Canadian Heritage".

It is indeed surprising that the bill before us today remains silent on this crucial point for the heritage department, all the more so because that recommendation was not included in the report by accident. Here, in fact, is the underlying anecdote.

In March 1993, when Time Warner thought about launching a split run edition of *Sports Illustrated* in Canada, they went to see Investment Canada. Time Warner wanted to know if Investment Canada would consider the coming of the split run edition of *Sports Illustrated* magazine as a new business and, in that case, subject to an investigation, or if instead it would consider it simply as the continuance of Time Warner's activities in Canada. At the time, Investment Canada informed Time Warner that it considered the coming of *Sports Illustrated* as the continuance of Time Warner's activities in Canada.

When Canadian magazines owners heard that Investment Canada had given its approval to the coming of a split run edition of *Sports Illustrated*, they naturally went to the minister who was supposed to be their natural defender, the Minister of Communications. However, nobody in the communications department was aware of the authorization given to Time Warner by Investment Canada, neither the minister nor the deputy minister.

Now I would like to let the members of the task force speak, since they reflect my way of thinking and that of the Bloc Quebecois. I quote: "Indeed, the Task Force considers it essential that the Minister responsible for the *Investment Canada Act* obtain the concurrence of the Minister of Canadian Heritage before issuing an opinion on the applicability or non-applicability of the Act or taking any other step related to a proposed investment in the magazine or periodical publishing and distribution sector".

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By the way, I would like to take this first opportunity I get to remind the minister that we are still waiting for the government publishing policy he promised us following the Ginn Publishing incident. Now, our neighbours to the South, through their trade secretary, Mickey Kantor, have reacted to this bill now before the House. The Canadian government which has always been very impressed by this U.S. spokesperson until now, must not give in this time. We must see the process through and see to it that this bill is given assent.

If the government does not put an end right now to these split runs like *Sports Illustrated*, if it does not set Time Warner straight right now, the task force on the Canadian magazine industry believes that, first, 94 per cent of all profitable magazines would move to zero operating profit; second, the viability of the Canadian periodical publishing industry would be at risk; and third, as the task force put it, and I quote: "The Canadian magazine industry would be seriously hurt by the entry of split-runs, and its important contribution to Canadian communication and cultural development would be diminished".

• (1235)

I am worried. I am afraid that the government will backtrack and I even doubt whether it will go through with this bill.

In the last few years, in culture, the Canadian government has shown so many times that it was putty in the hands of the United States that I fear the worst.

On September 15, at the Canadian Conference of the Arts held in Toronto, the heritage minister gave a so-called major speech on culture before an attentive audience. However, during his speech, he barely mentioned this bill which is one of the most important cultural initiatives undertaken by his government since it came into office. I have carefully read and reread his speech, from beginning to end. I would like to say a few words about that speech to you and to those who are listening today because the truth has to be told about the Liberals who were very quick to criticize when they were in opposition, but who have become a very passive and wait-and-see government. There is a clear lack of leadership from this government, particularly in the area of culture.

Two aspects of the minister's speech captured my attention. First, the Minister of Canadian Heritage shared his feelings about our neighbours to the south. He reminded us, among other things, that, for many Americans, the word culture has no particular meaning, that it is only the forces of the products and of the entertainment industry that count.

Concerning the information highway, the minister said, and I quote: "We certainly have to keep in mind that the United States have already indicated, in international negotiations or through retaliation measures, their intention to limit the development of our Canadian cultural policy." Continuing his overview of our

cultural policy, he then talked about the film and video sector. On that subject, he accused previous governments of not having done enough in this area. He said, and I quote: "Today, a large part of this sector is owned by foreign interests and most of the revenues from this sector leave the country."

He added: "As for our relationship with the American film industry, it is a different story. You are all aware of the American presence in our movie theatres and in our video market and you are also aware of the unsolved problem with regard to film distribution—We want a film industry that is truly Canadian—This requires fundamental changes in the American mentality and in the way Americans do business. They should stop considering Canada as being part of the American market. They know better than anyone how to finance new productions through the marketing of commercial rights. They also know that our ability to do the same is limited by the lack of a level playing field."

To conclude his thoughts about the United States, the minister said that he hopes, one day, to share the opinion and the optimism of Robert Lantos, president of Alliance Communications, who said at the Montreal World Film Festival that he sees encouraging signs on the Hollywood hills.

In view of these signs, the Minister of Canadian Heritage is considering including in our film policy measures that will improve our position vis-à-vis the Americans. He will contemplate the opportunity. With such an hypothetical political will, you will understand that the minister did not succeed in alleviating my concerns regarding the American invasion of the Canadian cultural field.

Finally, there is a last element of the minister's statement to which I would like to draw your attention. The minister quoted the red book where culture is defined in these words: "Culture embraces our shared perceptions and beliefs, common experiences and values, and diverse linguistic and cultural identities: everything that makes us uniquely Canadian. Culture is the very essence of national identity, the bedrock of national sovereignty and national pride. At a time when globalization and the information and communications revolution are erasing national borders, Canada needs more than ever to commit itself to cultural development.

Those are the fundamentals of the debate that is presently going on in Canada. In Canada, the minister speaks of Canadian culture, and that is only natural. In Quebec, there is a Quebecois culture which is just as normal and legitimate. If I take the definition of culture provided by the minister and apply it to Quebec, here is what I end up with: The Quebec culture is the sum of various artistic, linguistic and religious expressions and of the intellectual and moral values of the country which we will create on October 30, culture being what makes us different from other countries. Culture is the very essence of Quebec's

national identity. Culture is the very basis of sovereignty and pride in the country that is Quebec.

• (1240)

For me, there is not even the shadow of a doubt. The land north of the 45th parallel which extends from the Atlantic to the Pacific to the Arctic is composed of two countries. One has ties to the English culture and the other to the French.

In 1982, the Canadian portion outside Quebec became separatist. The constitution was unilaterally patriated and signed without the consent of Quebec. Since then, the people of Quebec have come to realize and understand fully that there is now only one founding people in this country—anglophones—and consequently, only one culture—the Canadian culture—enriched, of course, by the positive and remarkable contributions of all ethnic groups in Canada. In its very essence and uniqueness, the Canadian culture denies the Quebec culture.

The people of Quebec do not see themselves reflected in Canada's artistic, linguistic, religious, intellectual and moral expressions. The people of Quebec form a distinct society. The people of Quebec know they are different. The people of Quebec know that they must express this difference on October 30.

[English]

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it is important to be very clear about the nature of the bill. In essence it is designed to kill international competition between magazines, more specifically magazines which come into Canada. The killing of that competition kills a lot of good things which flow from competition.

The legislation is really an anachronism. It is a throwback to an earlier time when we did not have trans-global communications, when people did not always have a great interest in seeing what was happening in countries around the world. Clearly that does not fit the reality of Canada and the world today.

With the bill the minister is walking up to our largest trading partner, the United States, poking it in the eye with a stick and asking: "Now what would you like to buy from us?" This is a step backward. Cultural protectionism is no more appropriate today than any other kind of protectionism.

While the minister is putting forward this measure of cultural protectionism the international trade minister, the finance minister and others are very anxious about the bill because they are trying to endeavour to liberalize trade in other sectors. We see other countries trying to liberalize trade, but for some reason we are taking a step back. That betrays an attitude about what the

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minister and people of this mind think about the Canadian periodical industry, the people who write for it and the people who read those magazines.

Canadian magazines do well because they are good. As the hon. member from the Bloc pointed out, something like 67 per cent of magazines on news stands are Canadian. That is not because there is a dictate somewhere which says we must read Canadian magazines. It is because people are interested in knowing what is happening in their country. They are interested in knowing the Canadian perspective.

• (1245)

According to the Canadian magazine industry task force referred to earlier, American magazines are already losing circulation while Canadian magazines are gaining circulation. There are good reasons for that. People want quality and they are getting it from their magazines.

The minister pointed to one of the things that has really helped Canadian magazines. In that is the seed of the solution not only for Canadian magazines but also for anything to do with Canadian culture. He pointed to the fact that with the growth in disposable income more people are spending more money on Canadian periodicals. To me that is a very good indication of where we should be going with Canadian cultural policy.

In 1988 members of the present government in the House and across the country argued against the concept of free trade. Since then it is no exaggeration to say that the idea of protectionism has been thoroughly vanquished. Not a country in the world that is at all prosperous does not believe to a large extent in the idea of free trade any more. Even the government since 1988 has turned around and decided it can support ideas like NAFTA, the GATT and the World Trade Organization because there are some laws of economics that are indisputable. Free trade does increase prosperity.

In a sense Bill C-103 is an extension of an argument against one particular law of economics, the economy of scale. All *Sports Illustrated* and some of these other split run publications are guilty of utilizing the economy of scale. We do that in Canada and we see it all the time. We see it in other sectors. We even see it in the magazine sector where for instance *Maclean's* magazine, which has a much larger circulation because it aims at a national audience, is able to have a smaller overhead and can produce its product for a lot less than a regional magazine like *Ottawa Magazine* or *Alberta Report*. I do not see anybody railing against them for utilizing the economy of scale. It is good economics; it is good business to do that kind of thing.

Government Orders

It is very misleading when the minister says in his speech that if split run publications are allowed to continue in Canada it would kill the magazine industry here. It will not be split run publications that will contribute to the downfall of any magazine. It will be consumers deciding for themselves what magazines they want to purchase. That is the key.

Cultural policy has to be about what consumers want. They certainly have in my judgment more than enough knowledge to make those types of decisions.

A moment ago I pointed out that we should be concerned about poking the United States in the eye with a stick, which is what I feel we are doing here because we rely on them to consume a lot of our exports. Thirty per cent of our national income comes from exports, the great majority of which goes to the United States. I wonder even for people of a protectionist sentiment if it really is worth it to go around doing these types of things.

A moment ago a member of the Bloc Quebecois was talking about the need to get Canadian cultural products into the United States. Will we really be able to do that when we are on one hand closing down our borders to culture and then on the other hand saying that we need to get into the United States?

We have some real inconsistencies between what is being proposed in the magazine industry by the government and what is currently happening on the Internet. I do not see this as just competition between magazines, American or foreign and Canadian. I see it as a competition between different technologies. The Internet does not have any kind of regulation that prevents people from getting whatever they want. If people are not able to subscribe to the magazines they want and get Canadian advertising through the periodicals industry, they certainly can get just about anything they want off the Internet.

• (1250)

The legislation indicates that the government is not in line with what is happening in the world of technology today. On direct to home satellite, where the minister's department also has some jurisdiction, there is what is called the grey market where all kinds of American signals are coming in, completely uninhibited, and people have complete access to them.

The Canadian periodical industry has to be the same way. We must have that kind of direct competition and people can ultimately make their own judgments.

One thing that is disturbing about the excise tax that is going to be put on revenues gained from Canadian advertisers in split run editions is that it is a punitive tax. A tax level of 80 per cent will be levied against the printers and distributors of these magazines. It is a punitive tax. I would argue there have been recent court decisions which point out that the purpose of an excise tax is not to be punitive, that it is to gather revenue. I

would also argue that this measure will not stand up in the courts. The government will have a lot of explaining to do when it brings this measure before the courts.

I want to talk for a moment about what the minister is implying when he brings forward this kind of legislation. He implies several things. He implies that people do not appreciate Canadian magazines, which is why there needs to be protection for them. He implies that Canadian magazines somehow cannot meet the standards of quality of magazines from outside the country. He implies that Canadian magazine publishers are not as capable in the field of business as are American publishers.

Quite frankly, I really do not think the minister believes those things, but he is implying them. With this legislation he is saying that for some reason Canadians do not want to buy Canadian magazines. There is a much more positive way to approach a cultural policy for Canadian magazines. We should ask what things can be done to ensure that Canadian magazines can compete in a free economy against magazines from around the world.

Probably the best way to approach it is by a method the minister hinted at earlier but really did not expand on, which is that if there is more money available to Canadian consumers they will buy the types of products they want. I believe those will be Canadian products because Canadian products can compete with any in the world.

If the government wants to come up with a cultural policy that really benefits Canadians and leaves them complete choice and free to pursue value and quality as they define it, it should ensure that taxes go down. The best way to do that is to battle the debt and the deficit which today is \$564 billion. By the end of the government's mandate Canadians will be paying something in the order of \$51 billion a year in interest payments on the debt.

I do not have to tell members or the people who are watching today that it is a very heavy tax load. With that very heavy tax load people have less disposable income. It is not only Canadian magazines that suffer because of that; it is all of Canadian culture. Leisure activities are the first to go when there is a crunch.

If the Canadian cultural industry is to be expanded in all its permutations, the best way is to ensure that Canadians have more disposable income. If members think I am kidding, let us look at the United States. The population of the United States, relative to ours, has a lot of disposable income. It has a very healthy entertainment industry. The correlation between the two is absolutely direct. The solution for Canadian culture is not in the past or in Bulgaria. We do not have cultural protectionism here. The solution is in what has worked in other places in the world. It is in what works in other sectors in our own country.

• (1255)

Therefore, if we want to find a way to enhance the ability of Canadian periodicals, television, the film industry and the book publishing industry to succeed, the best way is to knock down the barriers, get rid of all the impediments to trade and start levelling the playing field by ensuring that we have a tax regime that is somewhat comparable to that of our closest trading partner. When that day comes I can guarantee that Canadian cultural industries will prosper like they have never prospered before.

Ms. Albina Guarnieri (Parliamentary Secretary to Minister of Canadian Heritage, Lib.): Mr. Speaker, the United States has an advantage. It does not need paid lobbyists. It has 52 members of the Reform Party lobbying on its behalf.

Bill C-103 is an act to defend the Canadian magazine industry and to support the government's longstanding policy on periodical publishing.

The threat is split runs, a tariff dodge aimed directly at the lifeblood of the Canadian magazine industry: its Canadian advertising base. Reports commissioned by the task force inform us that this tactic, if left unchecked, could consume as much as 40 per cent of total Canadian magazine advertising revenues, devastating the Canadian industry.

Successive Canadian governments have had a longstanding history of implementing structural measures which provide support to the Canadian magazine industry. These measures have helped the Canadian periodical industry to survive in a challenging and difficult environment.

The importance of Canadian periodicals has long been recognized. Thirty years ago the O'Leary Royal Commission on Publications observed that Canadian magazines provide the critical analysis, informed discourse and dialogue which are an indispensable part of Canadian society.

The O'Leary report on the role of publications had a mandate of finding ways of furthering the development of the Canadian identity through a genuinely Canadian periodical press. The recommendations of this report have formed the basis of federal periodical publishing policy.

As this commission pointed out in its 1961 report, the larger a periodical's circulation, the more advertising it can attract and the greater its advertising revenue. The more it can afford to spend on editorial content, the better are its chances of obtaining more circulation. In other words, advertising dollars are the key element which determines the business success of a periodical.

Government Orders

[Translation]

The O'Leary Report recommended that the Canadian periodical industry be supported by measures which would channel Canadian advertising revenues to Canadian magazines.

[English]

Two policy measures were introduced in 1965 which were designed to channel Canadian advertising revenues to Canadian magazines: section 19 of the Income Tax Act and customs tariff 9958. Section 19 of the Income Tax Act limits tax deductions of advertising expenditures to advertisements placed in Canadian magazines for advertisements directed at the Canadian market. Customs tariff 9958 prohibits the fiscal importation into Canada of split runs or special editions of periodicals with editorial content substantially the same as the original edition except for the advertising which has been purchased especially to reach a Canadian audience. These two measures created a positive environment for Canadian magazines.

• (1300)

[Translation]

Customs tariff 9958 proved to be an effective way to prevent the distribution of split run editions. However, technological progress has forced the government to review the effectiveness of code 9958 which had well served the industry for more than 30 years.

In particular, technology now permits to evade the spirit of custom tariff 9958 and the objective of the federal policy regarding periodicals.

[English]

In January 1993 *Sports Illustrated* announced plans for a Canadian edition to be printed in Canada which would contain advertisements directed at Canadians. *Sports Illustrated* Canada is printed in Canada from texts electronically transmitted from the United States. Canadian ads are then substituted for American ads and some Canadian editorial content is added, thereby bypassing the border controls provided for with the customs tariff code.

As a result it became apparent the policy measures the government currently has in place could no longer fulfil their role.

[Translation]

On March 26 1993, the government announced the creation of the task force on the Canadian periodicals industry. The act to amend the Excise Tax Act and the Income Tax Act implements the main recommendation contained in the report of the task force. The excise tax on split run editions of periodicals distributed in Canada will eliminate the loophole used by *Sports Illustrated Canada*.

Government Orders

Amendments proposed to the Excise Tax Act would impose a tax equal to 80 per cent of the value of all the advertisements contained in the Canadian split run edition.

Bill C-103 gives the following definition of a split run edition: An edition distributed in Canada in which 20 per cent or more of the editorial material does not originate in Canada and that contains one or more advertisement destined to Canadians.

This tax will maintain the long standing governmental policy regarding periodicals. It shows the will of the government to support the preservation in Canada of an industry that is original, viable and dynamic.

[English]

Each member of the House can choose to support the bill, supporting the livelihoods of over 6,000 Canadians employed in the domestic magazine industry while at the same time keeping news stands well stocked with a broad choice of periodicals for the Canadian reader.

Mr. Hugh Hanrahan (Edmonton—Strathcona, Ref.): Mr. Speaker, it gives me great pleasure to rise today to discuss the second reading of Bill C-103, an act to amend the Excise Tax Act and the Income Tax Act.

Bill C-103 will impose an excise tax with respect to split run editions of periodicals. The tax will be implemented at a rate of 80 per cent of the value of all the advertising contained within a split run.

What type of publication are we talking about? A split run edition of a periodical is one that is distributed in Canada, one in which more than 20 per cent of editorial material is the same or substantially the same as the editorial material that appears in one or more periodical editions distributed primarily outside Canada. It is one that contains an advertisement that does not appear in identical forms in those other periodicals.

• (1305)

Ultimately the issue is split run editions of foreign magazines which are accused of dumping foreign editorial material into Canada to attract local ads through low cost rates. It is important to look specifically at the Canadian magazine market.

Based on a 1993 study the 10 most popular U.S. magazines in Canada commanded the collective circulation of approximately 2.8 million. Over the last 10 years the names of the magazines have changed. Yet the most popular U.S. magazines in Canada today have 25 per cent less circulation than their counterparts a decade ago. Interestingly enough, at the same time the top 10 Canadian magazines have increased their collective circulation by almost 15 per cent. It appears Canadian magazines are winning the battle for readers. This is happening not because of government intervention but because of the quality of the articles.

Even if we look at the amount of revenue generated for these split run editions through advertising, the lion's share is still remaining in the hands of Canadian based magazines. Last year *Sports Illustrated* had six split runs in Canada which brought in ad revenues of slightly more than \$2 million. That is peanuts compared with the \$869 million in the Canadian magazine industry as a whole.

Therefore as parliamentarians we need to fight the perception that Canadians read the same magazines as Americans. According to the past president of the Canadian Magazines Publishers Association a multinational ad buyer looking at news stands here would think the way to reach Canadians was through the same magazines as those on the racks in the United States. However high profile does not equal high circulation. Canadian publishers have found ways to reach readers other than through the news stand.

For instance, magazines such as *Saturday Night* and *Modern Woman* are distributed through newspapers. Magazines such as *Chatelaine* and *Maclean's* have large subscription bases. Because many Canadian magazines are subscription based it would seem logical that they are by far more vulnerable to increased postal rates than to split run editions.

I will take a moment to discuss the *Sports Illustrated* split run editions since it is this periodical which has caused the most controversy. Let us look at the example of the two issues of *Sports Illustrated* from October 11, 1993. The contents show pages of Ron Grant watching a home run disappear. In the Canadian edition it is Doug Gilmour stretching after a puck. The college football department was dropped to make way for a story on Calgary Stampeders Doug Flutie. The "Inside the NFL" feature was replaced by the "Inside the CFL" feature. The section "Faces in the Crowd" is an all-Canadian selection rather than an all-American selection. The same type of changes were made for all Canadian editions.

Granted this is not everything which nationalists would have wanted. However, instead of forcing an alien sport and culture down our throats, *Sports Illustrated* would be reflecting Canada to Canadians. Nor is *Sports Illustrated* displacing a home grown alternative.

There is no Canadian general sports magazine. If there were it would survive not because of an end to split run editions of a competitor but because Canadians would want to read it and because it would be quality material. In other words it would stand on its own merits.

Since it is true that most but not all of the articles in *Sports Illustrated* Canada appear in *Sports Illustrated* United States, Canadian publishers argue the costs are already recovered from sales in the U.S. This means it can undercut the Canadian industry on advertising rates. In other words it would be dumping, selling its product for less than one does at home.

Government Orders

• (1310)

However I feel the publisher's complaints are based on a much simpler concept referred to as economies of scale. To say that therefore economies of scale inevitably doom Canadian culture is to say domestic and foreign cultural products compete strictly on price, that is Canadians do not distinguish between them on any other basis. However, if there is one truth among nationalists, it is that the two are not perfect substitutes, that Canadian tastes are distinct and therefore indigenous production fills a need that foreign art cannot, in which case Canadians should be willing to pay a premium for the product.

On the other hand if we were not all that different from the Americans the advantage of economies of scale should be just as open to us as it is to them. A rash of recent Canadian television shows such as "Due South" or "The Boys of St. Vincent" have been hits south of the border. It is for this reason that we should be encouraging free trade, not a trade war.

A trade war with the Americans is precisely where Bill C-103 is headed. We as a government have the right under the NAFTA to discriminate against American cultural companies. However let us not forget the U.S. is also permitted to retaliate with roughly equivalent measures. According to many news reports the U.S. trade office is said to be drawing up a list of potential Canadian targets for retaliation largely in the cultural or media sector.

For these reasons we on this side of the House oppose the bill. First, Reformers do not support the notion that state sanctioned cultural protectionism is a good policy to implement. Second, Bill C-103 conjures up the view that Canadian magazines are not of sufficient quality or merit to compete with foreign counterparts. We on this side of the House know this is 100 per cent false. Canadians are among the best in the world. We compete through our talent and products and not through government dictated protectionism.

I cannot understand why the government has dragged the issue out, as it has been around for almost two years. Is this the best solution to the problem which could have been developed over the last two years?

A final note which I feel sums up my sentiments toward Bill C-103 can be found in an extract from an editorial written on January 3, 1995 in the Vancouver *Sun*:

The Americans have good reason to feel outrage at this piece of barefaced protectionism—and Canadians should not find any pleasure in it, because it only encourages continued mediocrity in the Canadian magazine industry. Worse, it now invites U.S. retaliation just when relations across the border had seemed to be moving into a friendlier phase.

The improved relationship is not worth jeopardizing for the dubious value of killing the Canadian edition of *Sports Illustrated*. Ottawa should reconsider this rash and ill conceived tax.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I will be sharing my time with the hon. member for Hamilton—Wentworth.

A country is more than an economic unit somehow linked together by rivers and lakes; it is much more than all of these things. A country is people working, living together and expressing themselves as a unity. Canada has a longstanding agreement with our publishing industry. That agreement is to support it within not only the North American context but also in the context of the world.

• (1315)

It seems to me that advertisers who earn their living by servicing the Canadian market should also be prepared to support the distribution and consumption of material within that country.

Is competition always invariably fair? The population of our southern neighbour is almost 250 million people and Canada is pushing barely 30 million. I do not have to give a lesson today on economics, but there is such a thing as economies of scale. As companies become bigger and their production lines become bigger, their costs go down. If we were simply a network of economic units, clearly all our cultural industries, indeed all our industries, should be in places where there is a higher density of population. This for us in North America would be our southern neighbour.

That is not what Canadians want. Asked that question time and time again over their history, Canadians have chosen to maintain a separate entity on the northern part of the North American continent.

I would like to put into context the broader context of the Canadian government having a place to support the Canadian magazine industry. It is relevant here to describe the importance of the Canadian magazine industry to Canadians.

Canadian periodicals are an essential medium of cultural expression for all Canadians. They serve as a channel for conveying Canadian ideas, information and values. They are an integral part of the process whereby Canadians define themselves as a nation. Magazines inform, educate and entertain. They play a vital role in the exchange of information. Canadians need Canadian magazines.

However, Canadian magazines face a unique challenge: the massive penetration of the Canadian market by imported magazines, the relatively small size of the Canadian population, the openness of Canadians to foreign cultural products, the effects of the cover prices of imported magazines on the Canadian price structure, and the impact of overflow advertising on the potential advertising market in Canada.

Government Orders

The industry's total revenue in 1993-94 was approximately \$800 million. Though it has flourished culturally with over 1,300 titles, its financial position is fragile, with overall pre-tax profits of less than 6 per cent. Gradual changes in the rapidity of competition with people with higher production runs could clearly turn that 6 per cent profit margin into losses, basically wiping out the entire industry.

Because of the importance Canada places on having a means of expressing its unique identity and the difficulty and challenging environment the Canadian magazine industry faces, the need of structural measures of support for the Canadian magazine industry has long been recognized by successive Canadian governments. This policy is simply a reaffirmation of the policies government after government has taken before us in this country and it is in support of our cultural industries.

A number of policies and program instruments to help to ensure the development of the Canadian magazine industry have been put into place. I mention postal subsidies. Canadian magazines have limited access to Canadian news stands. Less than one-quarter of Canadian magazine circulation revenue is delivered from news stand sales. As a result, the industry relies on subscriptions to reach its audience.

The postal subsidy, which finances concessionary postal rates for Canadian magazines, has been an important instrument in helping the industry reach its market. By providing stability in the level of distribution cost the government has been able to assist publishers in developing and implementing viable business plans for the long term.

• (1320)

Two fiscal measures encourage Canadian advertisers to use Canadian magazines to reach Canadian readers. The first measure, section 19 of the Income Tax Act, has been in place since 1965. The legislation is merely an extension of that longstanding tradition of our government.

For advertisements directed at the Canadian market, section 19 limits tax deductions of advertising expenditures to advertisements placed in Canadian magazines. A Canadian magazine is defined as one that has 75 per cent Canadian ownership and control and has editorial content that is 80 per cent different from the editorial content of other periodicals. Here we basically disallow for tax deduction purposes certain advertisements placed in foreign magazines, which are basically to attract the Canadian market.

The second measure is tariff code 9958, which prohibits the physical importation into Canada of split runs or special editions of periodicals with editorial content that is substantially the same as the original edition except for the advertising, which has been purchased especially to reach the Canadian audience. This is basically why this law is before us today. Back then physical importation was considered to be the most important

aspect of distribution but today it can be done electronically. We can communicate with Germany and other countries from our offices. This is simply updating that code to reflect modern times.

Until recently the tariff code dissuaded offshore magazines from soliciting advertising in Canadian markets. It has also succeeded in doing so through voluntary compliance.

Financial support is also provided to a number of cultural and scholarly publications through the Canada Council and the Social Sciences and Humanities Research Council. The Canadian industries development fund was established in 1990 with a budget allocation of \$33 million. Its mandate is to provide Canadian owned and controlled firms within the cultural industries with a range of flexible financing services, which has an emphasis on investment loans.

This is another area where the Government of Canada is assisting our cultural industries and possibly resisting the importation. This does not mean that we are developing a narrow and small country. We still obviously have the ability to access foreign periodicals in Canada. However it underpins the importance of maintaining and strengthening Canada's periodical industry.

I want to summarize by saying that I am happy to be part of a government that continues to support the concept of Canadian owned periodicals and the growth of the industry in Canada.

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, it is a pleasure to rise in support of Bill C-103. I must say at the outset that I find it supremely ironic that in Parliament support for the bill should come from my colleagues in the Bloc Québécois, who stand for promoting a separate culture, and that opposition to the bill comes from the Reform Party, which surely should stand to promote Canadian culture at any opportunity.

I begin by making some comments on the remarks delivered by the member for Medicine Hat, who says that the bill represents a kind of cultural protectionism, which is no longer appropriate. This is a bill that deals with cultural protectionism and is very appropriate. I feel that some of my colleagues in the House, particularly in the third party, do not seem to appreciate the central role the spoken and written word has in the viability of a nation, the viability of its institutions as well as the viability of its entertainment and cultural industries.

• (1325)

Certainly in English speaking Canada the publication industry, whether it is books, magazines or newspapers, has been under economic pressure for a long time. In Canada we believe in free speech, which is tied with the independence of media agencies delivering the message from Canadians. Consequently, it is essential that these industries that deliver this cultural message in books, magazines or newspapers remain viable.

Government Orders

The sad reality is, as other members have mentioned, that we are a country one-tenth the size of the United States. What happens, for example, in books alone is that an author who is lucky enough to persuade a publisher that his book is worth while and it might sell on the open market will be very fortunate if he sells enough copies to earn perhaps \$8,000 or \$9,000 a year from that one book. However, because the United States is 10 times as big, a similar author with a similar book can make a living at it. He can make from \$70,000 to \$80,000 from that single book. This is the way it is with books and with newspapers. Newspapers these days have come under enormous advertising pressure: the shortage of advertising, the lack of circulation and competition from the United States.

When next in Toronto, Mr. Speaker, visit the Toronto *Star* at 1 Yonge Street, Canada's largest newspaper. You will find outside on the sidewalk various news boxes. Among those news boxes you will see *U.S.A. Today*. There is a very active market in this country for American publications and newspaper publications.

Mr. Speaker, I will take you back to your childhood for a little bit. I will bet at one time you sold magazines. It used to be very common to sell magazines as a child to make a bit of money. I did that when I was a kid. I remember vividly that most of the magazines I had to sell were American magazines. The reality is that we are a country dominated by the American cultural industries. There is no getting around it. To ignore this is to ignore a fundamental reality.

It is with irony that I listened to the member for Rimouski—Témiscouata. She spoke very finely on the issue of the need for Canadian cultural protection. The irony is that English speaking Canada is under the greatest pressure. Here we have a member of the Bloc Québécois, a Québécoise, defending English culture in this country. She is quite right that we have to subsidize, support and build a certain amount of protectionism around the magazine industry because of the phenomenon of split runs. That is a very real problem. It is true that the Canadian periodicals will suffer adversely from that.

Ironically French language periodicals do not have the same problem. Therefore I was very pleased to hear her defend the government's initiative in this regard with respect to split run publications. However, best of all, she took the debate one step further, which I really like, and she raised the question of the GST.

The one thing I could never understand as a former journalist and a some time author is any government that could put a tax on books. We actually have in this country a tax on reading. If ever there was a regressive tax that has set us back, particularly in English speaking Canada, it is this tax on reading.

I say to the Reform Party that it does not understand how difficult it is to get the word out as an author, a writer or as a journalist in this country, particularly when we are English speaking, because we are in overwhelming competition with the Americans to the south. The previous government put a tax on books which damages the periodical industry. It lost 6 per cent of its circulation. Authors of books suffered.

• (1330)

The member from the official opposition made a very good point when she suggested the GST be dropped from all publications and reading material. I support her 100 per cent on that. That recommendation from the task force on the magazine industry is not in Bill C-103, although I am confident the government will make that alteration when it addresses the problem of the GST. I hope we will see that change in the next budget.

Finally I would like to make a comment concerning the member's comments on postal subsidies. Again I believe she is right on the money there. In this case it is a question of distributing Canadian newspapers as well as magazines. We would do well to do anything in our power to make sure the Canadian point of view gets out to Canadians. If we do not back up our own authors, our own writers, our own journalists, our own publications, then English Canada is going to slide into the United States and the separatists will get their way by default.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I have heard Liberal member after Liberal member and actually Bloc members talk about how we are such victims in Canada, that the U.S. is exploiting us. I suppose that is one world view of the situation, but to me it is a pretty morbid and pessimistic way of looking at things.

What I think is completely in alignment with how creative people think is that Canadians can overcome some of these things. They can overcome the fact that they have strong competition. The reason they can overcome it is that they are the same genetically as the Americans. Canadians can produce the same quality of books and music as anyone else. They have proven this time and time again.

Constantly complaining and whining about our lot in life is not helpful at all to the debate. I am amazed the hon. member was so distressed to see a *U.S.A. Today* box in front of the Toronto *Star*. He must be shocked when he walks into a library and sees Shakespeare, Tolstoy, Montesquieu and Jean-Jacques Rousseau. It must be a horrible experience for him. Imagine there not being enough John Brydens and David Suzukis. All kidding aside, I know the member would not be shocked by that and really would not oppose that.

Government Orders

The point is not in the absurdity of the exaggeration. The point is in the premise, which is where there is real absurdity. Canadians are more than capable of making good choices. Every day we make thousands of decisions about all kinds of things, including very important things such as raising our children, et cetera. We are perfectly capable of deciding among the plethora of magazines and books available which ones we want to read and which television shows we want to view.

If the hon. member's argument is sound, does he recommend we take it to its full extent? Would we put up complete barriers thereby protecting all Canadian magazines, books, et cetera, and not allowing others in at all? That is the logical end of his argument.

Mr. Bryden: Mr. Speaker, no, I would not do it to that extent at all. Bill C-103 addresses the problem perfectly and is entirely adequate as it stands.

The hon. member for Medicine Hat should look at the Canadian Football League or the various sports industries in Canada. He would see what happens when a cultural industry driven by profit is in direct competition with the United States. We are losing some of those cultural sporting industries. In the case of the printed word we cannot afford to lose it in a similar fashion. It is essential to our democracy, our freedom and our identity as Canadians.

• (1335)

[*Translation*]

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, my colleague the hon. member for Hamilton-Wentworth expresses surprise that the Bloc Quebecois supports this bill. We say that Canadian culture must be protected in the same way as Quebec culture must be protected.

How does the hon. member explain the Canadian government's spending so much money on advertising in foreign newspapers and not in Canadian newspapers, particularly in the ethnic press? There are some very important ethnic newspapers which do not have the necessary government support; they do not have their fair share of government advertising.

[*English*]

Mr. Bryden: Mr. Speaker, I appreciate the comments of the hon. member from the Bloc Quebecois. We are very much on side on the issue. The Government of Canada and all governments should favour, where they can, placing advertisements in Canadian publications.

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, this morning we have been listening to presentations from Reform Party members. They have presented us with a large collection of suppositions, perceptions and attributions. Many of them are based on personal feelings, personal perceptions and misguided information. Clearly it is a position which

would result in the death knell of the magazine industry in Canada. It would mean the loss of thousands of jobs. Millions of dollars would be taken out of the economy. That is the present position of the Reform Party.

Reformers are slow learners; there is no doubt about it. We know that one of the characteristics of an effective learning model is the use of repetition. My Liberal Party colleagues have clearly pointed out some very hard core facts which support the need for Bill C-103. It is through repetition that I will continue to present the facts. I hope Reform Party members will be able to handle the data in a much more effective and positive manner and will see the need for support by the Canadian people of the Canadian magazine industry.

The key messages in Bill C-103 clearly point out that the commitments of the government made on December 22, 1994 will be supported. This is not a new policy. It is merely an extension of the government's longstanding policy to support the Canadian magazine industry, to channel Canadian advertising revenues to Canadian magazines and not to American magazines. These measures are not intended to restrict foreign magazines from access to the Canadian market. In fact our market is wide open to publications from all over the world.

It is the government's view that the proposed bill is consistent with our international trade obligations. As a result, no one south of the border should be disturbed by the actions of the government.

The hon. Minister of Canadian Heritage has clearly pointed out that the new excise tax is not a new consumer tax. I must repeat some hard core data for this effective learning to take place.

What is a periodical? A periodical is published more than once a year but not more than once a week. It does not have more than 70 per cent advertising content. It is available to the general public.

For the fiscal year 1993-94 a Statistics Canada survey reported on over 1,300 titles. The survey covered six types of periodicals in Canada. The general categories were: general consumer magazines, special interest consumer magazines, business and trade magazines, religious magazines, farm magazines and scholarly magazines. There we have in six categories publications in this country covering the field, tailoring to the needs of every man, woman and child.

• (1340)

Dealing with the hard core data, according to Statistics Canada advertising revenues fell to \$485 million in 1993-94, an 8.3 per cent drop from the previous year and a 14.3 per cent decline since 1989-90. From 1985 to 1991 periodicals saw their market share of advertising dollars drop from 6.6 per cent to 5.7 per cent, a clear indication that the Canadian government must do whatever it possibly can to change that movement.

Government Orders

Advertising revenue is crucial to most magazines. It supports the cost of the editorial content and makes it possible for the publisher to provide the magazine at rates the reader can afford. In some cases, believe it or not, it provides the magazine at no cost to the reader. Approximately two-thirds of all revenues of Canadian magazines come from the advertising area. The main thrust of federal magazine publishing policy has been to direct Canadian advertising revenue to Canadian magazines.

The effect of the recession on advertising revenue has been quite serious for the Canadian magazine industry. However Canadian companies have been very effective in competing even though the recession has taken place.

The magazine industry has demonstrated a remarkable resilience in the face of a decline in advertising revenue. Periodicals have managed to earn profits and to increase them recently by keeping a tight control on costs. Since 1989–90 some cost cutting has been achieved by reducing the number of full time and part time employees. As well the use of contract work has increased. Salaries, wages and fees fell 3.9 per cent in 1993–94. Non-salaried costs fell 6.8 per cent during the same year and dropped 16.5 per cent during the previous four years. Clearly that is action of responsible companies.

During the past five years profits before tax as a percentage of total revenue have ranged from a low of 2.1 per cent in 1990–91 to a high of 5.7 per cent in 1993–94. Profitability varies by category with business and trade periodicals earning the most profits and religious periodicals earning the least.

As reported by Statistics Canada, paper costs will likely have a profound impact on periodicals in the near future. According to the industrial price index, paper prices rose 26 per cent in the first four months of 1995 compared with the same period last year.

It is clear the magazine industry faces challenges on a number of fronts: increasing competition for audience attention, increasing competition for the advertiser's dollar, the need to adjust quickly to rapid price changes, and rapid technological change. The role of government policy has been to provide an environment in which magazines can meet their challenges.

A range of government policy and program instruments have been put in place and will continue to be supported by the industry as well as by the government. These instruments include: section 19 of the Income Tax Act, tariff code 9958, grants through the Canada Council, the postal subsidy for paid circulation Canadian magazines, and the lending programs offered by the cultural industries development fund.

The Canadian magazine industry is an important pipeline between the generators of Canadian information, ideas, views and the Canadian public. As noted by the O'Leary Royal Commission on Publications in 1961, magazines "can protect a nation's values and encourage their practice. They can make democratic government possible and better government prob-

able. They can soften sectional asperities and bring honourable compromises. They can inform and educate in the arts, the sciences and commerce. They can help market a nation's products and promote its material wealth. In these functions it may be claimed, claimed without much challenge, that the communications of a nation are as vital to its life as its defences and should receive at least as great a measure of national protection".

• (1345)

I could not have said it better. The government recognizes the importance of periodicals in Canada for and by Canadians, much as it did over 30 years ago when the O'Leary report was completed. We will continue to support the industry by implementing appropriate structural measures such as the ones proposed by the recent task force on the Canadian magazine industry.

Bill C-103 is a key element in continuing that support. Therefore I urge all members to ensure the bill is quickly passed.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, at the beginning of the hon. member's speech he mentioned free trade in cultural industries was to be the death knell of the industry. Is this not exactly the same argument the Liberal Party made in 1988 during the free trade debate? Did it not say the free trade was to be the death knell for all these industries in Canada?

I ask the member if he was on that side. Was he making those same arguments? Will he not admit that many industries did not die but have prospered as a result of free trade? Will he admit that competition and the flow of capital back and forth have actually been good for all kinds of industries, and that ultimately the best way to help Canadian cultural industries is for the government to ensure a level playing field by getting taxes down so these industries can compete against their American counterparts?

Mr. Dromisky: Mr. Speaker, my hon. colleague for Medicine Hat in a sense has misconstrued or has deliberately altered my presentation. I did not state the free trade deal was to destroy the magazine industry in Canada. I said the presentations being made by members of the Reform Party, especially by the member for Medicine Hat, with all the attributes and perceptions that were sort of misguided, would result in the death knell of the magazine industry. I was criticizing, debating and discussing the presentations of the members of the Reform Party versus the stability, sustainability and health of the magazine industry in Canada.

[Translation]

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, I agree with the criticism voiced by the hon. member from the Reform Party. They never see the need to protect the Canadian cultural industry. That is their philosophy. But what surprises me somewhat is that the Liberals are weak not only in this area of culture but in others as well. Fortunately NAFTA excludes culture. Here

Government Orders

again, I would like to ask you the question I asked my colleague previously.

What are your measures for giving a little more support to the ethnic press, the ethnic newspapers, whose circulation figures are low but which are very necessary to the ethnic communities? There is nothing in this bill to confer such protection or support to the ethnic press.

[English]

Mr. Dromisky: Mr. Speaker, the market forces play with the laws that exist on municipal, provincial and especially federal levels. They are all in harmony with each other and the industry will continue to prosper as it is at the present time.

• (1350)

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, it is my pleasure to speak today to support my colleagues from the Reform Party and to speak against the ill conceived Bill C-103.

The bill will needlessly and rightfully attract retaliation by American trading interests. In my role as the critic for international trade for our party, that is a concern to me. Furthermore, it will cheat Canadian sports readers of the bit of Canadian content they presently enjoy.

I offer some background and a bit of history to put the bill in perspective. Decades ago rules were written to protect Canada's cultural industries. Even though the importation of American magazines was and still is allowed, the government of the day imposed some severe restrictions on advertising. Canadian businesses can only deduct the cost of their Canadian magazine advertisements if they appear in Canadian publications. That is why we see so many American magazines on our news stands. They are strictly aimed at the American market and if Canadians are interested they can buy these magazines.

However the government introduced customs regulations which prohibit the import of split runs. These are essentially American magazines that contain some Canadian content and some Canadian advertising and are trucked across the border.

Furthermore, in the NAFTA regulations Canada did retain the right to protect its cultural industries. However, in so doing, the Americans were saying they at least retained the right to retaliate in kind. That is a very important feature. They are exercising that right to retaliate and we think that will happen.

Furthermore, all these rules were written before any advances in technology could be fully understood or predicted. When it became possible to beam magazines across the border and have them printed in Canada, *Sports Illustrated* took advantage of this new technology and circumvented the split run border rules.

Since April 1993 it has produced several issues per year that are essentially American versions with some Canadian stories. There is a lot less American advertising but there is a problem. There is some Canadian advertising. The big concern is not that Canadians are being bombarded with American sports stories by trying to get their eager hands on some Canadian sports stories. The concern is that Canadian advertisers will spend their advertising dollars in these largely American publications even though these advertisers will not be able to deduct the cost of doing business.

The fact that *Sports Illustrated* has not been successful in recruiting many Canadian advertisers does not seem to impress the government. It is bound and determined to enter into a trade war over the *Sports Illustrated* issue. It is a very serious matter, one the government needs to review.

Therefore, what happened? The Liberal government introduced Bill C-103, largely a protectionist bill. The bill imposes an excise tax on the highest level Canadian participant of split run ventures. The excise tax is 80 per cent of the value of all advertisements contained in such magazines or newspapers. It is assumed this excise tax will never be collected because it will effectively kill the Canadian edition of *Sports Illustrated* or any ventures that could come on to the drawing board. That is what I call protectionism.

The Liberals in 1988 were opposed to the free trade agreement with the United States, although they have largely been converted since. It is sort of a revival. However, sometimes I wonder what their real commitment is. Are they committed to the free trade principle or not? Here it would indicate they are not.

The Minister of Canadian Heritage is quoted as saying Americans cannot retaliate against this protectionism move because the magazine is printed in Canada. I have news for the minister. There is more than one way to cross a border than by walking across it; planes fly and now we have computer beams from the satellites. We cannot stop progress. The Americans will retaliate against the bill and they have every right to. They can make life miserable for Canadian exporters in all kinds of ways, justified or not. We will not be able to cry foul because our hands will not be entirely clean in this matter. We are introducing a bill which is largely a protectionist bill.

What about our artists, our writers and our publishers? What if they want to take advantage of the American marketplace which is much larger and more lucrative than our own?

• (1355)

Approximately 500 new channels will be available by satellite. How will we control this type of information flow? I say we control it in the marketplace. If we have a good Canadian cultural industry, it is a business and it will compete. If it is poor it will not.

The government is being hypercritical in that it says it is trying to protect our magazine industry while at the same time crushing it to death with taxes. When we ask businesses in Canada why they are not expanding, the common theme has always been that taxes and the cost of doing business in Canada are too high.

That is where we should be concentrating. We should be trying to balance our budgets and bring our Canadian businesses into a competitive position so they can compete in the international marketplace. I believe they will do very well. We are asking our Canadian industries to compete with one hand tied behind their backs. There is the GST. There is a very high tax level and they simply cannot compete under those circumstances.

Some would have us believe our cultural industries cannot compete effectively on the basis of pure competition. That is nonsense. We have some very good Canadian cultural content. It would be even better if it had to face the true test of the marketplace. That test is whether there is a quality product. There are a number of Canadian cultural industry businesses which pass the test and some which will have to fall by the wayside because they simply are not quality products. The question we have to ask is whether we should be supporting the industry through subsidy and protectionism. I do not believe so and I will be voting against the bill.

The Speaker: It being 2 p.m., pursuant to the standing orders, the House will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

WORLD CHOIR

Mr. Paul DeVillers (Simcoe North, Lib.): Mr. Speaker, on Saturday, September 23, members of the Canadian Cottage Country Choir had the extreme honour of participating in the World Choir's annual performance entitled "Voices of the World—A Choral Spectacular".

This year's performance of the World Choir was especially noteworthy because it sang outside Wales for the first time in Dublin, Ireland.

The production included over 6,400 singers from England, Scotland, Wales, Ireland, Finland, Poland, Ukraine and the only North American representatives, our very own Canadian Cottage Country Choir based in Orillia, Ontario, in my riding of Simcoe North.

The 22 members of the 4 Cs, as they are affectionately known, are from Orillia, Victoria Road, Coboconk, Bracebridge, Barrie, Dalrymple and Simcoe.

S. O. 31

I congratulate the members of the 4 Cs on behalf of all Canadians for their outstanding performance and for proudly representing our country at this world class event.

* * *

[Translation]

SOCIAL PROGRAM REFORM

Mrs. Christiane Gagnon (Quebec, BQ): Mr. Speaker, for two years now, the federal government has been holding its breath and hiding from the people of Quebec the drastic changes it has in store for them after the referendum has been held. Let us look at this hidden agenda.

Let us look at the UI reform they are hiding from those who have to rely on this assistance not by choice but out of necessity; the old age pension reform they are hiding from our seniors and all those who have contributed to the plan for many years through their taxes to enjoy some peace of mind in their old age; the GST reform that they are hiding from all the businesses tied up in federal and provincial red tape and that they have been promising since October 1993; and the health care reform initiated by the federal government over the heads of the provinces, that they are hiding from users and patients.

The people of Quebec are entitled to know what to expect if they remain in the federal system. Ottawa should announce its reforms before the referendum is held. Show the people of Quebec the true face of the federal government.

* * *

[English]

THE SENATE

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the Prime Minister is stifling democracy and taking away legitimate regional representation from the people in Atlantic Canada and all Canadians. That is probably why he used the old-fashioned political trick of making the announcement late Friday afternoon.

Without a doubt, the Prime Minister is running scared from the Reform Party's call for elections to fill all Senate vacancies. He reminds us of his 32 years in this House by insisting on the continuation of an archaic and dying system at a time when we need proper, fair, balanced representation from all regions of Canada.

I condemn the continuing policy of political patronage appointments because they subvert the true democratic process. This kind of political patronage renders the upper house useless and ineffective. When will this Prime Minister recognize that he is out of touch with reality and the wishes of Canadians? The time for old-fashioned political patronage is gone. The time for democracy is now.

*S. O. 31***TOBACCO**

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, the Supreme Court ruling on tobacco advertising is a wake-up call to Canadians concerned about the state of our democracy.

The court's ruling adds to a jurisprudence that the advertising of large corporations enjoys the same protection as the free speech of individual citizens. The courts are transforming the charter from an instrument that protects the human rights of citizens from an arbitrary state into one that protects powerful corporations from the actions taken by citizens through Parliament to establish the social boundaries of commercial activity.

The court is wrong in determining that corporations have a right to peddle an addictive and deadly substance, a right that overrides the democratic right of citizens to take measures to improve public health by regulating the promotion of dangerous tobacco products.

The government and Parliament, all of us here, should find a way to stand up to the court by invoking the notwithstanding clause to regulate the marketing of tobacco. This is a good example of why the notwithstanding clause was put in the charter in the first place.

* * *

NIAGARA GRAPE AND WINE FESTIVAL

Mr. John Maloney (Erie, Lib.): Mr. Speaker, the grape harvest season is well under way in the region of Niagara, bringing with it the renowned Niagara Grape and Wine Festival.

I would like to congratulate Dan and Darlene Haist of the village of Ridgeville in my riding of Erie on their being crowned the 40th Niagara Grape king and queen. The Haists are fourth generation grape growers who have sold their product to Niagara wine makers for over 70 years. Decades of labour by growers like the Haists have contributed to the evolution of our wine industry to world status.

I invite one and all to come to the Niagara Peninsula this fall to enjoy our fine wines and warm hospitality.

* * *

CAMP IPPERWASH

Mrs. Rose-Marie Ur (Lambton—Middlesex, Lib.): Mr. Speaker, there may finally be a breakthrough in the current impasse at Camp Ipperwash, which is located in my riding of Lambton—Middlesex.

Last Thursday, September 21, the Minister of Indian Affairs and Northern Development and the Minister of National Defence announced that the Hon. Robert Reid, Q.C., a former Justice of the Supreme Court of Canada, has agreed to serve as a federal representative to resolve the issues surrounding the

return of the Camp Ipperwash lands to the Kettle and Stony Point First Nation.

I have every confidence that Justice Reid will put his considerable experience and talents to use in implementing the seven-point memorandum of understanding that was worked out between the government and the Kettle and Stony Point First Nation on September 13.

I am especially pleased and grateful that the Minister of Indian Affairs and Northern Development has given me his personal assurance of his request that Justice Reid will also meet with the representatives of the town of Bosanquet to hear their concerns and ideas on resolving the issues surrounding the return of Camp Ipperwash.

* * *

WEST BANK

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, yesterday Israel and the PLO announced an agreement to extend Palestinian autonomy in the occupied West Bank. This latest agreement took months of difficult negotiations and is an important step in achieving a lasting peace.

[*Translation*]

The Canadian government has always encouraged peace efforts in that region. Many Canadians have worked for this. Here is a striking example for everyone to see. Even the deepest divisions can be resolved in the public interest when those in charge work at it in a spirit of goodwill.

[*English*]

I am sure that all colleagues in the House join me in congratulating the leaders of the two sides on their latest achievement.

* * *

[*Translation*]

QUEBEC REFERENDUM

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, "we must not only win, but crush them". That is what Claude Garcia, the president of Mutual Standard Life, told No supporters at the general council of the Quebec Liberal Party. The big names supporting federalism are growing more and more arrogant as the referendum campaign progresses, even resorting to unacceptably strong language.

From the Prime Minister's "we are going to clobber them" to Mr. Garcia's "crush them", it is obvious what the No supporters' line is: We must crush those bothersome Quebecers, and our victory must be overwhelming. To the arrogance of the No side, Quebecers will oppose the determination of a people creating a country for itself.

S. O. 31

● (1405)

To the insults cast by those who do not want Quebec to become a country, Quebecers will respond by presenting their blueprint for nationhood to the Prime Minister who wants to “clobber them” and showing the clear-mindedness and serenity of a people looking to the future.

Despite all the opposition from individuals displaying inordinate arrogance, Quebecers are about to say Yes.

* * *

[English]

MEDICARE

Mrs. Sharon Hayes (Port Moody—Coquitlam, Ref.): Mr. Speaker, the Canadian medicare system needs an overhaul. We Reformers believe the best way to overhaul a system is through respecting provincial jurisdiction and granting provinces and Canadians choice and flexibility.

With an Ottawa imposed deadline looming over Alberta, it has been reported that the federal government may now be willing to allow private clinics. What happened to the infamous line in the sand the Minister of Health proclaimed in Victoria? Has she decided to erase it? Why the flip-flop?

Last week in this House the minister stated: “To date the Canada Health Act has been extremely flexible in allowing for change within different provinces”. If that is true, why the need for deadlines threatening financial penalties? Based on her statement, I would expect the minister to accept Alberta’s decision to deinsure tax funding of abortions.

The minister cannot have it both ways. Either she will allow for genuine choice and flexibility in the health care system that works for all Canadians or she will continue to adhere to an outdated piece of legislation.

* * *

CANADA

Mr. John Harvard (Winnipeg St. James, Lib.): Mr. Speaker, let us talk success. Let us talk about the success of Canadians, who are often shy about their accomplishments.

There is no reason why we Canadians cannot and should not be proud of our record. Other nations recognize our worth and value and so should we. Now is not the time to overlook, ignore, or forget just how great Canada really is.

We cannot forget that for two years running Canada has been ranked by the UN as the best place in the world to live. We cannot ignore in calculating a nation’s wealth that the World Bank places Canada second in the world.

And let us not overlook the fact that at the Beijing conference on the status of women Canada received the global award for the most improvement in the status of women for progress made in the last decade. This award was given by the International Federation of Business and Professional Women. Canada has demonstrated to the world its commitment to ensuring legislative changes that enhance and guarantee the position of women.

These plateaus have been achieved by Canada for all Canadians. Let us stand up and recognize all that we as Canadians have achieved together.

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[Translation]

QUEBEC REFERENDUM

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, separatists are inviting Quebecers to vote at the upcoming referendum to decide on their future within Canada.

The question concocted by the separatist leaders includes two very distinct aspects. First, Quebecers are asked if they want to separate from Canada; second, they are asked if they want to be economically and politically associated with the country that they are asked to leave.

The absurdity of all this is not so much in the wording of the question, as in the fact that separatists refuse to let Quebecers know about the details of such an association before the referendum.

A proposal for an economic and political association with Canada simply cannot be implemented the way separatists are suggesting. The public will not be fooled by such trickery and will vote no on October 30.

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SALOMON BROTHERS

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General, Lib.): Mr. Speaker, during the last election campaign in Quebec, the PQ leader often rejoiced over comments made by Salomon Brothers on the election of a separatist government and an eventual referendum. The firm said: Moreover, contrary to current rhetoric, the end of the debate on Quebec’s separation will benefit Canada and Quebec, regardless of whether they remain together or separate.

Mr. Speaker, that same firm, which the PQ leader was so happy to quote back then, just advised its clients to sell their Quebec bonds and to wait until the eve of the referendum before buying them back, so as to take advantage of the better interest rates which will be generated by the political insecurity that will prevail.

Salomon Brothers is doing what it should in trying to ensure that its clients make as much money as possible. As for the Quebec separatist leaders, they are only interested in their separation project and they unfortunately leave it up to the public to pay for the higher interest rates that will result from the insecurity generated by their separatist obsession.

S. O. 31

BOMBARDIER INC.

Mr. Laurent Lavigne (Beauharnois—Salaberry, BQ): Mr. Speaker, last week, Laurent Beaudoin, the president of Bombardier, felt that Quebec was too small for a multinational like his. It is rather ironic to hear those who owe their success to Quebec solidarity treating us as incompetents.

• (1410)

While Switzerland and Sweden, each with about the same population as Quebec, have more than twenty multinationals of this calibre, in their opinion, Quebec will not be up to it.

A sovereign Quebec, which will rank fifteenth as a world economic power, nothing less, will not be up to it—what an idea. Who do they think Quebecers are anyways?

While the No camp, those who advocate the status quo and stand-patism are shrinking, reducing and crushing Quebec, the Yes camp, the camp for change, believes in Quebec's and Quebecers' potential and is betting on the young and their future.

* * *

[English]

ORGANIZED CRIME

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, Canadians continue to hear news that causes them to fear for their safety.

It was reported this morning that the Hell's Angels motorcycle gang is claiming that they have rights over certain turf areas. One wonders if the recent weak-kneed response to native occupations has given lawless groups the idea that territory in our country is up for grabs by terrorists.

When an 11-year-old is killed in gang war crossfire, the Liberals' red book promise of "safe homes, safe streets" rings increasingly hollow.

Some 12,000 people from the Montreal area have signed a petition calling on the Solicitor General and the Minister of Justice to enact legislation aimed at breaking the power of organized crime and protecting innocent citizens.

The Reform Party urges the Liberal government to vigorously enforce the existing laws and to take decisive steps to stamp out the growing tyranny of lawlessness in our country.

[Translation]

CONSEIL DU PATRONAT DU QUÉBEC

Mrs. Pierrette Ringuette—Maltais (Madawaska—Victoria, Lib.): Mr. Speaker, the Conseil du patronat du Québec has just released the results of a major survey it conducted among 418 of its corporate members, including almost all of the one hundred largest private businesses in Quebec.

It reveals that 88 per cent of the respondents will vote no in the referendum and 87 per cent of them are not in favour of Quebec sovereignty. Ninety per cent of the corporate members said that a yes vote in the referendum would result in very significant costs for Quebec. Like the vast majority of Quebecers, business leaders wonder what advantage there is for Quebec in separating from Canada.

For these businesses, which are real job creators, Canada remains unquestionably the best strategic choice for Quebec's economic, social and cultural development.

* * *

STUDIES COMMISSIONED BY THE GOVERNMENT OF QUEBEC

Mr. Mark Assad (Gatineau—La Lièvre, Lib.): Mr. Speaker, the daily, *Le Soleil*, reported in its February 14, 1995 edition that the head of the Quebec public service and secretary general of the Quebec government's executive council, Louis Bernard, had asked all deputy ministers last November to carry out detailed studies on the goods and services the federal government provided Quebec.

The purpose, for Mr. Bernard, was to find out how government functions would have to be reorganized so that the Government of Quebec could take over from the federal government before Quebec became sovereign. An initial draft of the study was to be delivered to Mr. Le Hir by the end of the month. That was in February.

Over seven months after the secretary of the executive council made his remarks, these studies by officials of the Government of Quebec remain shrouded in utter secrecy. Where is the so-called transparency of the—

* * *

[English]

CAPITAL PUNISHMENT

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, on April 25 the Minister of Justice said in the House: "The Canadian Police Association, representing 35,000 frontline police officers, has now joined with the Canadian Association of Chiefs of Police in asking the government to enact legislation including the registration of all firearms. They know what is in the public interest. They know it is consistent with public safety. Let us get behind the police".

Does the minister now stand behind the police, or does he abandon them when they disagree with his own personal and political ideology? The police are now calling for the reinstatement of capital punishment and the repealing of section 745 of the Criminal Code. The minister has rejected this request.

If the justice minister no longer considers the police opinion valid, will he at least listen to the public? Will he listen to the 69 per cent of Canadians who support the return of capital punishment?

ORAL QUESTION PERIOD

• (1415)

[Translation]

UNEMPLOYMENT INSURANCE

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, the federal government steadfastly refuses to unveil its plans and keeps postponing the tabling of its social program reform. Clearly the government wants to keep these cuts under wraps until the referendum. We know that the federal budget announced additional cuts of more than \$1.5 billion in the unemployment insurance plan, but the details are still being kept secret.

My question is directed to the Prime Minister. How can he initiate the most massive cuts ever in our social programs, including unemployment insurance, cuts that are tantamount to repudiating the social equity that millions of Quebecers and Canadians depend on?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, more than a year ago, the Minister of Human Resources Development tabled a green paper in this House. He then conducted consultations with the opposition and members of his own party, followed by consultations with the public and with the provinces. In the February budget, the Minister of Finance clearly set out the fiscal parameters for a federal program review.

All this is public knowledge. We intend to go ahead with the reform, because everyone in Canada agrees that the application of the Unemployment Insurance Act must be changed to adjust it to current economic realities. The Minister of Human Resources Development is now looking for a better way to use this money and make it easier for Canadians and all the provinces, including Quebec, to find jobs and to specialize in order to be better able to find work after a period of unemployment.

Oral Questions

We are not like one of the coalition members, Mario Dumont, who said in the May 1 issue of *Actualité* that he would even go so far as to say that unemployment insurance should be privatized. I do not know whether the Leader of the Opposition or Mr. Larose agree with what Mr. Dumont said.

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, Quebecers face a fundamental choice, the choice of the kind of society they want. I think they have the right to know what kind of society this government has in mind.

And among other things, I want to ask the Prime Minister whether we are to understand—and why not admit it, everyone knows—that the minister wanted to carry out the reform and that it was constantly postponed because of the referendum in Quebec. Why will the Prime Minister not admit that the reason for these successive postponements is that the government made the deliberate decision to put off announcing the dramatic cuts that will be inflicted on Quebec's unemployed because of the referendum?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, these reforms will affect all workers in Canada. The impact will be exactly the same in all provinces, including Quebec, so this can hardly be used to argue that we are going to treat Quebec workers differently from workers in other provinces. The reform will be exactly the same, and, as I explained earlier, we have been working on this program for a long, long time.

We never knew the exact date of the referendum. In fact, we expected a referendum in June. Now, according to the latest news, it will not necessarily be October 30. I do not know. The writs have not been issued. So the Minister of Human Resources Development is not operating in terms of the potential date of a referendum that is not yet official.

We know there is considerable debate among the Yes side on whether or not they should go ahead. In any case, we are ready, and Canada will win.

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, the Prime Minister said that the forthcoming reform will affect all workers. First of all, this is an admission that all the unemployed in Canada will be affected. We know that now. Second, we know that unemployed workers outside Quebec will not be asked to vote on their political future at the end of October.

I think he should understand that we now know what he meant, when he promised he would make us face the music. Is it not obvious to him as it now should be to everyone, that Quebec's unemployed workers will be the first to face the music, the kind of music the Prime Minister promised them, to the tune of more than 40 per cent of the new cuts, which represents nearly \$600 million?

Oral Questions

• (1420)

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, the way in which the workers in Quebec, the workers throughout Canada, will be most directly affected is by programs that give them real support to get back to work; give them real tools to find new jobs; give them the kind of support to get them into the labour market in a way that they have not been able to do up to now.

Even the Quebec government, when it is not debating separatism, comes forward with proposals. It had to change its social programs in order to help people find employment. It admits the old passive benefit programs do not work the way they used to.

It strikes me as very strange and very odd that the Leader of the Opposition who on Sunday was saying that he is a member of the group for change is now defending the status quo. He wants to maintain unemployment. He wants to maintain benefits that do not help people get back to work.

If he is really interested in real change then he should be supporting initiatives that the government wants to take to give Canadians the right to have the dignity of work throughout Canada.

[Translation]

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

Despite all the efforts made by the Operation Unity centre to hide from Quebecers the devastating cuts the federal government is about to impose on the UI program, a secret document on this reform package from the minister's office was leaked to and made public by CNTU president Gérald Larose.

One of the things proposed in this document is to raise from 15 to 35 the minimum number of hours of work per week needed to qualify for UI benefits.

Does the minister admit that his reform will be especially hard on the thousands of women who work part time or on call, by depriving them of UI support?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, the mistake the hon. member makes is to treat this document as if it has validity.

The government has not made any decisions yet on the nature of the reform. What is being talked about is some speculation released by the head of the CSN that has no validity in terms of the actual package of reforms to be proposed.

One of the stated objectives of the reforms, as we have said right from the very beginning, is to broaden the coverage of the unemployment insurance program to ensure that the new world of work, which includes a lot of people engaged in non-standard work, would now have more security and better protection. That is a commitment to which I intend to hold.

[Translation]

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, the minister did not say anything about improving benefits for the people who need it; he just talked about cuts. And your mandate is to cut at least another \$1.5 billion in addition to the \$1 billion you have already cut.

Does the minister at least admit that the women who will be especially hard hit by this proposal you are trying to hide will have to work twice as long to qualify for UI benefits and that, if they cannot do so, they will end up on social assistance or be unable to find a way out?

These women have a right to know what the Canada of tomorrow will be like if they vote No.

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, the Canada of tomorrow will be a Canada where all Canadians, including women, are treated with a great deal of fairness, equity and compassion.

Before the House of Commons right now is legislation dealing with employment equity. The hon. member knows that the government is trying to ensure that the barriers which prevent women from getting full and equal access to the workplace are reduced. She stands up and somehow denies the very initiative that we are proposing today in the House of Commons.

The hon. member takes as gospel a speculative piece from some union leader and says that is the truth when in fact I have sent to her office 24 different studies of evaluations of the UI system that show it does not work.

• (1425)

The Speaker: Colleagues, I would ask you to address the Chair at all times and not to use any props in the House.

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, my question is for the Minister of Human Resources Development.

For the past two years the Minister of Human Resources Development has been delaying every meaningful initiative in his department. Much promised reforms to social security have been gathering dust. The white paper on aging is growing older by the day. To top it off, this weekend we learned that changes to the UI system will be delayed until after the Quebec referendum. The system was in a mess two years ago when the minister took over the department and it is in even more of a mess now.

Why all of the delays? Is it because of the referendum or is the minister just unable to come up with any innovative ways of solving the problems in our social programs?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, let me answer the question by way of specific example.

This morning I was able to announce with the Minister of Justice and the Solicitor General of Canada that we have introduced, along with the chiefs of police of Canada and representatives of all the school boards, a major program of youth employment which will involve hundreds of young Canadians working with local police to deal with the issue of public safety. That was an initiative which we took that makes a difference.

A few months ago we announced a new program of student loans and grants to help young Canadians gain access to universities. We announced a total reorganization of our department to decentralize its activities so we can deliver programs at the local level.

The reform is already under way. I just hope the hon. member will wake up and smell the roses.

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, by refusing to act immediately on such an important national issue, the Minister of Human Resources Development is being used as a separatist pawn. The government should have the courage to challenge the separatist confusion head on and stop playing hide and seek with the national agenda. That is what Canadians are worried about.

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I thought the leader of the Reform Party was the separatist pawn.

What Canadians really want is to get a program that works really well. That means taking the time and the interest to put together a combination of initiatives which will help people get back to work, will give us an unemployment insurance system that is sustainable and payable over the long term and which will enable Canadians to make the kind of choices they want to make in the labour market. That is what Canadians really want.

We started with a public process of consultation. We have received the views of hundreds of thousands of Canadians. Now we are putting down the details and working on it. When it is ready, when we have the best package possible, that is when it will be presented to the House of Commons.

Oral Questions

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, I am asking the Minister of Human Resources Development to end the confusion and to put an end to the separatist propaganda by announcing concrete proposals for UI reform.

[Translation]

Quebecers are telling us that the status quo is not working, that they are not interested in it. The minister has an opportunity to show the people of Canada, including Quebecers, that we will have the chance to work on a renewed federalism.

[English]

It is the Liberal and Tory do-nothing approach to government that Quebecers and all Canadians are tired of.

When the minister has a chance to offer Canadians positive, non-constitutional change, why is he sitting on the sidelines afraid to make a move? Why does the minister not grab his glove and get into the game?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, if the hon. member is really concerned about ending separatist propaganda she should stay tuned for October 30. It will be all over at that time and we can get on with building Canada.

The best way in which the hon. member can make a contribution as the new spokesperson on this matter is to start putting forward her own proposals on behalf of her party. I suggest to the hon. member that we are working on developing the specifics.

• (1430)

The member is quite right. The best way we can redefine this country is to do it day by day in the actions we take. It is one reason that as a government we had the initiative to start a major public process so Canadians would know where we wanted to go and could be involved in the process. We consulted broadly and widely. Now we are working on developing the details.

I wish the Reform Party, which so far has absented itself from any discussion that makes any sense, would be the first to participate in this new kind of Canada.

[Translation]

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development. The confidential document from the minister's office on unemployment insurance reform the federal government wants to keep hidden from Quebecers proposes nearly a 20 per cent reduction in the unemployment insurance cheques of seasonal workers.

Does the minister acknowledge that if he were to make his true intentions with respect to these unemployment insurance cuts known now, seasonal workers would become aware that they will be getting less money for a shorter period of time?

*Oral Questions**[English]*

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, the hon. member has once again demonstrated that trying to pose a question based upon a half-baked document and speculative logic and premise simply results in confusion. I will try to clarify it with my answer and I would suggest the hon. member pay attention.

We had a special report commissioned to look specifically at the issue of seasonal work in Canada. There have been a number of specific recommendations from that report and we will be acting on those recommendations.

[Translation]

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, does the minister confirm that he is coming back again to a scheme with two classes of unemployed, heavily penalizing seasonal workers because they will be considered from now on to be chronically unemployed and will receive reduced benefits? Is he aware of this? Is he prepared to admit it?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): No, Mr. Speaker.

* * *

HEALTH CARE

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, my question is for the Minister of Health.

According to federal government sources, the minister is now considering erasing the government's line in the sand on medicare by allowing private clinics. This is to occur only under certain ambiguous conditions. Will the minister confirm today her intention to allow private clinics? Why the flip-flop?

Hon. Diane Marleau (Minister of Health, Lib.): Mr. Speaker, there has been absolutely no change in this government's policy. I would refer everyone to the letter of interpretation which went out on January 6, 1995. That still stands.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, it seems ironic to the Canadian public that this minister and the government have lost the total moral authority to impose their will on the provinces. The provinces are no longer willing nor will they accept orders from Ottawa. The federal government is trying to get out of the corner it has painted itself into. It is nothing more than a sorry attempt at face saving.

Has the minister conceded to the fact finally that the Canada Health Act is not working? Will she give us a date today in the House when she will conduct an open, full review of the Canada Health Act?

Hon. Diane Marleau (Minister of Health, Lib.): Quite the contrary, Mr. Speaker, the Canada Health Act works. Medicare works for Canadians. During the 1993 election this party which formed this government stated in its platform that it would uphold the Canada Health Act. We are keeping our promises.

Let me remind you of what the Reform Party said before the election. I quote: "I want to make it absolutely clear that the Reform Party is not promoting private health care deductibles or user fees". That was Preston Manning in the Toronto *Star* on October 2, 1993 and after the election: "We want to amend those sections of the act that deny the provinces flexibility to require some Canadians to pay at least a portion of their health care costs".

Mr. Speaker, we keep our promises.

• (1435)

The Speaker: Where possible, would hon. members please refer to members by their riding.

* * *

*[Translation]***UNEMPLOYMENT INSURANCE**

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the Minister of Human Resources Development's responses would give one the impression that he has a present in mind for Canada's unemployed. Yet we know that the discussion paper, a virtually final document, one that originates in his office, calls for limiting access to unemployment and limiting the duration of benefits, as well as paying less benefits to the chronically unemployed.

If his project were as great as all that, do you not think that he would release it before the Quebec referendum? We know those guys. If the Minister of Human Resources Development is hiding his project, it is because it contains cuts.

Does the minister confirm that the order he received from the Minister of Finance in the last budget to cut at least \$1.5 billion from unemployment benefits still stands and that his project responds to that order?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, the answer to the question is obvious. The budget document of last February said that we want to achieve a 10 per cent savings in the existing unemployment insurance system so that we can convert those savings to the help and development of employment in this country. That was the whole purpose and is what the budget stated.

The hon. member would be much better off if he would read the entire budget statement and not half of it, just as he would be if he would stop using speculative, partial, piecemeal documents to try to justify his own case. In both instances I suggest that he should expand his reading.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, are we to understand that, if the Minister of Human Resources Development is going to so much trouble to conceal from the unemployed, the unemployed in Quebec in particular, that they will have to face the music, to use the Prime Minister's phrase, with the reform being planned for them, it is because he wants to conceal from Quebec's unemployed what is awaiting them in Canada, if ever they decided to vote no, which will not happen?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, if I were the hon. member I would not be talking about hidden documents. It is a bit of a sensitive point with his party.

We have been totally open in this process. We first tabled a major consultation book. Consultations involved over 100,000 Canadians. By the way, during those consultations it was very clear that over 64 per cent of Quebecers were in favour of major significant reform of the Unemployment Insurance Act. They have already said they want to have major changes.

We have since gone through and tabled major reports on seasonal workers. We have had the House of Commons report and recommendations. We have just released 24 different studies by independent experts dealing with various aspects of the unemployment insurance program.

I would suggest that we cannot get much more open and much more clear in what we want to do than that. What we really need is to get off of the agenda of separatism and get back on the agenda of jobs.

* * *

THE SENATE

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the Reform Party fully endorses an elected Senate. Not more than two and one-half weeks ago we called for the two vacant Senate seats in the Atlantic to be filled by an election. Even the Liberals endorsed the concept of an elected Senate although it was in a rather emasculated form in the Charlottetown accord. Given all of the above, why did the Prime Minister not use this opportunity to change the upper house from one of a House of patronage to a House that would be truly representative of Canadians?

Oral Questions

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I voted in a referendum that included reform of the Senate which required senators to be elected. The hon. member and his party voted against it.

• (1440)

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, I would suggest that maybe the Prime Minister is trying for the function of comedian instead of Prime Minister. He knows that the Charlottetown accord proposal was weak kneed and totally ineffective.

Why did the Prime Minister not take the opportunity to work with the provincial premiers and get an elected senator, the same way they did in Alberta with Senator Stan Waters? Why did he go the old patronage route? Is he simply trying to keep control over the entire parliamentary process like a dictator?

The Speaker: My colleagues, I would suggest that the language is getting very, very close to being unparliamentary. I will permit the right hon. Prime Minister to answer if he so wishes.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we had an agreement with all the premiers about an elected Senate and the hon. member and the Reform Party voted against the agreement in the Charlottetown accord.

* * *

[Translation]

UNEMPLOYMENT INSURANCE

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

The unemployed will be severely affected by cuts of at least \$1.5 billion in the unemployment insurance plan as of next year. Quebec alone stands to absorb more than \$600 million worth of cuts. These will be felt particularly in regions with a high proportion of seasonal workers, whose benefits will be reduced, since from now on they will be treated as second class unemployed workers.

Does the minister realize that by making Quebec alone absorb \$600 million in cuts in unemployment insurance, he is practically putting whole regions like the Saguenay—Lac—Saint—Jean, Abitibi—Témiscamingue, the North Shore, the Gaspé and the Saint—Maurice area on welfare?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I believe I have already answered the question which has been asked several times.

Oral Questions

The answer bears repeating. The present unemployment insurance system is not working very well. Since 1983 until 1993 we have seen its costs go from \$8 billion to up to \$20 billion. We found that in many cases it discourages people from taking more work. It is not providing the kind of resources people need to get back into the job market. It does not provide the kind of encouragement and the kinds of tools that are needed.

Other countries around the world spend 30 per cent or 40 per cent of their labour market money on active employment measures. We spend 16 per cent. The fact is we want to make a change in the program to give a much stronger emphasis to the opportunities for employment.

It strikes me as increasingly strange. Members of that party continually say they want change, they want improvement, but when they have an opportunity to make changes that will help people get back to work, they say absolutely no. It is too bad they do not say no to the referendum and yes to unemployment insurance changes.

[Translation]

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, if his reform is so good, he should table it now, so we can look at it and make up our minds beforehand.

My supplementary is directed to the Minister of Finance. Would the minister confirm that the target he has set for his colleague at human resources development with respect to next year's cuts in the unemployment insurance program is still at least \$1.5 billion?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, it is quite clear, as the Minister of Human Resources Development said, that what we really want is to create a springboard for job creation. That is the basic purpose of these reforms. The minister said that the money would be reinvested in proactive programs in order to put Quebecers and Canadians back to work.

Now I would like to ask the hon. member, who keeps talking about hidden agendas, why the Bloc, why the separatist movement refused to publish a study by Georges Mathews which shows that the deficit will triple. Why will the Bloc Quebecois and the PQ not put the partnership offer on the table? Because it is an empty shell? Because they are not sincere?

Mr. Speaker, yes, there is a hidden agenda, the agenda of a separatist movement that is afraid of the truth.

* * *

[English]

HOUSE OF COMMONS

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, my question is for the chair of the Standing Committee on Procedure and House Affairs.

• (1445)

I am dismayed by the pattern in this House and in committee of sexist and racist comments that demean all members of Parliament. The last election greatly improved the representation in this House of people who represent the diversity of Canada.

Could the chair please tell me what measures are being considered by his committee to demonstrate and ensure that those MPs who demonstrate sexist and racist behaviour are dealt with most seriously?

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am sure that all members of the committee are striving to make this House a more welcome place for persons who represent the diversity of this country.

To that end, at our meeting in June of this year a discussion took place in the committee about the advisability of adopting more rigid rules in respect of members who abuse their freedom of speech in this House by using abusive, racist, or sexist language. In that regard, we studied briefly and intend to go back to studying the examples set in other jurisdictions where for example members are suspended for a more extended period than is now the case, where there is a loss of pay for members who engage in this kind of conduct, where there is a loss of travel and telephone privileges in respect of those members, and where there is expulsion from the parliamentary precinct, not just from the House, for members who engage in this kind of conduct. All those matters are being considered by the committee at this time.

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CRIMINAL CODE

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, Claude Forget, a cop killer, was convicted five months ago of shooting two Montreal police officers while he was unlawfully at large. Because this justice minister refuses to get tough with hard core criminals, Forget could be set free following a parole hearing.

Since the justice minister believes a harsher sentence for hate crimes will act as a deterrent, when will the minister enact harsher penalties to deter criminals from shooting police officers?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the hon. member in his question is not fair to the facts. There are already in the Criminal Code penalties, including life imprisonment for the kind of crime to which he has referred.

The Forget case on its own facts involves an issue having to do with the calculation of sentences. As the hon. member well knows, Bill C-45, which is already before the House, the Solicitor General's bill, deals with many of the issues presented by that case.

Oral Questions

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, what it really deals with is a weak-kneed Liberal system.

The Solicitor General's press office says there is nothing that can be done to prevent Forget from having a parole hearing in just a few months.

If this Liberal government can pass retroactive legislation nullifying the Pearson airport contract, why does the Solicitor General believe a parole procedure change cannot be enforced retroactively for dangerous current criminals?

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General of Canada, Lib.): Mr. Speaker, I would like to acknowledge the fine contributions made by the hon. member in committee. I would also like to remind the hon. member that we have a mechanism in place. We have the National Parole Board, which is going to review that case, no doubt. I am sure that a number of the concerns raised by the hon. member as well as the victims will be taken into consideration when this will be deliberated by the National Parole Board of Canada.

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[*Translation*]

UNEMPLOYMENT INSURANCE

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

The minister foresees requiring young people to work 26 weeks at 35 hours a week in order to be entitled to unemployment insurance benefits if they lose their jobs.

Given that young people already have difficulty finding stable employment and have to go from one contract to another in order to survive, will the minister not acknowledge that his proposal will deny them the support of unemployment insurance and keep them out of the labour market? Is this what the federal government has in store for young people the day after a no vote?

[*English*]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I will give an example of what the federal system is doing for young people to help them get employment.

We have worked out a series of partnerships with the private sector where we are able to provide internships this year for close to 25,000 young Canadians to get major training as they move from school to work. We are investing our money in developing good skills to meet the job requirements so that they can make that important bridge between formal education and the workplace.

• (1450)

Fortunately, I was able to work in co-operation with the ministry of education in Quebec and Chrysler Corporation just a month ago to sign an agreement that will give us a new program of internship on car maintenance and repair in Quebec through a partnership. That illustrates how if we work together in partnership we can really help our young people, as opposed to always trying to split things apart.

[*Translation*]

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, despite the minister's fine words, the level of unemployment among young people has hardly gone down since the last federal election, and young people did not benefit from the slight increase in employment in 1994. In Quebec, the number of young people on welfare has remained at 75,000 since the last federal election.

Will the minister acknowledge that young people need help between jobs and not a push into social assistance?

[*English*]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, just to make sure we have the facts clear, in the province of Quebec in the month of August the social assistance rolls dropped by 13,000. So when the hon. member says that nothing is being done to help them, we are investing.

I would remind him that just last summer we signed an agreement worth \$80 million with the Government of Quebec to help people on social assistance, including young people, to get jobs, to get training, to get back in the market. That is something that did not happen under the previous administration, of which the hon. Leader of the Opposition was a member. We were able to do it. We were able to get an agreement and we are helping 25,000 Quebecers get back to work today because of that agreement.

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GUN CONTROL

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, my question is for the justice minister.

On December 7, 1994, the minister, in response to my question in the House regarding consultation between the minister and the provinces on the gun legislation bill, said that "consultation was engaged in continuously with officials in the offices of every provincial and territorial attorney general—every one of them".

In light of the collective opposition of Alberta, Manitoba, Saskatchewan, the Northwest Territories, the Yukon, and B.C., as revealed this summer, does the minister still stand by that answer?

Oral Questions

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Of course I do, Mr. Speaker.

First, let me say that I do not accept the premise of the hon. member's question. I do not agree that all of the governments he has referred to are against the bill. Second, as I said last December, we engaged in continuous consultation with the officials of provincial governments as we went about preparing that legislation. The mere fact that some of them, for their own reasons, have found parts of the bill they do not agree with is no proof that consultation did not occur. It certainly did.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, three of the attorneys general named in my earlier question appeared before the standing committee and said that they were not consulted. The aboriginal groups, as well, said that they were not consulted.

Through clause 103 of Bill C-68 the Minister of Justice has granted the federal government the power to initiate proceedings under the Criminal Code, which is clearly an incursion into provincial jurisdiction as guaranteed under section 92 of the Constitution. Did the minister gain the consent of the provinces before expanding the federal government's criminal law powers into traditional provincial jurisdiction?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, it seems to me symptomatic of the very tired and lifeless condition of the hon. member's crusade against this legislation that he is trying to revive an issue that was fully debated last year and put to rest with the facts. The facts are that there was consultation. There has been consultation throughout this process, both with provincial governments and with aboriginal organizations. If the results are not pleasing to the hon. member that is too bad, but it does not mean that meaningful consultation did not occur.

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LAND MINES

Mrs. Jane Stewart (Brant, Lib.): Mr. Speaker, my question is for the Minister of National Defence.

Today in Vienna members of the world community are coming together to begin another round of talks on the United Nations protocol for certain conventional weapons, including land mines. It was reported in the media today that the Ministry of National Defence does not support a ban on land mines. I would ask the minister if he could tell the House the government's policy on this controversial issue.

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, we as a government are committed to taking action with respect to land mines, but we have to realize that until such time as all countries in the world deal with this very difficult problem, in national defence we have to have contingencies as part of the defence doctrine.

• (1455)

Our objective at the conference in Vienna is to put in place an effective framework for implementation and to work toward the day when all of these land mines will be eliminated.

* * *

[Translation]

UNEMPLOYMENT INSURANCE

Mr. André Caron (Jonquière, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

The confidential document issued by the minister's office on the UI reform the federal government is trying to hide from Quebecers contains proposals to further restrict access to unemployment insurance and bring down the maximum number of benefit weeks from 50 to 45.

Given that the 1994 UI reform has already driven nearly 5,000 Quebec families to seek social assistance, will the minister recognize that any further cut is simply forcing more and more unemployed onto welfare? Is that what the minister has in store for Quebec voters if they vote No?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I have two responses.

First, the hon. member is wrong in suggesting this is a cabinet document. There is no document. In fact I have never signed that kind of a document and I have not presented to cabinet my proposals for reform.

I know what the separatists are trying to do: they are trying to manufacture something out of a document. But I can say to the hon. member that he should not be using that kind of speculative paper as the basis for any kind of argument because it is simply not based in fact.

Second, I would point out to the hon. member that included in the changes we brought in last year was a special measure that would provide direct assistance to the lowest-income UI users. As a result of that reform, over 400,000 Canadians, including over 100,000 Quebecers, are receiving an additional \$1,000 a year. This shows our commitment to help the lowest-income people in this country.

[Translation]

Mr. André Caron (Jonquière, BQ): Mr. Speaker, in light of the request the minister has received from the Minister of Finance, will he admit that the federal government's sole objective is to curb its deficit at the expense of UI and welfare recipients through UI reform and cutbacks on transfers to the provinces?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, of course not. The hon. member knows much better than to say that.

We have said right from the very start that we have a mandate from the people of Canada to help create jobs and get people back to work. At the centre of that initiative is a need to change a piece of legislation that has not had any major modification for over 50 years. It no longer relates to the kind of world of work we are in.

Enormous changes have gone on in the workplace. We want to modernize that system, upgrade that system, improve that system so that people have a better chance of getting employed. That is the fundamental purpose of the reforms we are initiating.

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PEARSON AIRPORT

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, from the beginning the Pearson airport contract has been a conflict of allegations and facts.

The latest allegation is that the Prime Minister discussed Pearson and solicited funds from Jack Mathews. The facts are that as soon as the alleged evidence of the Prime Minister's involvement surfaced an offer worth \$325 million more than Terminal 3's value was floated, which if accepted would conveniently end the newest allegation.

My question is for the Prime Minister. Does he not agree that this latest allegation is serious and that paying off people without a full public inquiry, which I have been requesting since the beginning of this fiasco, would lead to an assumption of guilt?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, the sad saga of the hon. member's campaign to try to defend an indefensible deal is pathetic.

In this situation I want to quote directly, because the allegation the hon. member made last week and is repeating again today about the potential for the purchase by the government of Terminal 3 has been refuted not only by the government. Jack Fleischmann, speaking for Claridge president Peter Coughlin, said: "The idea of selling the terminal may have been raised casually, but never in a serious way. To characterize it in any way as serious or semi-serious is just ridiculous."

The hon. member should check with members of his party. I do not really believe that anybody other than the hon. member in the Reform Party supports the Pearson deal.

Oral Questions

TOBACCO

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, my question is for the Prime Minister, who like all members is shocked by the fact that 45,000 Canadians die each year as the result of illnesses related to smoking.

Will the government stop giving the tobacco companies special treatment and include them under the Hazardous Product Act?

• (1500)

Failing that, will the Prime Minister invoke the notwithstanding provision of the Constitution to overrule the recent decision by the Supreme Court? Surely 45,000 deaths a year is a good reason to use the notwithstanding clause.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Minister of Health replied to that question last week. We are looking at all the options. We thought it was a good idea to ban the advertising of these products in the media. The supreme court ruled it was not constitutional.

We are now looking to see what can be done and if we can change it. There was some indication in the judgment where the judge perhaps gave us some options. The Minister of Justice is looking at the judgment at this time along with the Minister of Health. When we have an answer we will be happy to report to the House of Commons.

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[Translation]

SCHOOL DROPOUTS

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, my question is for the Minister of Human Resources Development, who claimed this afternoon to share or have concerns about the younger generation.

If that is so, I would like to know why his government cancelled the Stay-in-School program designed to fight the problem of school dropouts, a problem so important that his own colleague, the Minister of Finance, criticized the Quebec government last summer for not paying enough attention to the problem of school dropouts.

Why did his government cancel the Stay-in-School program then?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I am pleased to answer the hon. member's question. I remind him he was a member of the administration in the previous government and he would know the stay in school program was funded by the previous government only for a five-year time limit. It was sunsetted after five years.

Routine Proceedings

I extended it for an additional year in order to give us time to work with various private sector and community organizations to enable them to pick up the program. As a result of that extension we have been able to negotiate a number of agreements.

I am very pleased to announce we now have agreement with the new National Basketball Association franchises in Vancouver and Toronto which have continued to encourage the stay in school program as part of their community involvement. We now have the program continuing through the auspices of various important initiatives by the National Basketball Association and other community sponsors.

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MIDDLE EAST

Mr. Pat O'Brien (London—Middlesex, Lib.): Mr. Speaker, my question is directed to the Minister for International Trade.

We are all familiar with the rebuilding of infrastructure in the Middle East, especially given the improved peace initiatives in that region. We are also familiar with the important role Canada plays in Middle East affairs.

Could the minister tell us what Canada is doing to ensure we are proactive in pursuing opportunities for contracts in the rebuilding of infrastructure in the Middle East?

Hon. Roy MacLaren (Minister for International Trade, Lib.): Mr. Speaker, the question from the member for London—Middlesex is especially timely given the progress that has been made in the peace settlement process in the Middle East. Against that background the need for infrastructure and the need to sustain the economic development of the region is evident everywhere. It is in such products that Canada is eminently qualified to supply.

We reopened our embassy in Beirut in January, indicative of the commitment we are making to the further progress in the Middle East.

I also take this occasion to pay tribute to my parliamentary secretary, the member for Ottawa Centre, who has been particularly active in leading delegations and trade fairs to the Middle East.

* * *

PRESENCE IN THE GALLERY

The Speaker: I draw the attention of members to the presence in the gallery of a parliamentary delegation from India led by the Speaker of the Lower House, my brother Speaker, the Hon. Shivraj V. Patil.

Some hon. members: Hear, hear.

The Speaker: This concludes question period.

* * *

• (1505)

POINTS OF ORDER

QUESTION PERIOD

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I seek clarification and I am sure you will help me.

During the last question the member for Prince George—Bulkley Valley was standing. You, Mr. Speaker, named a member who was not standing at the time. Is this the way it is supposed to be?

The Speaker: It is a legitimate question. The hon. whips of all the parties were privy to discussions which went on as to how the Speaker will recognize various members during question period. That a member is standing does not necessarily mean the Chair will recognize that member.

The Chair has been provided with some guidance by the whips of all parties, and to the extent possible your Speaker tries to fulfil those wishes prior to going to any new members.

If the hon. member would like further clarification, I invite him to see me either in my quarters or here behind the chair in a few moments.

ROUTINE PROCEEDINGS

[English]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Milliken (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 three petitions.

* * *

COMMITTEES OF THE HOUSE

BILL C-64

Mr. Rey D. Pagtakhan (Winnipeg North, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the third report of the Standing Committee on Human Rights and the Status of Disabled Persons.

Your committee has considered Bill C-64, an act respecting employment equity, and has agreed to report it with amendments.

[Translation]

PROCEDURE AND HOUSE AFFAIRS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have the honour to table the 87th report of the Standing Committee on Procedure and House Affairs, which lists the members of the Standing Joint Committee on the Library of Parliament as well as the associated members of the Standing Committee on Aboriginal Affairs and Northern Development.

With leave of the House, I intend to move for concurrence in this report later this day.

[*English*]

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if the House gives its consent, I move that the 87th report of the Standing Committee on Procedure and House Affairs, presented to the House earlier this day, be concurred in.

(Motion agreed to.)

* * *

• (1510)

PETITIONS

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36, I wish to present a petition which has been circulating all across Canada. It has been signed by a number of Canadians from Alberta, B.C. and Manitoba.

The petitioners to draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession which has not been recognized for its value to our society. They also state the Income Tax Act discriminates against families that make the choice to provide care in the home to preschool children, the disabled, the chronically ill or the aged.

The petitioners therefore pray and call on Parliament to pursue initiatives to eliminate tax discrimination against families that decide to provide care in the home for preschool children, the disabled, the chronically ill or the aged.

JUSTICE

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, I am pleased to present a petition almost entirely from the city of Duncan in the riding of Nanaimo—Cowichan dealing with the citizens' concern about sexual predators, methods of sentencing, the justice system and the Young Offenders Act. They are asking the House to enact legislation to reform the justice system and the Corrections and Conditional Release Act.

ASSISTED SUICIDE

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Mr. Speaker, I have the honour to present to the House a petition signed by 30 individuals from my riding.

Routine Proceedings

The petitioners pray that Parliament ensure present provisions of the Criminal Code of Canada prohibiting assisted suicide being enforced vigorously and that Parliament make no change in this law.

OFFICIAL OPPOSITION

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I bring to the attention of the House a petition signed by people in Ontario and Nova Scotia.

They state the Bloc Quebecois is comprised solely of members elected from only some constituencies in the province of Quebec; that the Reform Party of Canada having only one less member in the House representing constituencies in five provinces and with constituency associations in every province of Canada more truly represents the interests of Canadians.

Therefore the petitioners call on Parliament to preserve Canadian unity, parliamentary tradition and to protect the rights of all people of Canada by prevailing on the Speaker of the House of Commons to recognize the Reform Party of Canada as the official opposition during the remainder of the 35th Parliament of Canada.

BILL C-68

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present today 26 petitions containing over 6,500 signatures. Despite the fact that Bill C-68 has passed the House of Commons petitions keep coming into my office. The people who have signed these petitions are reluctant to give up hope that the law will be amended or scrapped all together.

The petitioners believe the costs of the measures proposed within Bill C-68 have been severely understated and they feel the already strained resources of law enforcement agencies will be taxed beyond reasonable limits. They are therefore asking Parliament to carefully reconsider the problem of violence in Canadian society and enact legislation to deal with that problem without further burdening Canadian citizens.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Speaker: Is that agreed?

Some hon. members: Agreed.

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, I gave a question to the House over 17 months ago and I still have not received an answer. I would like to serve notice that I intend to transfer the question and raise the subject at the adjournment of the House.

The Speaker: Question No. 40 so transferred.

*Government Orders***GOVERNMENT ORDERS***[English]***EXCISE TAX ACT**

The House resumed consideration of the motion that Bill C-103, an act to amend the Excise Tax Act and the Income Tax Act, be read the second time and referred to a committee.

• (1515)

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I am pleased to have the opportunity to speak on Bill C-103. Nominally or technically the bill deals with revenue. It is an instrument to assist in the development of Canadian culture.

I want to take a moment to congratulate the Minister of Canadian Heritage for his foresight in this area, as well as his very able parliamentary secretary for her dedication to this issue and others in the area of heritage.

[Translation]

We heard a little earlier today the minister's eloquent speech about the advantages of this bill for an important component of the Canadian cultural industry.

We also heard the comments by a member from the Reform Party, and I must say that I could hardly believe my ears.

[English]

Some years ago I had the opportunity as a member of the Canada-U.S. Interparliamentary Association to attend a meeting with U.S. legislators, congressmen and senators of the United States. The issue of culture was on the agenda of that meeting.

It was interesting to hear the debate. At the time it was the film industry in the United States that was protesting quite loudly what it perceived to be certain rules in this country which did not allow it, in its view, the opportunity to do the amount of business it felt was the correct amount.

Today we heard a member from the Reform Party refer to some sort of cultural nationalism and cultural patriotism, describing the bill as being some sort of extreme right wing legislation.

[Translation]

Needless to say, those comments are totally unjustified. The purpose of this bill, which comes from the minister and not from some extremist supporter of Canadian nationalism, is to reassure this country's cultural industry that we want to help promote the growth of Canadian periodicals.

[English]

Coming back to the meeting with Canadian and U.S. legislators, those legislators at the time were telling us about the film industry. Obviously they had been lobbied very hard by groups in the United States. They explained to us how they had these provisions to deal with and how they were supposedly unfair.

I remember the answer of one of my colleagues at that meeting. It was something like this: "Would you as an American legislator tolerate it if 97 per cent of all the films shown in your country were made elsewhere? Would you tolerate it if you looked at films all day long, every day, all week for the rest of the year and never saw one single building, one single street or one single city located in your country?" They shook their heads and said: "No, we guess we would not".

This situation is similar. The member from the Reform Party who spoke about cultural nationalism and cultural protectionism, and those other adjectives he used, surely would understand that. Canadian cultural industries are not asking to dominate the world. They are asking to be able to operate and to enable us to see in magazines and periodicals the equivalent of what I described a little earlier of the problem in the film industry. It is the same thing. It is the same thing on paper.

I do not want to oversimplify the problem but I believe that is what we are seeing. The issue of magazines is important. Members across say that surely the government is not saying that the magazine industry is so uncompetitive or so derelict that it cannot compete elsewhere. That is not the issue.

• (1520)

There are economies of scale and entrepreneurs, particularly in the United States, are taking advantage of them. I did not invent, nor did the member opposite, the fact that the nation beside ours speaks the same language as the majority of Canadians and is 10 times larger.

That is the reality with which we live. We live beside a giant. It is not good, it is not bad, but it is there. Surely all of us understand that. I am sure the member opposite can. We should not pretend that we can compete—for specialty magazines particularly but for magazines over all—that we can lose the little bit of advertising revenue which we have, to people elsewhere and still be able to survive. I hope the hon. member is right in saying that we can do that everywhere. The reality is that the economies of scale make it very difficult for that to happen.

Last year I subscribed to a magazine about skiing. They sent me about eight monthly publications. I did not know it at the time, but the magazine in question, even though it had a post office box in Canada, was produced in the United States. Not one picture of a Canadian ski slope was in those magazines. Not one advertisement was for a hotel room or anything else that I could recognize. I did not subscribe again. I had absolutely no use for

it. However I did not know that at the time I subscribed to the magazine. These things are not obvious when we subscribe to those magazines. How are we supposed to know?

As communication develops more and more, the sophistication of the methods of advertising for some of these products also develops, such as the technique I have just described of periodicals using post office boxes. For some reason they always seem to be in the same town in southwestern Ontario. Now that I have subscribed to that particular magazine, I recognize the coincidence of so many businesses being located in a small village. Obviously they are not located there. A variety of methods are available to those businesses, such as using a post office box in Canada. An application is faxed by one person, probably on the Canadian side, to heaven knows where south of the border and then the people are put on a mailing list and the goods are shipped back this way.

We are facing these things in this industry and in a variety of others as well. It is not a matter of Canadians not being smart, which the hon. member of the Reform Party said underlined the position of the government. It has nothing to do with that at all.

[Translation]

That is why we must recognize the problem inherent in a legislative loophole that allows some magazines to publish a Canadian edition by inserting a number of pages or articles with so-called Canadian content in what is otherwise a totally foreign publication and then trying to pass it off as a Canadian product.

[English]

The split runs, as they are referred to, with components of a particular periodical being Canadian or perhaps nominally Canadian, do not constitute Canadian publications per se.

It is disconcerting that this bill is not receiving the support of all members of the House. We should be speaking with one voice about our Canadian cultural industry and about our Canadian cultural identity. That is the very least we could do on a bill which is perhaps to a degree housekeeping but to a larger extent is symbolic of what we must do as Canadians.

• (1525)

[Translation]

And I am disappointed by the position expressed by our colleagues from the Reform Party.

I will support this bill later when it is voted on in the House of Commons. In the few minutes we have left, I hope that the members opposite—that is to say, the members from the Reform Party—will think long and hard, examine their consciences and tell the Canadian people that we must act together in a concerted effort to protect Canadian cultural industries.

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[English]

We have a rich history and a strong cultural heritage. As Canadians we have not waved the flag very much. I am not an historian. I would love to say that I am, but I am a fan of history. If I was anything else but the MP for Glengarry I would probably have been kicked out of office if I was not a fan of history because the area I represent I like to say is the birthplace of Ontario.

Glengarry is an area familiar to the minister. A few months ago he was nice enough to come and dedicate the Sir John Johnson House, the building where, one could argue, Upper Canada was founded in 1784. I thank the minister for his visit. I wish all members could see this very important, historical village in my riding where great Canadians such as Alexander Mackenzie, Simon Fraser, John Thompson and many other northwest explorers all lived. This one community was the birthplace of the province of Ontario.

Mr. Milliken: Williamstown.

Mr. Boudria: Williamstown was named in honour of Sir William Johnson who was the leader in the Mohawk valley of the United States. The town was named by his son Sir John Johnson when he came to Canada as the leader of the United Empire Loyalist refugees, as they were known then, and the Mohawks. He was the leader of both. He came with them to Canada and named the town in honour of his father.

This is just one example of a strong, important cultural and historical site in the constituency that I represent. I have always thought that if Williamstown had been in the United States, not that I wished it were there, it probably would have been the equivalent of Gettysburg, a very important site. My point is that it is virtually unknown to many Canadians.

As Canadians we have not recognized the importance of many of the sites such as that, the artefacts and knowledge that is historical and cultural in its content.

Today we are discussing a bill which is not necessarily related to history, although I suppose it could be in the case of publications of that nature. However in a general sense it speaks to an issue which we should all stand up for today as Canadians, to the extent that we can in the House. I am speaking of the protection, preservation and enhancement of our culture and our heritage. I hope we will all do that later today when we vote on this bill.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I can assure the hon. member that our party stands up in favour of a strong Canadian culture. What we disagree with is how to get there.

• (1530)

I would like to pose a question to the hon. member. First, the hon. member talked about economies of scale. I think he would acknowledge that other industries over the last several years have utilized economies of scale but this has not meant the

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complete collapse of various Canadian industries. In fact what has happened, which I think he would acknowledge, is that many of those industries have grown stronger and have gone on to compete around the world.

Bill C-103 actually prevents that from happening for the Canadian magazine industry. I will give the member a perfect example of that. Télémédia, a Canadian company, which actually publishes *Harrowsmith* magazine out of the United States, had to be grandfathered into the bill so that it could continue to publish in Canada as well.

When this legislation is put in place, assuming it will be, in the future Canadian companies will not be allowed to publish out of the United States and then have it come back into Canada. In effect, it stops Canadian companies from expanding. To me, that is absolutely ludicrous. It shows how provincial and inward looking this legislation is.

I challenge the hon. member to defend that particular aspect of this legislation and ask him how that is going to promote Canadian culture around the world.

Mr. Boudria: Mr. Speaker, I believe the hon. member is wrong. He says that the economies of scale that exist in other industries have not hampered Canadian businesses from operating. Perhaps there are industries where that is true. Obviously such is the case. However, I challenge the member to find people in the printing business who would not agree with the proposition I am going to make and say that when we are talking about printing and distribution of documents, periodicals and otherwise, economies of scale are not important.

The small book publishers in Canada would agree that the economy of scale that exists south of the border has been very difficult for their industry as well. There is a company in my riding called Cormorant Books, which has published works from very famous Canadian authors. It always has this difficulty because of the huge size of the runs south of the border whereby one can publish books, perhaps not of the same quality. I think our authors are better. Maybe I am just a little biased in that regard. Notwithstanding, the fact remains that the cost of publishing per unit when we get into those absolutely large sizes south of the border is such that it makes it very difficult for the Canadian industry.

All this bill hopes to do is to provide the small incentive that will make it such that we can help our Canadian industry a little bit in the area of periodicals and magazines. It is not a sinister plot. It is not cultural nationalism or cultural whatever it was the hon. member referred to a while ago. It is simply a reflection of the reality that we can and we should as a society have this kind of an industry based in Canada for the benefit of Canadians.

Surely the hon. member would understand that. If he does not, perhaps his constituents or others can remind him of the benefits of what I have just referred to.

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, it seems to me that many of us in this House have been struggling since we first went to school and then university and participated in Canadian society about the way in which we define ourselves as a country, as a society, and ultimately how we survive in a world that is becoming in some ways a globalized world. You can put it as you like, but it would be unrealistic for us as Canadians not to recognize that we have a unique culture in this country. We must work hard to preserve the existence of that culture.

• (1535)

Our magazine industry is an essential component to the preservation of our culture because our magazine industry determines in some respect the news our citizens read. It determines the way in which our citizens perceive events. It determines our ability to reflect ourselves.

We have a very rich cultural expression in our magazine industry. There are many magazines published in this country, and many of them provide extraordinarily beneficial insights into where we are going as a country and where, if I may say from my own perspective as chairman of the foreign affairs committee, Canada should place itself in the world. Those are very important voices, which we must maintain. Those are voices we must encourage. Those are flowers that must be nourished if we are to survive.

We must recognize that if we allow our magazine industry to fail and after that our film industry and after that other industries, we as a country will be left without a voice, without an ability to express ourselves, without an ability to affirm ourselves here in this House, to affirm ourselves in our scholarly institutions, to affirm ourselves in our civic institutions.

I do not wish to overemphasize this, but the richness and diversity of our magazine industry is an important component to the existence of our cultural identity. We can be proud of the richness and diversity of that magazine industry and some of the magazines we are able to read.

The unfortunate fact is that our industry is not on a sound financial footing. The fact of the matter is that it does depend on advertising revenues. I have the figures here. It depends about 85 per cent on its advertising revenues. Our magazine industry publishes for a much smaller population base than its competitors from the United States.

This is where this bill seeks to do something. It seeks to redress a delicate balance with an enormous industry in the United States with tremendous export potential, with volumes against which we cannot compete in any way. I am sympathetic to the point raised by my colleague from the Reform Party that we have to recognize that there is an export component to this as

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well. However, there will be no export component to this if the industry does not survive here domestically first. We have to preserve the basics.

This bill does not seek to in any way give an unfair advantage to our domestic industry. It merely seeks to make sure that from a tax perspective American publications that come here are not taking advantage of that enormous market they have and in fact what is the equivalent of dumping in this country. They are dumping not only their product, but they are dumping ideas. They are dumping their civilization. I use dumping in the term of an international trade lawyer. It is coming in here in huge quantities, at a very cheap price and in a way we are not able to compete with.

[*Translation*]

We must give ourselves the weapons we need to protect ourselves if we want our civilization, our culture, our country to survive in an increasingly globalized world. This is what Parliament, what all parliamentarians should try to achieve.

[*English*]

This is a modest measure to try to achieve that important goal. It fits very well within what our government has said in respect of our trading measures. We have said clearly whenever we have sought to develop trade policy in this country that the cultural industries of this country and our cultural existence are not up for negotiation. We will insist we have a right to adopt laws and measures that protect our cultural existence.

The magazine policy we are looking at here goes back over 30 years. I can remember as a young man being at university and reading about the dispute over *Time* magazine and the tax policy. Many of the members of the House will remember the same thing. We have grown up on this. It is not an issue that is going to go away. It is not an issue we can afford to let go away. We owe it to ourselves to ensure that we create the sound financial basis in our country for the survival of our own cultural institutions and then deal with it from a trade perspective.

This measure manages to achieve that balance. It gives our industry that breathing room, that sense that we can survive, that we are not going to be completely submerged in the weight and the volume of imports of American magazines that naturally come here. Nobody is saying we will not let magazines in. Nobody is saying we are going to stop anything. All we are saying is that we must ensure the financial viability of our industry, which depends on its advertising revenues for that viability and that vitality.

• (1540)

I come from the community of Rosedale, which is proud of the vitality of the cultural industry in the city of Toronto and feeds on it. Toronto is becoming a cultural centre of international acclaim. Americans come in high numbers to go to our plays, to our musical festivals, to participate in the rich cultural life we have in the city of Toronto.

Part of that rich cultural life is there because we have publications that feed it, fit into it, amalgamate with it and create a sort of a whole of a sense of a vibrant cultural existence that is a part of this country. We owe it to ourselves to continue always to encourage that, to build on that, which is what the minister is trying to do in the bill. It is commendable.

These are extremely complex and difficult issues, particularly in the modern trade climate, which requires that we must recognize there is a balance to be achieved. Overall, what we get with this legislation is a recognition of a problem. The problem is a lack of funding for an important industry. We get a recognition that the way to deal with overwhelmingly powerful competition is to tell our local producers here is something that will give them some marginal ability to guarantee that their bottom line will allow them to survive.

As such, the bill balances these and gives us the ability, when we get down to it, to preserve what is an essential industry in our country if we are to have a country where we know what our ideas are, are able to express them, get those ideas into print, share them with one another, and continue to make as a result a contribution to our country and ultimately to the world as a whole. For that reason, I support wholeheartedly the measure. I hope that other members in the House will support it as well.

I look forward to working with the minister in other areas where we can ensure that the cultural dimension of our domestic and foreign policy will ensure that Canadian values and interests are not only dealt with here but actually have access to the world as a whole. To do that, we must first ensure we are on a sound footing at home. This is where we start. The bill is a modest but important contribution to that start.

Mr. Ted White (North Vancouver, Ref.): I listened to the hon. member's speech with interest. I do not know what his background is prior to being an MP, but I was in small business. I owned a small business and I employed 10 people. As I listen to this talk about giving special consideration to certain industries, whether it be through subsidies or tax concessions or grants or whatever, as a small business person who created jobs without any subsidies, without any help or special consideration from government, it really starts to irk me. And I know that it irks all the other small business people out there who are also creating jobs without this special treatment from government.

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I realize we are talking about culture here and that this gets everybody very upset. However, why should there be any more protection for a magazine than for any other small business, simply because it is cultural?

I have sold my business now, but were the 10 jobs I created not worth just as much as the jobs that are created by some magazine that is subsidized? Does it mean it was not important because I did not get a subsidy and it was not cultural? I had to compete with Office Depot and huge companies like B.C. Tel, which had millions of dollars to compete with me. Did I start whining and moaning, asking for the government to help me? No. I got out there and did what I did well and I made sure I concentrated on products and services that people wanted.

What is wrong with the magazine industry looking around and taking a few surveys to find out what its customers want and putting it in a format people are prepared to buy, without needing a subsidy here and a subsidy there? They would do well to build a niche for themselves.

For example, in New Zealand, where I am from, the film industry was subsidized forever by the government. When they had their debt crisis down there they pulled the subsidies for the film industry.

• (1545)

For a change, instead of making a lot of rubbish the film industry started making worthwhile quality films which it could sell internationally which now win awards. I am sure some members here have seen those films.

What possible excuse could the member have to denigrate all small businesses that fight to create jobs without these subsidies? How does he justify giving special conditions to these other industries?

Mr. Graham: Mr. Speaker, the hon. member's observation is to some extent legitimate in the sense that we are struggling now to get away from the world of subsidization and special treatment for certain industries or certain products.

However I do not think it is fair for him to suggest to the House or to members of the public that there is an exact parallel between an industry which manufactures a product which then goes out into the marketplace and a cultural industry.

The member asked me my background. I taught international trade law at university and I am involved in a small business and I have some business interests in the United States, in the United Kingdom and in Europe. I have had the opportunity of working through a lot of business problems.

I do not think the member would be wise if he said all businesses were the same and we treat them all the same.

Why is it important to preserve or give special treatment to a threatened industry such as the magazine industry where for example we might not choose to do that in the textiles industry, in the shoe industry or some other industry?

The answer is that when we are talking about trade and when we are talking about competition it is one thing to speak of competition in normal products and goods but another when we are talking about competition in ideas, through which the hon. member's children will determine their view of the world, we have talked a lot about violence in the House. We have talked a lot about the need to preserve our society from violence. Members of the Reform Party continually day after day speak in the House about the need for better criminal legislation to deal with the issue of violence but the member now wants magazines which come across the border espousing and pushing violence on the same footing as everything else.

The reason we need special treatment for this industry is we need a Canadian view of life. We need a way of being able to express ourselves. That is why it is different. It is ideas. It is the future of our generations that we are talking about here. We are not talking about a pair of shoes. We are not talking about a shirt or a tie. That is why we are desperately determined to preserve something that is the way in which we will be able to express ourselves. That is why when we look at radio, television, magazine publishing or newspaper publishing we always consider it with a special provision.

The United States is no different. It pushes its industries in that area extraordinarily hard. Everywhere we go in the world, if we talk to French politicians, to Australian politicians, if we talk to anyone, we are all concerned about the preservation of our cultural values and identity. Why? Because we do not wish to have them submerged in somebody else's concept about what we are about and what we are trying to do.

That is what this bill is directed toward. That is why it is really worth an exception from the general principle.

I subscribe entirely to the member's point that we must get away from a system where government is involved in subsidizing average industries. I strongly urge him to consider that there must be a difference always between industries making ordinary products and those products of the mind which represent our ability to be stable, to be civil, to be tolerant and exist in a world which is becoming more complex, more violent and more difficult to survive in.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I listened with interest to the comments of the member for Rosedale.

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If we truly had a protectionist attitude maybe we would not have ABC television or CBS television. Maybe we would not be exposed to any television programs come from the United States or elsewhere. Maybe the NHL would never be in the United States and maybe we would not have the NBA coming to Canada now.

There is a contradiction the member is espousing but obviously does not see when he talks about protectionism and in the same sentence talks about the global economy and how we must compete. I am wondering if the member could again try to explain to the House the reconciliation of what he is saying.

• (1550)

Mr. Graham: Mr. Speaker, there is an American conservative philosopher we may have seen on television, George Will. He has often said that free trade ranks somewhere between Christianity and jogging as an item which is much talked about but little practised.

I suggest to the hon. member that if he looks at other nations and at other countries he will find they too seek to protect their cultural industries for the very reason which I urged on him today. Please do not take me as being a protectionist. I am not some sort of Luddite who says we should build up a wall and not let in U.S. television programs. We know technology will make all of that totally and utterly irrelevant. It would be ridiculous to try to do that.

Given that technology is driving more open borders and more access, we should not shut other things out. It is all the more reason to ensure that at least our local industries are operating on a level playing field. That is all we are asking. That is all this measure seeks to do. This measure is not trying to erect some enormous wall. All the other things will still come in. What this measure is seeking to do is to ensure that this frail industry we have in Canada has sufficient financial means that when the bottom line is there it will continue to survive. The bottom line for it is finance, but the bottom line for us as a country is survival. That is why I am in favour of the bill.

Mr. Hart: Mr. Speaker, I thank the hon. member for his answer. However there is still a contradiction and I was wondering if he could clarify it further.

The government is planning to introduce legislation regarding neighbouring rights. Here is legislation which will affect an industry in Canada, the broadcast industry, which is in severe trouble. It is losing millions of dollars a year and yet the government has plans to tax that industry. How can it justify that when it will look after another industry? There is a protectionist attitude toward one industry and yet there is a failing industry in Canada, the radio broadcasting industry, and the government will do nothing except increase its taxes.

Mr. Graham: Mr. Speaker, in the short time remaining I am not able to give an extensive answer to the hon. member's

question. However, the member well knows that what seems on the surface a contradiction in public policy often reflects that different situations call for different measures.

To suggest the magazine industry is in all respects exactly the same as the broadcasting industry would be wrong. We have learned through watching what takes place at the heritage committee that with the new information highway the print media, books, film, radio and television all require quite different solutions. However, ultimately it is the same principle, to guarantee a healthy industry in Canada. That is the principle by which the government operates. We want a healthy industry, whether broadcasting, books or magazines. To get that healthy industry we will have to adopt different measures in different fields. That is the reason for the difference.

The Acting Speaker (Mr. Kilger): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mr. Kilger): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Kilger): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Kilger): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Kilger): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Kilger): Call in the members.

And the bells having rung:

• (1555)

The Acting Speaker (Mr. Kilger): The government whip has informed the House the vote on Bill C-103 will take place at 6 p.m.

* * *

[Translation]

CULTURAL PROPERTY EXPORT AND IMPORT ACT

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.) moved that Bill C-93, an act to amend the Cultural Property Export and Import Act, the Income Tax Act and the Tax Court of Canada Act, be read the second time and referred to a committee.

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He said: Mr. Speaker, I am pleased to introduce, at second reading, a bill which seeks to allow appeals of decisions made by the Canadian Cultural Property Export Review Board.

The Cultural Property Export and Import Act was proclaimed in 1977 to ensure the conservation, in Canada, of important objects which are part of our movable cultural heritage. To that end, the act provides export controls, as well as tax incentives to encourage the donation of cultural objects to designated museums, archives and libraries in Canada.

Moreover, the act established the Canadian Cultural Property Export Review Board, whose mandate includes three major responsibilities: to hear appeals filed when an application for an export permit is rejected; to determine whether cultural property given or sold to a designated Canadian institution is of outstanding significance or of national importance; and, to determine the fair market value of certified cultural property.

The fair market value of certified cultural property can be eligible for a tax credit, just like a charitable gift. However, unlike in the case of a charitable gift, the eligible amount is not limited to 20 per cent of the net income. Moreover, any capital gain realized following such a gift is exempt from the capital gain tax.

From 1977 to 1991, the board only had a mandate to hear appeals related to the rejection of an application for an export permit, and to determine whether cultural property was of outstanding significance or of national importance.

• (1600)

In 1991 responsibility for determining fair market value of cultural property was transferred from Revenue Canada Taxation to the Board. At that time, there was no provision for appealing Board decisions in this connection. Thus the right of appeal provided by the Income Tax Act was inadvertently lost.

The number of gifts of cultural property has increased constantly since 1991 and the Board received a record number of requests for the 1994–1995 fiscal year.

In performing this new function, the Board carefully examines the fair market value proposed for a gift. In the majority of cases, it accepts as the fair market value the amount indicated in evaluations made in good faith by at least two independent assessors and obtained by the recipient institution.

If the Board requires additional information, the recipient institution may seek another opinion, or in certain cases the Board itself may have an assessment done by Canadian or foreign experts. After it receives this information and approves the proposed amount, the Board issues a tax certificate for the cultural property in question for the amount established.

In approximately 10 per cent of cases between 1991 and 1994, or some 150 cases annually, the Board determined that the monetary value of the gift was lower than the evaluations accompanying the application.

In conformity with the current provisions of the Act, if additional information becomes available, the applicant may request that the Board redetermine the fair market value of the gift. If the Board does not change its initial assessment, the applicant will then have no further avenue of appeal.

[English]

Donors in custodial institutions have complained about the lack of an appeal process. In the interest of natural justice, they have suggested that donations to institutions might decline if it is not possible to appeal review board decisions.

In 1993 the former department of communications hired KPMG Peat Marwick Thorne to undertake an independent assessment of the needs for an appeal of determinations of the review board. During this study using professionals, art dealers, donors, collectors of cultural property and members of the review board were interviewed about the need for an appeal. Agreement was unanimous: an appeal process should be established.

As a result in June 1993 it was announced that the Cultural Property Export and Import Act would be amended to allow donors of cultural property to appeal determinations of the review board to the Tax Court of Canada, a right that had been in place before 1990.

At the same time it was announced that amendments would also be included to extend the circumstances under which donors would be able to request determinations by the review board. Donors, institutions and some professional associations such as the Canadian Museums Association have advised me that they continue to believe it is essential that there be an appeal of the review board's determinations.

It is expected that the expanded circumstances whereby the review board can redetermine fair market value will mean that the donor and the review board will be able to come to an agreement about value. It is expected that this will significantly limit the number of appeals to the Tax Court of Canada.

• (1605)

The question of who is eligible to request a redetermination of fair market value has been the subject of some discussion with the Department of Finance. The legislation states that either the donor or the applicant can request a redetermination while only the donor can appeal to the tax court.

These proposed amendments will benefit donors, museums, archives, libraries and art galleries throughout Canada. While donors do receive a tax credit, their donations enrich public collections for the enjoyment and education of all Canadians.

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This program is open to all. Many important objects of Canadiana have been donated by individuals from every sector of society, gems of history, heritage and culture that may have been in their families for generations.

In conclusion, the tax incentives for donations of cultural property continue to enrich public collections. They ensure that objects which might otherwise be lost to Canada are retained here for the benefit of all Canadians.

I also believe that the establishment of an appeal process is sufficiently important that we will be reallocating resources within the department of heritage to ensure that it will function effectively. The establishment of an appeal of determinations by the Canadian cultural property export review board is in fact only the reinstatement of the right of appeal that was lost in 1990.

This legislation will help to ensure that Canadians do not lose the evidence of their heritage. I would ask for support of this initiative which will strengthen legislation that has been instrumental in preserving our national heritage.

[*Translation*]

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, it will be a pleasure for the Bloc Québécois to support the bill tabled by the Minister of Canadian Heritage. We think it is extremely important for this bill, whose purpose is to amend the Cultural Property Export and Import Act, the Income Tax Act and the Tax Court of Canada Act, to be passed as soon as possible.

The only point I would like to make as opposition critic is—and speaking of bureaucracy, I think this is a good example—that back in 1991, it seems that after the legislation was adopted, they realized, at least that is what I was told, that through an unfortunate oversight they forgot to include the right to appeal. It seems to me that at the time, the government should have turned around and said: “Listen, we forgot something. We will immediately amend the legislation we just adopted to correct this oversight”.

Fortunately, four years later—and I hope we will have time to finish the process—it will be possible to adopt the legislation and correct this oversight, to ensure that Canadian cultural property remains in Canada. There is a weak spot in this legislation, an omission, and we would have liked to see stricter controls on the export of cultural property.

I once saw a television program that provided clear evidence that many items of Canadian cultural property are readily passed across the border between Canada and the United States. It seems that controls are so lax this is not a problem.

I think it is important to remember that the right of appeal is a fundamental right. If someone makes a decision, he must have

the right to appeal, the right to be heard if he is not satisfied with that decision.

• (1610)

That is exactly what is happening here. You donate something, its fair market value is assessed, you are not satisfied, and you appeal to the board which can then decide to make certain changes.

If you are still not satisfied with the board's decision, you have a second chance to appeal, this time to the Tax Court of Canada.

I think it was an excellent decision in 1991 to take the responsibility for this decision away from Revenue Canada, since the board has the real expertise. The people there are knowledgeable about the value of cultural property. They are experts, so it is much easier for them to determine the value.

I think the minister's speech was very clear. The Bloc is prepared to support this legislation, which is very technical and is based on a natural right. This is a bill the Bloc can go along with because its purpose is to correct an oversight, the kind of technical legislation we have become accustomed to getting from the Minister of Canadian Heritage. In fact, I would like to see the minister introduce fundamental legislation on Canadian policy, and we are really waiting for the new copyright act. I am launching one more appeal in this House.

However, it is not my intention to take up too much of the time of this House, for whatever reason, and I think that the minister gave a very clear explanation of a technical bill. I mentioned omissions that are of some concern to the Bloc Québécois, but he has our support, and that will be it for now.

[*English*]

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it is a pleasure to address Bill C-93. When addressing an amendment it is important when doing research to look at the actual act and make some judgments about whether or not the act in itself is a good piece of legislation and whether or not it is appropriate for a political party such as ours to support the act overall. I will touch on the amendment and speak a little more broadly about the overall act.

Both the minister and the hon. member who just spoke talked about the appeal process. Previously there was an appeal process which permitted people to go to Revenue Canada and ultimately to the tax court to get a ruling on the value of a piece of art being donated to a recognized Canadian cultural institution. We do not have problems with that. One big concern we have with respect to the whole issue is the potential for bureaucracy and the potential for abuse. I want to talk about that in a little more detail.

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One concern we have is that there is a potential for a board which has been appointed by a government to be very cosy with people in the arts community. Very often they come from the arts community. I am very concerned that we will have a situation similar to what we have in the Canada Council today where artists sit in judgment of other artists. It is a "you scratch my back and I will scratch your back" situation. I can see some real potential for abuse.

To be a little more specific, when appointees are passing judgment on the historical value of papers belonging to former prime ministers who may have appointed them to the board, there is some real concern in my judgment about those types of things. We have to be mindful of this and ensure there are processes in place so that people are not caught in a conflict of interest position.

I know my hon. friend from Okanagan will be talking about that a little bit later.

• (1615)

Another concern is that a lot of these things are going to end up being appealed to the tax court. In my judgment there is very little doubt about that. People will say: "I am getting a raw deal" when they bring their work of art forward and ultimately say: "We want to take this on to the tax court".

This was not something told us officially, but when we were researching it, someone in the department told us there are 22 tax court judges across the country but something like 6,000 cases before the court, an astonishing number. That is a tremendous backlog of cases for determination about the value of these various articles. Given that backlog it may be advisable to allow this to remain in the hands of people who are experts in this field.

I want to talk a little bit more about the actual tax credit system itself. This is an area in which I have grave concerns. It is a tax loophole that definitely benefits wealthy Canadians more than anyone else. In the last budget the government talked very enthusiastically about the need for tax fairness.

I would argue very few ordinary Canadians are going to be able to take advantage of this legislation. Somebody who is a subsistence hunter in northern Canada, a wheat farmer in Saskatchewan or somebody who works in the coal mines in Glace Bay is not going to be able to take advantage of this loophole. The people who are going to take advantage of it are going to be the *crème de la crème*, the top 1 per cent of income earners. If anyone does not need a tax loophole it is them.

I would encourage the government, when it is engaging in this rhetoric about the need for tax fairness, to think about that. Not only does this legislation reward them in so far as they are the ones who are most likely to have the important pieces of art that institutions want, but it rewards them in how it has skewed the tax system for them.

Let me give some detail on that. It is amazing. In fact when I read it I could not believe it. Right now the department issues about \$60 million in tax credits every year through this legislation. It works like this. If something is donated to one of these institutions the tax credit is far greater than is available for any other type of charity in the country. Normally if you donate to the food bank you can get a tax credit up to 20 per cent of your income. That does not apply to people who are making cultural donations. They can get a tax credit for all of their income. They can carry the tax credit forward into years down the road so that it can be applied against income.

It is an amazingly lucrative way of avoiding paying taxes for the wealthiest of Canadians. If one has an income of several hundred thousand dollars and gets a tax credit through the cultural export review board for \$300,000 one will pay no tax. To me that is absolutely ridiculous. I wish the hon. member for Broadview—Greenwood was here.

The Acting Speaker (Mr. Kilger): May I have the attention of the House. I want to caution members not to make reference to the absence of members in the Chamber. I do concede there was no deliberate intent but certainly it is worthy of mention as we continue debate.

Mr. Solberg: Mr. Speaker, I apologize. The hon. member for Broadview—Greenwood has campaigned long and hard in the Liberal Party for a flat tax system that gets rid of the very type of loopholes that wealthy Canadians are taking advantage of today through this legislation.

• (1620)

Lately the Reform Party has talked long and hard about the need to have legislation that treats everybody fairly. Reformers believe in equity and this is very inequitable legislation. I really do have a tremendous problem with its essence which is special treatment for people who donate these objects of art. That is of great concerns.

I challenge the government to review this matter and to ask itself, in its heart of hearts, if this is really fair. I am sure on reflection members across the way who in good conscience stand in the House and tell us that they do not like to see privilege go to wealthy Canadians, if they understood the essence of this bill they would have a tremendous problem with it. That is one of the things that concerns me greatly about this legislation.

Our party views this as Robin Hood in reverse. It is not only that wealthy Canadians are getting a tremendous tax advantage here. It is the lack of revenue that is created by the \$60 million in tax credits. It means that when taxpayers have to pay for things the government views as priorities, average Canadians have to be taxed to a greater extent in order to bring that revenue in. In a day and age when the talk is about cutting social programs,

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reforming UI and possibly looking at pensions for seniors, that \$60 million would be extremely valuable.

I will be moving a motion in just a moment on the need to bring this type of legislation in line with what currently exists in the income tax system. Ultimately Reformers would like to see a flat tax implemented which would get rid of these types of abuses and privileges for the wealthiest of wealthy Canadians.

I conclude by saying that I recognize that wealthy people are discriminated against in this country. Being wealthy is quite a burden. People are not protected in the Canadian Human Rights Act for being wealthy. Wealthy people are not protected under Bill C-41, the legislation that extended protection in the justice system to people based on certain categories. I do not believe wealthy people are protected in employment equity legislation either.

I appreciate that wealthy people have a tremendous burden to bear. I appreciate that sometimes people say snide things about them behind their backs and talk about them as though they are better than rest of us. I can see that is a large concern, but I do not know that we have to go so far to correct that abuse and that inequity as to give them the \$60 million in tax credits every year.

I am going to conclude by moving a motion. I move:

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

This House declines to give second reading to Bill C-93, an act to amend the Cultural Property Export and Import Act, the Income Tax Act and the Tax Court of Canada Act, since it fails to address the issue of the burden the tax credit system places on middle class taxpayers who are asked to pay for a potentially endless stream of donations of questionable cultural and artistic value claimed by wealthy Canadians.

• (1625)

The Acting Speaker (Mr. Kilger): The amendment is in order. Debate is now on the amendment.

Ms. Albina Guarnieri (Parliamentary Secretary to Minister of Canadian Heritage, Lib.): Mr. Speaker, we have seen an example of the shallowness of the debate by the Reform Party. When people look back on the Reform record they will find Spanish eyes on the turbot, green eyes on unity and closed eyes on the cultural industry at large.

The Cultural Property Export and Import Act ensures the preservation in Canada of our heritage in movable cultural property. Through the combined provisions of export controls, grants and tax incentives for donations to designated Canadian custodial institutions, the legislation has been highly successful in enriching the collections of public institutions and thereby providing Canadians access to their heritage.

[*Translation*]

The legislation also established the Canadian Cultural Property Export Review Board and defined its mandate. From 1977 to 1991, the Board's mandate was to hear appeals in the case of denied export permits and to determine whether the cultural property given or sold to designated institutions met the criteria of "outstanding significance and national importance" contained in the legislation.

In 1991, the Cultural Property Export and Import Act and the Income Tax Act were amended in order to transfer responsibility for determining the fair market value of certificated cultural property from Revenue Canada to the Review Board.

There was no provision, however, for appeal of decisions by the Review Board, and the right to appeal under the Income Tax Act was lost.

[*English*]

The need for an appeal process was identified and acknowledged in 1993 following widespread consultation with custodial institutions, donors of cultural property, dealers in art and antiques and members of the review board. The museum community is convinced that an appeal is necessary to ensure that donors will be confident their donations will receive a fair hearing.

By establishing the right of appeal, potential donors will be assured that if they are dissatisfied with a review board determination they will have recourse to the Tax Court of Canada. With the concurrence of the Tax Court of Canada the appeal to the tax court has been made retroactive to January 1992, thereby providing all donors who have made a gift since the right to appeal was lost and who wish to pursue an appeal with both the opportunity and the legal right to do so.

[*Translation*]

The bill also covers situations in which donors may ask the Review Board to reconsider its initial decision. The increase in the number of situations in which the Review Board may redetermine the value of a gift will provide donors not wanting to spend the money involved in an appeal to the Tax Court of Canada with an opportunity for a new hearing on the circumstances surrounding the gift and the determination of its value by the Board. This approach will mean that most of the applications for appeal will be handled directly by the Review Board, eliminating the need for court proceedings and thus making the process accessible to all.

• (1630)

It will also ensure that any disagreement on fair market value is discussed by experts in this highly specialized field. Applications for redetermination made to the Review Board will be studied in depth by members of the Board and other experts as necessary.

*Government Orders**[English]*

The provision for two appeal processes is also cost efficient because it is anticipated that the majority of appeals will be resolved directly between the donor and the review board and will not necessitate a formal appeal to the Tax Court of Canada. In a time when we are all concerned with reducing government spending, the ability to resolve differences of opinion about fair market value with an existing organization, the review board, whose members serve on a part time basis, will result in savings of both time and money.

[Translation]

The review board is an agency operating at arm's length from the Department of Canadian Heritage and it is resolutely in favour of establishing a procedure whereby one could appeal its determinations regarding fair market value. The review board is made up of specialists in museology, collectors or traders, who are well aware of the difficulties custodial institutions and donors of cultural property have encountered because there was no appeal procedure. The determination of the fair market value is currently done and will continue to be done by individuals who are skilled in various areas relating to cultural property and very active on the markets where this property is sold.

[English]

The determination of the fair market value of any object and particularly cultural property involves an element of subjectivity that can lead to disagreement. These disagreements occurred when the responsibility for determining fair market value resided with Revenue Canada. There have been disagreements among the experts in the time since the review board has assumed this responsibility. This debate is both healthy and inevitable when dealing with often unique material. An open and transparent process at the time the review board determines and if necessary redetermines the fair market value of cultural property is essential.

The right to pursue the matter in the courts if no resolution can be found is consistent with both the Canadian legal system and the concept of natural justice.

[Translation]

The staff of designated institutions argued that the absence of any appeal procedure caused the number of donations made by collectors to drop. All designated institutions would therefore welcome the implementation of such a procedure, since it would foster an increase in donations while at the same time eliminating the potential for tension in dealings between donors, custodial institutions and the review board.

[English]

Donors of cultural property have also reacted positively to the introduction of the bill, as they believe that it removes a major

deterrent to donating. Any perceived denials of natural justice have been resolved, as donors will now be able to appeal to the tax court if they disagree with the review board's determination of fair market value.

There is also strong professional support for these amendments in the communities that are most affected by the availability of tax credits for donations of cultural property. The Canadian Museum Association and the Canadian Art Museum Directors Association have expressed strong support for the bill and the establishment of an appeal process. Both associations, whose members include museums and art gallery personnel from across Canada, have issued policy statements in support of the establishment of an appeal process.

These amendments to the Cultural Property Export and Import Act to create an appeal process to the Tax Court of Canada of decisions of the review board should not be viewed as a shift in government policy, nor should they be interpreted to be a reflection on the work or credibility of the Canadian Cultural Property Export Review Board. Instead the bill must be recognized for what it is: the reinstatement of a right to appeal that was lost in 1991 when responsibility for determining the fair market value of certified cultural property was transferred from Revenue Canada to the Canadian Cultural Property Export Review Board.

• (1635)

The amendments to the Cultural Property Export and Import Act, the Income Tax Act and the Tax Court of Canada Act contained in the bill will ensure the continued preservation of our heritage in movable cultural property. The appeal process will ensure continued confidence in the donation system and will in turn lead to an increase in donations to museums, art galleries, archives and libraries.

This bill also ensures that there will be public confidence in the fairness of the procedures of the review board and that there is no denial of natural justice. Furthermore, a right of appeal that was lost in 1991 when responsibility for determining fair market value was transferred to the review board will be restored.

These amendments will also remove any obstacles, real or perceived, to making donations to Canadian custodial institutions. Through these donations all Canadians will benefit, as we will be ensured of the continued preservation and access to Canada's heritage in movable cultural property.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I listened with interest to the hon. member.

What we are seeing today in the House of Commons is the hypocrisy of the Liberal government. It talks of fair taxation. It has the nerve and the audacity to talk of fair taxation. Is the bill before us fair?

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It is not just donated works of art that are eligible for the tax credits; it can be anything that is deemed to be of outstanding significance and national importance. For instance, prominent retired politicians such as Mr. Trudeau, Mr. Turner and Mr. Mulroney have all donated their personal papers to the National Archives in return for very high tax credits. It will amount to hundreds of thousands of dollars over many years. Who is it being funded by? It is being funded by the taxpayers of Canada.

Fair taxation? Is it fair that this will be used by former prime ministers and people the government deems important, but not by the dual income family that is having a difficult time making ends meet? Is it fair tax policy when something like this will be used mainly by the extremely wealthy in Canada and not by the disabled worker who is on a very low income or by the mother of two who is struggling to survive?

What we are seeing today is the hypocrisy of the government, which in its last budget told Canadians that there would be a tax increase for those mothers who will have to get work to make ends meet, to the dual income family and to the disabled person.

The government raised gasoline taxes by 1.5 cents per litre. That hits home. That hits the average Canadian taxpayer.

What we are seeing today is a tax measure that is for the elite of our society.

Would the hon. member like to comment on that?

Ms. Guarnieri: Mr. Speaker, there are so many fallacies in the hon. member's statement that I am at a loss where to begin. Let me try to tackle them one by one.

I am not surprised by the limitations of the member's discourse, as his party refused an earlier briefing on Bill C-103. Had they been briefed on that bill and this bill they would be more erudite in their comments.

There are very few programs that are not vulnerable to abuse. We are not going to abandon our cultural institutions because there is one dishonest person or maybe two who might be participating in fraud or tax schemes. However we will make every effort to safeguard programs that have value. We are not going to paralyse all our programs in support of the Canadian cultural industry because of abuse to a program that has on the whole served museums and the Canadian cultural institutions well.

• (1640)

It is important—and this is the limitation of the member's argument—to understand that cultural property is not just paintings and fine works of art; it extends to our natural history.

I know the hon. members of the third party really do not appreciate our heritage and our history and would perhaps prefer to adopt a *Fahrenheit 451* policy to literature.

I remind the member that the hotels in Ottawa are packed with people who come to see our works of art and our museums. As much as they might have delusions, there is nothing much artistic about their arguments, as abstract as they may be.

On their attack on the wealthy, what they forget is that people who have money do contribute and sponsor the arts. They make a considerable contribution in that regard. The best possible treatment a donor may receive is a refund equivalent up to 50 per cent of the fair market value of the object or collection they are donating.

We understand that the members of the third party would rather see all our collections of art shipped to the United States or elsewhere to foreign markets. However, we feel there is merit in keeping them in this country, because Canadians appreciate them even if members of the third party do not.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, would the hon. parliamentary secretary acknowledge that this tax legislation also applies to works of art that are not Canadian, that it applies for instance to American works of art as well as Canadian works of art?

Ms. Guarnieri: Maybe the members opposite really do not have an appreciation for art in any form, but Canadians do not hold their heads in the sand like ostriches. There is a world there and we would like to have access to that world in any form and in a cultural form as it may occur.

Is the hon. member suggesting that we build a little cocoon around ourselves? I suspect that the hon. members have no appreciation for anything of a cultural nature. If it were up to the members of the Reform Party, the only place they would find culture would be in yogurt.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, we certainly appreciate the fine edge of wit spewing forth from the other side.

The third party, as the hon. member has put it, has raised some serious issues, not the least of which is the fact that it is the wealthiest of the wealthy Canadians who are taking advantage of this. This is not something that is available to everybody. She has continually skated around that issue.

I would ask her to address this very specifically and tell us how she can reconcile this piece of legislation with all the rhetoric of the last budget about the need to have tax fairness.

Ms. Guarnieri: Mr. Speaker, if the hon. member had opened his mind to have a briefing from the department he would have learned that it is not just wealthy Canadians who donate art; it is individuals who for instance have had Canadiana in their family for generations. These may be objects that benefit Canadians in general to know their history. The individuals have chosen to enrich the collection of local or national institutions, rather than selling them. If the member wants to reduce this just to a dollar

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figure, they might make more on the foreign market if they were to sell their objects of art.

• (1645)

I can list a countless number of objects that have been donated to museums. What I might suggest is that the member might benefit from a little trip to the museum to get a fuller education.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, as the hon. parliamentary secretary knows, there is a warehouse full of alleged art which used to belong to the art bank. This art is going to sit there in storage probably for years upon years upon years. The fact is that every year the amount of tax credits that are requested and granted goes up, not down as both the minister and the parliamentary secretary have suggested.

Does it not make sense that there should be some kind of a limit placed upon the amount of available tax credits? We would then not ding people so strongly in the middle class to pay for the wealthiest Canadians. Also, where are we going to store all this stuff? We already have one warehouse full. I am wondering what the parliamentary secretary is proposing to do with the rest of it.

Ms. Guarnieri: Mr. Speaker, once again the question indicates the ignorance of the third party. If we have objects of art that are worth seeing, I think we will find a place to put them so that Canadians can benefit.

Members of the third party really thrive on misinformation. For instance, the same member mentioned that the annual value of certified cultural property is approximately \$60 million. That was the figure he cited. What he did not tell Canadians is that the results in foregone revenue are approximately \$25 million to \$30 million annually.

Since we know the Reform Party never tells the whole story, it is the position of this government that we do not like to see a situation where flaws in the tax act cause us to lose precious works of art.

Notwithstanding the fact that members of the third party feel that natural justice should be tossed out the window, even with the limitations that the members of the third party have shown themselves to have today, I believe Canadians will agree with me that we do not want headlines such as: "Canada loses art donation due to tax rule hang-up". Most Canadians would not want to see situations like that occur because of a housekeeping matter, because of a right that was lost as an oversight, even if members of the third party do not believe in natural justice.

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, I would like to address Bill C-93 and also speak as to why I believe the amendment put forward by my colleague should go through.

Government members talk of abuse. This government has been full of abuse since it has been here. It has never stopped. They have lived off the backs of the taxpayers since day one. They have never changed. They said when they came to power how they would change things, how they would be different from the Conservatives. They are now called the con-lib party because there is no difference; they are in bed together and have been for a long time.

When the hon. member from across the way says there was no abuse in the system, let us look at what the Canadian public—

Ms. Guarnieri: I never said that. Do not misrepresent.

Mr. Stinson: Misrepresent. I am afraid I cannot do that with you.

The Acting Speaker (Mr. Kilger): I know colleagues obviously want to debate the issue, but I would remind the House to direct their interventions through the Chair.

Mr. Stinson: I am sorry, Mr. Speaker. Let us look at the *Gazette* where it says: "Former Prime Minister Brian Mulroney will find out this week of his approval for a tax break for donating his papers. Members of the Canadian Cultural Property Export Review Board will decide whether to accept an approval of the value of the papers which date from before Mulroney was Prime Minister in 1984". It goes on to state that is unlikely Canadians will ever find out what the deduction is worth to him, the former Prime Minister. This appraised value of the papers is private but could eventually amount to hundreds of thousands of dollars. Do we not think the public has a right to know what they are paying and giving up for the so-called works of art or donated papers?

• (1650)

Former Prime Minister Pierre Trudeau also received a tax break by declaring his papers.

In 1993-94 the archives staff under Michael Swift, assistant national archivist, completed organizing two sets of papers for Prime Minister Mulroney. The first set, which will take up to 15 metres of shelf space, covered Mulroney's time as a Montreal lawyer and businessman in the 1970s and 1980s. I do not think the Canadian taxpayers, who pay for the system, really care. If they had really cared they probably would have kept him in office, but here we go on and on.

I listened to the hon. member across the way talk about Canadian culture and heritage. Back in the late 1800s there was a gentleman who lived in Aspen Grove, British Columbia. They nicknamed him the Grey Fox. The Grey Fox is part of our history. He robbed banks and stage coaches and was one of Canada's great train robbers. Yes, I think maybe he was one of the first Liberals of the day but at least he had the common sense to use a mask. Today we see what I call the great Canadian tax grab right off the backs of the Canadian people.

Here is a caring, sharing government and what does it do? It takes away the \$100,000 capital gains for the working class because they have probably already claimed it so they no longer need it. That was the first kick. The second kick is allowing these things to go on knowing full well that working class Canadians will have to pick up any shortfall in the taxation system.

We can go on. The *Gazette* of March 24, 1995 states: "Under the scheme which dates back at least 20 years, a donor buys a work of art for well below the artist's usual fee. The donor will then have the work evaluated for four or five times the amount he or she has paid for the work and then donate the piece to a gallery, museum or a registered charity and write off 100 per cent of the evaluated amount, art experts explained".

Let us go on a little bit further: "Rolland's Art-Transit has paid Montreal artist Catherine Widgery 20 per cent of the usual price for her work. 'If it is \$10,000 for the work, I get \$2,000', she said, 'but they will still be allowed to claim that \$10,000 if it is valued at that price'".

An hon. member: That is a good deal.

Mr. Stinson: It is a win-win situation, as a Montreal artist also says in the same article. Museums are happy to get things for free. That raises another question.

I was brought up to believe that a gift is a gift and a gift given is free. How do we get into a tax deduction situation for giving a free gift? Why do we call it a gift? Only in Liberal language would this ever be allowed. I do not know, maybe I have to look up what a gift means but it sure has changed from the time I went to school.

• (1655)

Back to museums which are happy to get things for free. Artists are happy because they have a bit of money in their pockets. Everybody is happy. What is not, in the words of the writer, kosher, is that a client is buying a work at below its value and getting the write off for a different amount. Still, the artist added, "I find the whole thing a little bit fishy but everybody is doing it". Doing it the Liberal way.

What is the difference between this government's taxation policy and the previous government? Nothing. It is business as usual.

The Liberals hold up the red book as a great work of art. We found out how good that work of art was in western B.C. It was in every outhouse. We found out it was only half-ply strength and you all know what happens when you use only half-ply strength.

The Acting Speaker (Mr. Kilger): This is a place of debate, but the Speaker wishes to be involved to the extent he is able to from the Chair. Please do not direct comments across the floor to one another. That word "you" inevitably leads sometimes to

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another debate which I do not think is something we really want to entertain.

Mr. Stinson: Mr. Speaker, let us look at what the red book has done for Alberta or Saskatchewan. They found that if they shaved it up really fine and mixed it in with the fertilizer it helped the crops grow. The trouble is that most of the crops turned black.

It has been a great benefit for the jobs program in Ontario and Quebec. It has plugged every sewer system in the provinces.

We can now also look at what it has done for Atlantic Canada and Newfoundland. It is the only fishy thing they have left down there.

I am hoping over the course of time this does not become part of our culture and heritage that goes into our museums.

Mr. Jack Iyerak Anawak (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.):

[Editor's Note: Member spoke in Inuktitut.]

[English]

Mr. Speaker, it is nice to hear some fiction being put out by the hon. member. My question is very simple. He talks about tax free allowances for the rich and does not agree with it. I wonder if that means he does not agree with his leader's clothing allowance given to him by the Reform Party.

Mr. Stinson: Mr. Speaker, concerning clothing allowances, I have not heard anybody mention the \$285,000 or is it \$585,000 the Prime Minister gets for his toothbrushes. As the hon. member knows, there is no clothing allowance. It is a figment of their imagination, but the Liberals are good at figments of the imagination.

Mr. McCormick: I beg your pardon. No way.

Mr. Stinson: I believe there is an expense allowance that we all give our leaders and the Prime Minister gets far more than anybody else. He gets a lot I understand, a whole bunch. Somehow it is written off. I do not know how, but that is the Liberal way of balancing things. The Liberals have a funny way of justifying one but not the other. It is strange but if we fall into the Disneyworld of Liberal philosophy we will find that Mickey Mouse and Goofy sit side by side. When they draw these things up it becomes a cartoon scenario the Canadian public is just about fed up with.

• (1700)

The Acting Speaker (Mr. Kilger): Before I resume the question and comment period it is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised to night at the time of adjournment is as follows: the hon. member for Okanagan—Shuswap—a question which was transferred for debate.

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Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I am certain that not too many people will be paying for the Reform Party cultural document.

It amazes me to hear the hon. member mention this legislation is all for the wealthy and the rich and yet the same person turned around and defended the capital gains tax. The capital gains tax was purely directed to people of higher incomes. I can prove the people who received the benefits of that deduction were the higher income, wealthier people, the very people the Reform Party represents in the House.

There is a little problem with arithmetic here. The bottom line is anybody who is making a donation of, for example, \$10,000 will get a \$5,000 tax credit. It costs them money. This is not some kind of gift to the wealthy. They made a donation of their cultural property, be that the group of seven artists or Cornelius Krieghoff, so that it would stay in Canada and be the property of the people of Canada. This is something the Reform Party fails to understand.

The other thing that seems striking to me is that the Reform Party talks about getting rid of this and having a flat tax. I want to put things in perspective. The Reform Party does not want to admit this but the flat tax is designed to assist anybody who has an income of over \$200,000.

The president of the United States with all of his analysts went through the whole concept of a flat tax years ago. He asked them to prove to him how it would not be the major system for people with over \$200,000 income. It stands to proper reason that if we are trying to collect x dollars from the taxation system and there is a flat tax we will allocate taxes from the upper income groups to the middle income earners. That is what the Reform Party would have us believe. That is who the Reform Party is representing in the House.

The reality is the cultural products some people have are usually part of an estate. As part of settling that estate they give a good portion of these artefacts to the government through the museum system. These are things our museums would not be able to acquire. It is not a loophole, it is an incentive to keep those products in Canada.

How can he defend the capital gains tax system but not this system and how can he defend a flat tax system but not this system?

Mr. Stinson: Mr. Speaker, I know it is hard for the hon. member to understand that under capital gains the \$100,000 is for the small investor, the person who tries to put a little aside to get ahead because they know darn well with what is happening underneath the government there will be nothing there for their old age unless they look after themselves. The government will take it all away from them anyway while its members make sure

their pensions are well kept and they are well fed before they think about the poor average working class person. It is a shame.

When the member asks about capital gains at the \$100,000 level it creates investments. It gives the Canadian working people a chance to get ahead where the government cannot weave and sneak in between and take it from their bank accounts, which this government is so very good at.

Mr. Shepherd: Mr. Speaker, really. The everyday worker, the plumber, the electrician? In my riding we have General Motors workers. I did these people's tax returns for years and I do not ever remember them claiming a capital gains tax exemption. Be serious. Level with the people.

• (1705)

These people are supporting the professional class, lawyers, doctors and accountants. That is who they are talking about. They are not talking about the everyday person in the street.

Will the hon. member please tell us who he thinks is claiming the \$100,000 capital gains tax exemption?

Mr. Stinson: Mr. Speaker, I can well tell him who worked toward getting the \$100,000. It was the person who invested in the nickel and penny shares in the stock exchange who tried to keep the exploration companies going. It was the person who tried to put something away so they could claim it to further their children's education.

The hon. member maybe has never dealt with the small business people in Canada. If he had problems helping people to do their tax returns maybe he should look at changing the policies he is so hard set on keeping so he can keep people like that working.

Maybe that is a question the hon. member might like to answer. Why has he not come up with some kind of a change in the program? Why is it always a Conservative-Liberal program or a Con-Lib policy that we go along with? We have bunk beds, Bloc beds and now Con-Lib beds.

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I have enjoyed the debate this afternoon. It indicates a philosophical difference between the Liberals and those people in the Reform Party. I suppose that is no surprise.

I have a copy of the little book of reform. This is the gospel according to the leader of the Reform Party. Let me read a bit from the booklet. From page 23: "The Reform Party supports the responsibility of the state to promote, preserve and enhance the national culture". I wonder if the hon. member opposite has ever read the little green book of the Reform Party. I recommend it to the member. It is very interesting reading, provided it is not done on an empty stomach. Otherwise it is quite good and I highly recommend it to the member.

The Reform Party supports the responsibility of the state to promote, preserve and enhance the national culture. Let us remember what we are doing today. We are adopting a bill which in a small way does precisely that. One would think the Reform Party would be saying it is about time the government did something it recommended in its handbook.

No, of course not. What happened is there are Reform members who did not read the little green book and they obviously do not know we are trying to do what they advocated.

The Reform Party seems to believe the cultural industry benefits only rich people. Let us talk about the whole industry of museums and cultural industries generally. Two of the largest cities in the world thrive and make as their main business culture: Paris and London. Those fortunate enough to have seen the Louvre, I believe the second largest museum in the world, will agree it is beautiful and almost impossible to describe. The treasures are such that it would take weeks to see everything in it. Millions and millions of people have seen and will see the Louvre. One could probably open any fourth or fifth door of any building in Paris and the same would be true of so many things there. Many people go to Paris for that reason, because it is so lovely, because it is such a wonderful city and because all those cultural amenities are there.

• (1710)

[*Translation*]

Other museums are the Musée d'Orsay, which focuses on paintings, and the Centre national d'art et de culture Georges-Pompidou, which features modern art.

[*English*]

It is the same in London. I have been to the Royal Albert museum where the Magna Carta is displayed, one of the most important historical documents in the western world. There were people standing to have a glimpse of the Magna Carta. They must have been four or five abreast and a queue of them several feet deep waiting to look at it for seconds just so they could go back home and tell people they had seen it.

The Mona Lisa at the Louvre is the same thing. There were so many people around it you could barely see it at all. I had the previous misconception it was a very large painting. It is a little painting and one has to almost fight one's way to see it. Many people go there for no other reasons than to see that.

That is true of how many other works of art? How many people in this city reap the benefits of that? They are not just rich people. People visit Ottawa to see our beautiful museums. I highly recommend the Queen's collection, although it is no longer here. How many people travelled here from many com-

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munities, stayed in hotels, gave tips to waiters, gave jobs to those transporting them from the airport and so on? It has contributed to the local economy.

Culture is a business, a very big one in many cities in the world and in our country. It is big business. It provides meaningful jobs.

That is a concept people across never raise. They think somehow the whole cultural industry has half a dozen beneficiaries getting rich and no one else is benefiting so that two or three artsy-fartsies can watch this stuff. It is not like that. It is the way the Reform Party would like to depict it to Canadians and to the House. It is a wrong way of viewing things.

In my riding there is the Nor'Westers and Loyalist Museum in Williamstown.

[*Translation*]

The Cumberland Township Museum in Cumberland and other local museums hold historical artefacts, old documents, and so on. Many visitors end up spending some time in the community and supporting local businesses.

This bill applies to Canadian and other cultural property. Earlier, a Reform member asked the hon. parliamentary secretary whether someone who owns a foreign work of art would be eligible for this deduction? I am asking you: What difference would this make?

If someone wanted to give Canadian taxpayers or a Canadian museum a work by Leonardo da Vinci, would we refuse the offer? What kind of narrow minded values are some of our colleagues trying to convey in this House? If some valuable cultural property was available, I think we would want it so we could enjoy it and show it to others. And even if we looked at this from a strictly economic point of view, we as a society would want to capitalize on the fact that people would come from abroad to see it.

[*English*]

How many tourists come to this city to see these things, not just locally, not just people from 10 miles away, but people from across the country? They cross the border from the United States. They come from everywhere to see some of the things we have.

• (1715)

That is equally true elsewhere. My very distinguished colleague reminds me that we are not even talking about the educational benefit. If you bring a child to the museum and show him or her a copy of our Constitution, a copy of the original flag proclamation or other such artefact, there is a tremendous educational benefit as well.

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We are talking about whether we should give a tax benefit to someone who donates an object of art. What is the test? First, the object in question has to be determined to be one that qualifies for such a tax credit. It is not arbitrary. I cannot empty out my desk and call it art or cultural property and get a tax credit for it, although maybe some day the little green book of the Reform Party could be put in a museum. However I do not think I would get much of a tax credit.

The first test is that the object has to qualify. The second test is what the parliamentary secretary said in her speech a while ago if members across had been listening, which is giving a credit of 50 per cent of the market value. My other colleague from Durham is very knowledgeable with numbers as he is an accountant. I am sure he would agree that if you start off with that proposition the taxes saved are a proportion of that, whether it is 50 per cent, 60 per cent or whatever the number is depending on the tax bracket the person is in.

Let us now assume a 50 per cent tax bracket. That means that if one gives a \$1,000 object one does not get \$1,000 from the taxpayers. One receives \$250, assuming a 50 per cent tax bracket working on 50 per cent of the appraised value of the original work. That is the way I see it. If those numbers are even slightly off the principle remains the same. It is not a matter of only rich people getting a credit for a piece of cultural property.

[*Translation*]

Let us not forget that the Reform Party, despite the comments made by some of its members today, launched its last election campaign by calling for the promotion, the furthering of Canadian culture. I am totally confused. I must tell you that I am having difficulty in following the logic used by Reform members. Their thoughts and actions seem to lack coherence. What are these objects they are talking about?

[*English*]

Some members across have alluded to the fact that former Prime Ministers gave their personal papers. Let us look back in history. Let us not measure things as they are now. I am not here to defend Brian Mulroney. I probably criticized him more than all the MPs across put together. However, that is not the point here today. The point is not whether I happen to agree with that person's policy at the time he was the Prime Minister. I think the verdict is already out on that one. Read Stevie Cameron's book and you will find out in case you are still in doubt.

The point is whether there is value to these objects. That is determined by an independent panel, not by members of this House and least of all by political opponents such as I. It is looked at historically. As I said earlier today speaking on another bill, if we were to evaluate today whether the documents of Sir John A. Macdonald are of historical value we would be hard pressed to find people who do not think they are. They are obviously very significant. Probably three years after he left

office the discussion on the issue would have been a little different. The same applies for many other people.

Some time ago the Hudson's Bay Company gave some important historical documents of that very old business which was founded in the 17th century. For a period of time that company owned part of what is our country today. It was the physical owners of the land, a quasi government of its own with administrative powers, et cetera. Some of these documents have been given to the country.

• (1720)

I suppose there were times in the past when a trapper who brought things to be exchanged at the Hudson's Bay store did not get what he considered to be the proper value. He would not have thought much about the cultural value of the documents that belonged to a company that did not give him what his material was worth. But that was measured in the contemporary. It is not necessarily the way in which we can measure objects of value for the future.

[*Translation*]

Our museums across the country can avail themselves of certain tax measures to take advantage of donations made to them. That is right, sometimes rich people donate works. It is great when they do so. This way, the rest of us get to see these works, because only the rich can afford to have a private collection at home. I will not see them often myself, but if these people can give some away, that is just fine.

In our society, there are also people who own works of art, say a painting bought some 30 or 50 years ago by a relative, and who now want to donate it to society in exchange for a tax benefit. What is wrong with that?

I would like to put forward a final argument: Without these measures, would it be possible for individuals richer than myself and many of our fellow citizens to buy this cultural property and put it in their private collections, where it will be impossible for the rest of us to see and appreciate it? I urge Reform Party members to think about this.

[*English*]

This measure can, has been and will be beneficial for all Canadians. However I do not feel the policy of the Reform Party is reasonable in its approach. Cultural property that is sometimes given to the public and to museums could very well end up in the hands of very small groups and would be lost to the rest of us.

I am reminded that parts of the Lord Beaverbrook collection, for instance, were given through tax credits. I do not know whether colleagues from the Reform Party have ever been to the Beaverbrook Museum in Fredericton. I highly recommend it if they have not. They would see the extent of the collection and how precious it is to have that as a property of the people of Canada. Again, one has to see it to appreciate it.

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The Ontario government through cultural agencies owns the McMichael collection in Kleinburg. No doubt a portion of those works were acquired utilizing devices such as this.

Notwithstanding tax credits, which I am not too crazy about either, I am happy to see those works stay here for the Canadian public to see rather than in private collections in another country such as the United States or elsewhere, where people are either richer or have the advantage of a tax credit and can acquire property which I hope will stay here for the benefit of all Canadians.

● (1725)

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I enjoyed hearing the hon. member's intervention. He talked about the Beaverbrook museum in Fredericton. I have not been there but I have been to the National Gallery. I have seen what has purchased, either through tax credits or directly with cash, which is the way I would prefer to see it done because it is a lot more transparent and you can hold people accountable that way.

One of the things my hon. friend from Wetaskiwin pointed out was a display that hangs from the ceiling there. It is a toilet hanging from the ceiling of the National Gallery. Is that not a wonderful purchase by the people of Canada? I wonder how many tax credits we handed out for that? Perfect. Does that not speak volumes about state funded art? It speaks volumes.

I walked into a room at the National Gallery where in one corner are Brillo pads stacked to the ceiling. That is art. It is unbelievable.

I walked into another room where I thought they were undergoing renovations because there was a bunch of underlay lying on the floor. Do you know what, that was the display. Two hundred and fifty-six pieces of felt is what it is called.

I have a picture sitting on my desk of a display at the National Gallery. It is a large woman reading a newspaper and she has got a wig on and all of that sort of thing. According to the people at the National Gallery who were telling people about these displays, someone was paid \$750,000 for what in my judgment is an absolutely ridiculous piece of junk.

When we talk about the government's prescient ability to choose art with other people's money let us go and take a wander through the National Gallery and find out just how good it is at this.

The hon. member from Glengarry—Prescott—Russell pointed to Reform's policy on culture. Let me address that. Our party feels very strongly that the federal government does have a role, but we also feel that these institutions have to be accountable. I also remind the hon. member that these things have to be put in context. Reformers also believe in a flat tax system. We

believe that we cannot be going around giving wealthy people a special privilege. That is ridiculous. It is even more pronounced, more ridiculous in this day and age when middle income Canadians are being squeezed so dramatically.

I would ask the hon. member to put these things in context. I would much rather see private individuals, private groups, lower levels of government like municipalities and provinces run the museums and galleries to the greatest degree possible because they are a lot more accountable. When it is all funded through the federal government and people who are appointed by the federal government make the selections, they are absolutely unaccountable.

Has the hon. member gone through the National Gallery at any time in the recent past and seen some of these ridiculous, what can only be described as abuses, this mocking of taxpayers which is exactly what it is. Somehow we feel we have to support this counter culture, the people who mock a lot of the ideals that really enabled them to have freedom of expression. They mock us and we still give them money.

Has the hon. member seen this lately and how he can justify the government being involved in purchasing that kind of garbage?

Mr. Boudria: Mr. Speaker, I listened very attentively to the hon. member and have come to the conclusion that Reform Party politics has no artistic value.

The member across said that he prefers to see the purchase of art for cash rather than tax cuts. That was in his first or second line. Let us calculate that mathematically. The hon. member for Durham is an expert with numbers and so are a couple of other members of the Liberal caucus who are accountants. They know these things far better than I.

If you start off with the proposition that a work of art valued at \$1,000 gives you a credit for 50 per cent of the value, which is \$500 and you are in the 50 per cent tax bracket which is \$250, it costs the government \$250 to get a \$1,000 item.

He prefers to pay \$1,000 rather than \$250. I think that is Reform math. I want no part of it and I do not think Canadians do either.

● (1730)

The art critic for the Reform Party wanted to tell us that a particular work of art at the national gallery in his view was ridiculous or that he did not like it. That may be so. I do not pretend to understand everything in a museum of modern art any place, not just this place. I have been to the centre Georges Pompidou. I do not understand some objects there either. However, that is neither here nor there.

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The issue is whether the museum should have bought that work of art. I do not even know if the member across knows who owns the work of art in question. He assumes everything in there belonged to the Canadian public through our tax system. That is not necessarily how it was acquired. It does not necessarily belong to the museum. It could belong to another museum but here on a travelling exhibition.

I ask the member to take a little more time to go to the museum—this or any other one—speak to the curator and others and learn a little about how these things work.

I have never seen the object in question. Perhaps I would not like it either, which is a different issue. I do not even know who owns the item in question. Judging from the comments of the member in his speech I would bet a dollar to a penny he has not asked the curator of the museum who owns the piece in question.

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I just finished speaking on the telephone to an 86-year old constituent in my riding who has been watching some of the debate this afternoon. You will have to excuse me, Mr. Speaker, because he said to me: “What the hell are you politicians doing over there wasting my money?”

The members opposite can wax eloquent about all the wonderful things they want to do with other peoples' money. It is other peoples' money. The majority of Canadians, whether watching this or reading about it in the newspaper, know it is their money. They are getting a bit fed up with this place which is not a travelling museum but a stationary museum wasting their money.

I get plenty of calls like the one I just had. I know that now at least my constituent will know I am trying to do something to change that system which is a disgrace. The sooner the other side recognizes it, the better.

Mr. Boudria: Mr. Speaker, the disgrace is in the quality of the remarks I have just heard.

The member referred to a stationary museum. I have never been inside the Reform Party caucus so I cannot comment on that. We all know dinosaurs are usually found in museums. To that extent perhaps he is correct.

Concerning the issue, it is a serious one. The member across may not think cultural property is important to anyone. He has a right to think that. I think he is wrong. The heritage of this country is worth preserving. That heritage may involve the community museum we have in Williamstown in the great riding of Glengarry—Prescott—Russell, the Nor'Westers and Loyalist museum where people like Simon Fraser, Alexander Mackenzie and others worked and lived, then eventually went on to explore the great Canadian west. All of these things are important. Perhaps the member across does not think so. Perhaps he does not have an appreciation for these things which is his right. I do not contest that.

If he says those historical objects, works of art, our whole heritage and past are worth nothing, then he has a right to think that. However, I remind him of the famous words of George Santayana that those of us who do not remember history run at least the risk of repeating it.

● (1735)

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, I am pleased to rise this afternoon and participate in this debate on Bill C-93, an act to amend the Cultural Property Export and Import Act, the Income Tax Act and the Tax Court of Canada Act.

What we are talking about is tax fairness. Fairness is something all Canadians are really looking for today, fairness in their tax system. I hear members opposite talking about the red book and talking about the green book. The only book that is really important and the one we are concerned about for Canadians is the bank book. Canadian bank books are paying for all these open ended and over generous tax credits. We are talking about \$60 million in tax credits; \$60 million in unfairness that is actually not in the system at the moment.

I am a Rotarian and Rotarians have a four way test. These tests apply to all the things we do and say. One of those tests is: Is it fair to all concerned? Bill C-93 misses the mark about being fair to all concerned by a very wide margin. It is unfair to the average income Canadian taxpayer who is overtaxed, has no paintings or sculptures in his or her home and he or she is the least able to pay the tax burden he or she is presently under.

It does benefit the very wealthy, the very rich in our society who have the art works and who have the sculptures and who have the ability to pay. Here we are subsidizing them. Those who have the sculptures, those who have the art works also have the bucks and are not deserving of the overly generous tax credits we are talking about in Bill C-93.

We should be looking for tax relief for the average taxpayer. I hear lots from the other side about their ability to deal with numbers, how good they are with numbers. I wonder about that when I see we are rushing toward bankruptcy, \$550 billion to \$560 billion in federal debt, and deeper every day, and then sleep walking to bankruptcy. I do not know where all the experts in numbers are but they sure do not know how to balance the books very well. We are still spending in excess of \$35 billion more than we are taking in. They had better reclassify their experts. They are failing the mark there.

In Bill C-93 we are missing the mark in three areas when I talk about fairness. Bill C-93 introduces two new levels of appeal. There is more bureaucracy and more costs. On the second point there are tax credits for charities that are treated differently than the tax credits for the rich who have their works of art. That is grossly unfair. The third is it is an open ended system with tax loopholes a mile wide for those with the money and ability to look for them.

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Let us take the first one where we are introducing two new levels of appeal. Prior to 1990 Revenue Canada decided the value. That was the way it should have been. After the 1990 budget the Canadian cultural export review board was brought into being with no appeal, or at least no appeal without reason.

Today Bill C-93 adds two steps to that. We now can have an appeal without a reason. We do not need a reason for an appeal. I cannot understand the logic of that but we can appeal without a reason. Perhaps someone over there can explain that to me.

Then there is an appeal to the Tax Court of Canada—more delay, more bureaucracy and more cost. In the end we have taken it right back to where we were in 1990 where the tax department makes the final decision. What have we accomplished other than more delay and more costs to the taxpayer who is footing the bill?

These appeals will escalate the cost. Take the scenario in which I have a piece of art in my home. I would be lucky to have a piece of art worth \$1 million. I say it is worth \$1 million. The review people take a look at it and say it is only worth \$.5 million. What do we do for the next step? We go to the tax court. Judges being what they are will say they will meet me half way and it ends up being worth \$.75 million. Who is the winner there? It is not the overtaxed taxpayer.

• (1740)

Let us look at the tax credits to charities. The limit is 20 per cent of net taxable income. It is money going to food banks and the Salvation Army, money to help those really in need and we have a limit on it. They are crying for help. They are under constraints from the government. No, it is a 20 per cent limit. That money goes to charities to help people really in need.

Now we look at works of art donated by the rich and the wealthy of this community and there is no limit. The government will give them whatever they want. It is all right. It is a blank cheque. It makes no sense at all. It is grossly unfair. It is Liberal mathematics. The number crunchers have come up with this and the deficit will increase, the debt will increase and our tax burden will increase.

It is an open ended system. I do not think there are any qualifiers. They can keep dumping art on us until the warehouses are full. There is no regulation which say we can only take so much or we have only so much money to put into this. It keeps increasing and we will keep putting it into warehouses. It might eventually find its way into museums. I would certainly hope so when we are spending \$16 million a year and it is increasing. It seems to be acquisition for acquisition's sake.

Is this bill fair? Is Bill C-93 fair to all concerned? I am not just talking about the artsy-fartsy; I am talking about the hard working taxpayers who are paying for all of this art which they rarely ever get to see. It is only fair to the top 1 per cent of our community. It is grossly unfair to 99 per cent of our overtaxed taxpayers. It is unfair to the charities looking for relief. They are looking for help and for donations from Canadians. Art donations have a higher priority with the government than does the Salvation Army. The Salvation Army is helping those in need and those looking for assistance.

To say that if we defeat the bill it will be the end of art donations is rubbish. They will not stop, they will continue. We are not the ones out to destroy the cultural community, but we will not buy it with money we do not have and give it to people who do not need it.

If we defeat the bill it will close a very big loophole of which the very rich in the community can take advantage. That is wrong. The ordinary taxpayer is incensed by it and wants something done about it.

Let us do what is right for the majority of hard working, overtaxed Canadians who have no loopholes, just empty pockets. Let us be fair to all taxpayers and defeat Bill C-93.

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, I did enjoy the address of the hon. member for Simcoe Centre on Bill C-93.

I will give a brief review of one of the small historical museums in my riding. It is run entirely by volunteers. The artefacts and historical objects are donated through projects such as this. Two years ago that small historical museum had to sell off some of those artefacts in order to pay its operating expenses. This is the Colchester historical society museum.

When the hon. member for Simcoe Centre talks about the fairness of the bill and the cost of maintaining art, culture and objects of historical significance in Canada, is it not better and of more value to Canadians to give these artefacts through a tax credit than for the taxpayers to have to use tax dollars to purchase art of value and historical artefacts that maintain the integrity of the history of Canada?

Mr. Harper (Simcoe Centre): Mr. Speaker, I appreciate the question of the hon. member. I was certainly pleased to hear that there are volunteers running the artefacts museum in her riding. That is wonderful. We need more volunteers working in our communities.

• (1745)

I do not buy the premise that we have to offer tax credits in order to get these works of art these different paintings and sculptures to remain in Canada. I believe there are many Canadians who have done well in businesses in Canada who are prepared to make those donations tax free without any tax credits. The government is making the assumption that we have to do this to encourage it and I do not believe that.

Government Orders

We certainly cannot and should not be doing it at this time in our history when we are in the financial mess we are in. We just do not have the dollars to throw away in the form of tax credits to the very wealthy in this country.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I am still mystified by the economics. Why is it that a \$1,000 painting that we can acquire for \$500 not a good one?

The member made the analysis between this kind of consumption of art work as part of our cultural history and identity with donations to charitable organizations. I am not clear at all on the member's point of view. Should we be raising the tax credit for charitable donations or should we be lowering the tax credit for works of art to 20 per cent? It is not at all clear what his analogy is and where that is taking us. Maybe the member could address that.

Mr. Harper (Simcoe Centre): Mr. Speaker, I will be pleased to address that. I am not surprised that it is not clear when somebody thinks that spending \$1,000 or \$500 we do not have makes sense. That kind of logic escapes me.

I am attempting to get across that the tax credit for these works of art is overly generous. We should be more generous in tax credits for the charities in our communities that are helping those who are in need. I thought I made that very clear. As I mentioned earlier, the mathematics on the other side escape me and their inability to grasp the seriousness of the debt position this government is in at the moment.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, we were talking a little while ago about the acquisitions government has made and just how credible it is when it comes to making these acquisitions.

I wonder if the hon. member is aware of the current display at the National Gallery by the artist Paul Wong entitled: "On Becoming a Man". It depicts a man and a woman laying buck naked in a bed with a couple of blow up dolls. I am certain there are all kinds of wonderful reasons to acquire this kind of art and probably no price is too high to pay for this wonderful art, but I am wondering if the hon. member from Simcoe has seen this. If so, can he tell us whether or not this is a worthy acquisition and an appropriate role for our federal government to be playing?

Mr. Harper (Simcoe Centre, Ref.): Mr. Speaker, I must admit I have not seen this wonderful piece of art. Having it now described I do not think I will take the time to go and look at it. It is another example of the terrible waste of our tax dollars. Thousands and thousands of Canadians will never get to see it and many more of them would never want to see that kind of art. It is a tragedy that money is being spent in that area.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, a moment ago my colleague from North Vancouver mentioned a phone call from an 86-year old.

In Wild Rose a lot of people watch the parliamentary channel and the things that go on. In my colleague's view, just exactly where would this type of bill fit in the list of priorities of today's problems we have in government? People in Wild Rose are saying there is a \$600 billion debt. Parents of 10-year old children like Melissa are worried sick about what may happen to them. Bombs are blowing up all across the country because gangs are claiming turf or making sure they get their turf if they do not have any. We sit around and talk about all kinds of things that crop up because the magicians over there and their highly paid lawyers come up with all kinds of documents and legislation that we have to look after.

● (1750)

People in Wild Rose want to know when we are going to get down to business. In two years we have not accomplished anything in their view. They would say that right this minute the Prime Minister and a lot of other people over there should be in their seats.

The Acting Speaker (Mr. Kilger): Colleagues, I fully respect that this is the place to have the debate of the day on this particular matter. Clearly, we have all been here long enough now that under no circumstances can the Chair accept any reference to any other member of any party not being present in the Chamber. I would ask all of us to please keep that in mind.

I ask the member for Wild Rose to please complete his question or comment because I must continue with the debate.

Mr. Thompson: Mr. Speaker, people in Wild Rose would wonder why we have not filled this place with all members of Parliament, getting down to business, working hour after hour in here trying to solve the problems of the nation. I would like to know what priority my hon. colleague puts on legislation of this type.

Mr. Harper (Simcoe Centre): Mr. Speaker, I thank the hon. member for Wild Rose for his question. Very simply, I would give it an extremely low priority. It would actually be below gun control, which is another waste of a minimum of \$90 million of our hard earned tax dollars.

I find it appalling that we are dealing with issues such as this while the country is heading into bankruptcy. We are going deeper and deeper into debt and we are talking about tax credits to the rich. We are not dealing with the real serious problems we are facing as a nation. We are dealing with issues that should not even be in front of us at this time in the history of the country.

If we would do something about balancing our budget so that we can start offering some tax relief to the citizens of Canada we

would see the economy grow and jobs being created. The overly high unemployment level would then be reduced to something which is far more acceptable.

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, from the level of the debate particularly from the opposition benches this afternoon, I can see that the dinosaurs from the west are not only in Drumheller. Some of them appear to be alive and kicking and present in the Chamber today.

It is important to understand that cultural property is not just paintings and fine art. It extends also to natural history, paleontology and mineralogy, all aspects of human history, archaeology, military history, antique furniture, antique firearms, which I am sure my friends like very much, scientific and technological objects and a full range of archival and library materials. There have been some significant examples recently of donations which help to illustrate the diversity of cultural property that is included in the legislation.

Last summer several pieces of a meteorite fell near St-Robert, Quebec. These have been donated to institutions in Quebec and to the Geological Survey of Canada to enable scientists to enhance their knowledge of space and the history of the universe.

The Hudson's Bay Company donated its extensive archival collection of business records dating from the 17th century to the present to the archives of the province of Manitoba. This collection includes information rich documentation that is being consulted and analyzed for such diverse information as arctic exploration, Canada's economic development and even climatic changes and weather patterns.

Native run museums in British Columbia have been able to retain important and in some cases sacred objects in their communities through donations facilitated by the act.

Some people like to characterize these tax credits for donations of cultural property as loopholes for the wealthy.

• (1755)

I am thinking today of some constituents of mine. They are not people who drive \$70,000 Cadillacs to Parliament Hill. For instance there is a research scientist for the federal government who has a group of seven paintings which he inherited from his grandmother. He has loaned it to the art gallery of Windsor. A grade school teacher who is a friend of mine has collected primitive Inuit pieces over many years which I am sure she will ultimately donate. There is an anthropologist retired from the University of Windsor who has a collection of native relics. On Pelee Island in southwestern Ontario there are retired farmers who have exquisite collections of fossils and native relics. These are not wealthy people. These are not people for whom these so-called loopholes are gaining extraordinary advantage.

Government Orders

These are people who would like to be able to make a donation of their precious collections.

Even if somebody is wealthy, and some donations are made by wealthy Canadians, this is consistent with their support of performing arts, of the arts community and of collecting institutions. Without their support Canada's museums, archives and libraries would not have the quality collections they now possess. Nor would we be able to actively participate in the international exchange of exhibitions and scholarships. Without strong collections in our custodial institutions we would have a reduced sense of our own identity and a diminished role internationally in the cultural domain.

Many individuals who have donated important objects of Canadiana have donated those objects from collections which have been with their families for generations. They have contributed to the preservation of Canada's history. These individuals have chosen to enrich the collection of a local or national institution rather than exporting the object for sale with the result that it would be lost to Canada forever. While they may receive a tax credit for their donation, it is nevertheless a philanthropic act on their part because the money they receive is equivalent to about 50 per cent of the fair market value of the object.

Donations ensure that we are able to maintain a record of artistic development in Canada and that artists receive the recognition and exposure in Canada they so richly deserve.

In today's economic climate few collecting institutions have funds to purchase objects and we must therefore rely on donations. By offering incentives for donations to custodial institutions that have demonstrated they meet professional standards, the Government of Canada is able to provide assistance to ensure that their collections continue to reflect our country's heritage. This is something that is certainly valued by the government if not by the Reform Party.

Responsibility for determining fair market value of cultural property has been transferred from Revenue Canada to the Canadian Cultural Property Export Review Board. This happened in 1991. However this arm's length board was making decisions which could not at that time be appealed. The establishment of an appeal process of the determinations of the Canadian Cultural Property Export Review Board proposed in this bill will permit any donor of cultural property who disagrees with its decision the opportunity to pursue this ultimately with the Tax Court of Canada. What could be fairer?

The amendments in this bill should be reviewed as a guarantee of the donor's right to natural justice through an appeal to the judicial system if that is warranted. These amendments should also be viewed as the reinstatement of the right of appeal that was lost in 1991 when the responsibility for determining fair market value was transferred to the review board.

Government Orders

The announcement of these proposed amendments was applauded by members of the public who enjoy and who value our cultural history, by collectors, by custodial institutions and by members of the review board itself. We believe that the establishment of this appeal process will strengthen the incentive for individuals to collect and ultimately to donate cultural property to designated institutions or public authorities rather than to sell it on the international market.

In recent months articles have appeared and comments have been made even in the House suggesting that tax avoidance schemes have extended to donations of cultural property.

The Acting Speaker (Mr. Kilger): I regret having to interrupt the member. Certainly she will have the opportunity to conclude her remarks when this bill comes back to the House for further debate.

* * *

CORRECTIONS AND CONDITIONAL RELEASE ACT

The House resumed from September 21 consideration of Bill C-45, an act to amend the Corrections and Conditional Release Act, the Criminal Code, the Criminal Records Act, the Prisons and Reformatory Act and the Transfer of Offenders Act, as reported (with amendments) from the committee.

The Acting Speaker (Mr. Kilger): It being 6 p.m., pursuant to Standing Order 45, the House will now proceed to the taking of the deferred divisions at report stage of Bill C-45, an act to amend the Corrections and Conditional Release Act, the Criminal Code, the Criminal Records Act, the Prisons and Reformatory Act and the Transfer of Offenders Act.

Call in the members.

And the bells having rung:

The Acting Speaker (Mr. Kilger): The first question is on Motion No. 1.

(The House divided on Motion No. 1, which was negatived on the following division:)

(Division No. 333)

YEAS

Members

Abbott	Ablonczy
Benoit	Breitkreuz (Yorkton—Melville)
Brown (Calgary Southeast/Sud—Est)	Chatters
Cummins	Epp
Gouk	Grey (Beaver River)
Grubel	Hanrahan
Harper (Calgary West/Ouest)	Harper (Simcoe Centre)
Hart	Hayes
Hoepfner	Johnston
Manning	Martin (Esquimalt—Juan de Fuca)
Mayfield	McClelland (Edmonton Southwest/Sud—Ouest)
Mills (Red Deer)	Morrison
Ramsay	Ringma
Schmidt	Silye
Solberg	Speaker
Stinson	Thompson
White (Fraser Valley West/Ouest)	White (North Vancouver)—34

NAYS

Members

Adams	Alcock
Allmand	Anawak
Anderson	Assad
Assadourian	Asselin
Axworthy (Winnipeg South Centre/Sud—Centre)	Barnes
Beaumur	Bélair
Bélanger	Bélisle
Bellehumeur	Bellemare
Bernier (Gaspé)	Bertrand
Bethel	Bevilacqua
Bhaduria	Blaikie
Blondin—Andrew	Bodnar
Bouchard	Boudria
Brien	Brown (Oakville—Milton)
Brushett	Bryden
Calder	Caron
Catterall	Chrétien (Frontenac)
Chrétien (Saint—Maurice)	Clancy
Cohen	Collenette
Collins	Copps
Crawford	Culbert
de Jong	de Savoye
Deshaies	DeVillers
Dhaliwal	Dingwall
Dromisky	Duceppe
Dupuy	Easter
Eggleton	English
Fewchuk	Fillion
Finlay	Flis
Fontana	Gaffney
Gagnon (Bonaventure—Îles—de—la—Madeleine)	Gagnon (Québec)
Galloway	Gauthier
Godfrey	Goodale
Graham	Grose
Guarnieri	Guay
Guimond	Harb
Harper (Churchill)	Harvard
Hickey	Hopkins
Hubbard	Jackson
Jacob	Jordan
Karygiannis	Keyes
Knutson	Kraft Sloan
Langlois	Lastewka
Lavigne (Beauharnois—Salaberry)	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lincoln	Loney
MacDonald	Maclaren
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marchand
Marleau	McCormick
McGuire	McKinnon
McLellan (Edmonton Northwest/Nord—Ouest)	McTeague
McWhinney	Mifflin
Milliken	Mills (Broadview—Greenwood)
Minna	Murphy
Murray	Nault
Nunez	Nunziata
O'Brien	O'Reilly
Pagtakhan	Paradis
Payne	Peric
Peters	Phinney
Picard (Drummond)	Pickard (Essex—Kent)
Reed	Regan
Richardson	Riis
Ringuette—Maltais	Robichaud
Rocheleau	Rock
Sauvageau	Scott (Fredericton—York—Sunbury)
Serré	Shepherd
Sheridan	Simmons
St. Denis	Steele
Stewart (Brant)	Stewart (Northumberland)
Szabo	Taylor
Terrana	Thalheimer
Tobin	Torsney
Tremblay (Rimouski—Témiscouata)	Ur
Valeri	Vanclief
Venne	Volpe
Wells	Whelan
Wood	Zed—156

Government Orders

PAIRED MEMBERS

Bachand	Bakopanos
Bergeron	Bernier (Mégantic—Compton—Stanstead)
Bonin	Caccia
Campbell	Cannis
Canuel	Cauchon
Chan	Crête
Dalphond—Guiral	Daviault
Debien	Dubé
Duhamel	Dumas
Finestone	Fry
Gagliano	Gierrard
Godin	Gray (Windsor West/Ouest)
Ianno	Kirkby
Lalonde	Landry
Laurin	Lavigne (Verdun—Saint-Paul)
Leblanc (Longueuil)	Lee
Lefebvre	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Loubier
Massé	Ménard
Mercier	Paré
Patry	Pomerleau
Proud	Rideout
St-Laurent	Stewart (Northumberland)
Walker	Wells

• (1825)

The Acting Speaker (Mr. Kilger): I declare Motion No. 1 lost.

Mr. Boudria Mr. Speaker, would you seek unanimous consent to apply the result of the vote just taken to report stage Motions Nos. 4, 5, 17 and 19 of the same bill?

The Acting Speaker (Mr. Kilger): Is there unanimous consent?

Some hon. members: Agreed.

[*Translation*]

Mr. Duceppe: Agreed.

• (1830)

[*English*]

Mr. Ringma: Mr. Speaker, I understand that most of my colleagues will go along with this. That is their intention. If there are any exceptions I will expect them to rise.

Mr. Taylor: Agreed.

Mr. Bhaduria: Mr. Speaker, I agree with the motion of the government House leader.

The Acting Speaker (Mr. Kilger): I declare Motions Nos. 4, 5, 17 and 19 negatived.

[*Editor's Note: See list under Division No. 333.*]

The Acting Speaker (Mr. Kilger): The next question is on Motion No. 7.

[*Translation*]

Mr. Boudria: Mr. Speaker, if you were to seek it, I believe there would be unanimous consent to apply the vote just taken on the previous motion, Motion No. 1, in reverse to the motion now before the House.

Mr. Duceppe: Agreed.

[*English*]

Mr. Ringma: Agreed.

Mr. Taylor Agreed.

Mr. Bhaduria: Agreed.

(The House divided on Motion No. 7, which was agreed to on the following division:)

(*Division No. 334*)

YEAS

Members

Adams	Alcock
Allmand	Anawak
Anderson	Assad
Assadourian	Asselin
Axworthy (Winnipeg South Centre/Sud—Centre)	Barnes
Beaumier	Bélair
Bélanger	Bélisle
Bellehumeur	Bellemare
Bernier (Gaspé)	Bertrand
Bethel	Bevilacqua
Bhaduria	Blaikie
Blondin—Andrew	Bodnar
Bouchard	Boudria
Brien	Brown (Oakville—Milton)
Brushett	Bryden
Calder	Caron
Catterall	Chrétien (Frontenac)
Chrétien (Saint-Maurice)	Clancy
Cohen	Collenette
Collins	Copps
Crawford	Culbert
de Jong	de Savoye
Deshaies	DeVillers
Dhaliwal	Dingwall
Dromisky	Duceppe
Dupuy	Easter
Eggleton	English
Fewchuk	Fillion
Finlay	Flis
Fontana	Gaffney
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Gagnon (Québec)
Galloway	Gauthier
Godfrey	Goodale
Graham	Grose
Guarnieri	Guay
Guimond	Harb
Harper (Churchill)	Harvard
Hickey	Hopkins
Hubbard	Jackson
Jacob	Jordan
Karygiannis	Keyes
Knutson	Kraft Sloan
Langlois	Lastewka
Lavigne (Beauharnois—Salaberry)	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lincoln	Loney
MacDonald	Maclaren
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marchand
Marleau	McCormick
McGuire	McKinnon
McLellan (Edmonton Northwest/Nord—Ouest)	McTeague
McWhinney	Mifflin
Milliken	Mills (Broadview—Greenwood)
Minna	Murphy
Murray	Nault
Nunez	Nunziata
O'Brien	O'Reilly
Pagtakhan	Paradis
Payne	Peric

Government Orders

Peters	Phinney
Picard (Drummond)	Pickard (Essex—Kent)
Reed	Regan
Richardson	Riis
Ringuette—Maltais	Robichaud
Rocheleau	Rock
Sauvageau	Scott (Fredericton—York—Sunbury)
Serré	Shepherd
Sheridan	Simmons
St. Denis	Steckle
Stewart (Brant)	Stewart (Northumberland)
Szabo	Taylor
Terrana	Thalheimer
Tobin	Torsney
Tremblay (Rimouski—Témiscouata)	Ur
Valéri	Vanclief
Venne	Volpe
Wells	Whelan
Wood	Zed—156

NAYS

Members

Abbott	Ablonczy
Benoit	Breitkreuz (Yorkton—Melville)
Brown (Calgary Southeast/Sud—Est)	Chatters
Cummins	Epp
Gouk	Grey (Beaver River)
Grubel	Hanrahan
Harper (Calgary West/Ouest)	Harper (Simcoe Centre)
Hart	Hayes
Hoepfner	Johnston
Manning	Martin (Esquimalt—Juan de Fuca)
Mayfield	McClelland (Edmonton Southwest/Sud—Ouest)
Mills (Red Deer)	Morrison
Ramsay	Ringma
Schmidt	Silye
Solberg	Speaker
Stinson	Thompson
White (Fraser Valley West/Ouest)	White (North Vancouver)—34

PAIRED MEMBERS

Bachand	Bakopanos
Bergeron	Bernier (Mégantic—Compton—Stanstead)
Bonin	Caccia
Campbell	Cannis
Canuel	Cauchon
Chan	Crête
Dalphonde—Guiral	Daviault
Debien	Dubé
Duhamel	Dumas
Finestone	Fry
Gagliano	Gerrard
Godin	Gray (Windsor West/Ouest)
Ianno	Kirkby
Lalonde	Landry
Laurin	Lavigne (Verdun—Saint—Paul)
Leblanc (Longueuil)	Lee
Lefebvre	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Loubier
Massé	Ménard
Mercier	Paré
Patry	Pomerleau
Proud	Rideout
St—Laurent	Stewart (Northumberland)
Walker	Wells

The Acting Speaker (Mr. Kilger): I declare Motion No. 7 carried.

[*Translation*]

The next question is on Motion No. 10. An affirmative vote on Motion No. 10 obviates the need for a vote on Motion No. 11. A

negative vote on Motion No. 10 requires a vote on Motion No. 11.

[*English*]

Mr. Boudria: Mr. Speaker, I think you would find unanimous consent for this motion to be deemed to have carried on division.

[*Translation*]

Mr. Duceppe: Agreed.

[*English*]

Mr. Ringma: Agreed.

Mr. Taylor: Agreed.

Mr. Bhaduria: Agreed.

Some hon. members: On division.

The Acting Speaker (Mr. Kilger): I declare Motion No. 10 carried.

The Acting Speaker (Mr. Kilger): The next question is on Motion No. 16.

[*Translation*]

Mr. Boudria: Mr. Speaker, if you were to seek it, I believe there would be unanimous consent to apply the vote just taken as follows: Members of the Liberal Party who voted on Motion No. 1 will be recorded as having voted nay on the motion now before the House.

Mr. Duceppe: Mr. Speaker, members of the Bloc Québécois will also vote nay.

[*English*]

Mr. Ringma: The Reform Party will vote yes on that except for any members who might wish to vote to the contrary.

Mr. Morrison: I would vote in opposition to the motion.

Mr. Taylor: New Democrats are voting yea on this motion.

Mr. Bhaduria: I will be voting against this motion.

(The House divided on the Motion No. 16, which was negatived on the following division:)

(*Division No. 335*)

YEAS

Members

Abbott	Ablonczy
Benoit	Blaikie
Breitkreuz (Yorkton—Melville)	Brown (Calgary Southeast/Sud—Est)
Chatters	Cummins
de Jong	Epp
Gouk	Grey (Beaver River)
Grubel	Hanrahan
Harper (Calgary West/Ouest)	Harper (Simcoe Centre)
Hart	Hayes
Hoepfner	Johnston
Manning	Martin (Esquimalt—Juan de Fuca)
Mayfield	McClelland (Edmonton Southwest/Sud—Ouest)

Mills (Red Deer)
Riis
Schmidt
Solberg
Stinson
Thompson
White (North Vancouver)—37

Ramsay
Ringma
Silye
Speaker
Taylor
White (Fraser Valley West/Ouest)

Ur
Vanclief
Volpe
Whelan
Zed—153

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Valeri
Venne
Wells
Wood

PAIRED MEMBERS

Bachand
Bergeron
Bonin
Campbell
Canuel
Chan
Dalphon—Guiral
Debien
Duhamel
Finestone
Gagliano
Godin
Ianno
Lalonde
Laurin
Leblanc (Longueuil)
Lefebvre
Leroux (Shefford)
Massé
Mercier
Patry
Proud
St-Laurent
Walker

Bakopanos
Bernier (Mégantic—Compton—Stanstead)
Caccia
Cannis
Cauchon
Crête
Davialt
Dubé
Dumas
Fry
Gerrard
Gray (Windsor West/Ouest)
Kirkby
Landry
Lavigne (Verdun—Saint-Paul)
Lee
Leroux (Richmond—Wolfe)
Loubier
Ménard
Paré
Pomerleau
Rideout
Stewart (Northumberland)
Wells

NAYS

Members

Adams
Allmand
Anderson
Assadourian
Axworthy (Winnipeg South Centre/Sud-Centre)
Beaumier
Bélanger
Bellehumeur
Bernier (Gaspé)
Bethel
Bhaduria
Bodnar
Boudria
Brown (Oakville—Milton)
Bryden
Caron
Chrétien (Frontenac)
Clancy
Collenette
Copp
Culbert
Deshaies
Dhaliwal
Dromisky
Dupuy
Eggleton
Fewchuk
Finlay
Fontana
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Galloway
Godfrey
Graham
Guarnieri
Guimond
Harper (Churchill)
Hickey
Hubbard
Jacob
Karygiannis
Knutson
Langlois
Lavigne (Beauharnois—Salaberry)
Lincoln
MacDonald
MacLellan (Cape/Cap-Breton—The Sydneys)
Maloney
Marleau
McGuire
McLellan (Edmonton Northwest/Nord-Ouest)
McWhinney
Milliken
Minna
Murphy
Nault
Nunziata
O'Reilly
Paradis
Peric
Phinney
Pickard (Essex—Kent)
Regan
Ringuette—Maltais
Rocheleau
Sauvageau
Serré
Sheridan
St. Denis
Stewart (Brant)
Szabo
Thalheimer
Torsney

Alcock
Anawak
Assad
Asselin
Barnes
Bélair
Bélisle
Bellemare
Bertrand
Bevilacqua
Blondin—Andrew
Bouchard
Brien
Brushett
Calder
Catterall
Chrétien (Saint-Maurice)
Cohen
Collins
Crawford
de Savoye
DeVillers
Dingwall
Duceppe
Easter
English
Fillion
Flis
Gaffney
Gagnon (Québec)
Gauthier
Goodale
Grose
Guay
Harb
Harvard
Hopkins
Jackson
Jordan
Keyes
Kraft Sloan
Lastewka
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Loney
Maclaren
Malhi
Marchand
McCormick
McKinnon
McTeague
Mifflin
Mills (Broadview—Greenwood)
Morrison
Murray
Nunez
O'Brien
Pagtakhan
Payne
Peters
Picard (Drummond)
Reed
Richardson
Robichaud
Rock
Scott (Fredericton—York—Sunbury)
Shepherd
Simmons
Steckle
Stewart (Northumberland)
Terrana
Tobin
Tremblay (Rimouski—Témiscouata)

• (1835)

The Acting Speaker (Mr. Kilger): I declare Motion No. 16 negated.

Hon. Michel Dupuy (for the Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.) moved that the bill, as amended, be concurred in and read the second time.

The Acting Speaker (Mr. Kilger): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Kilger): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Kilger): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Kilger): In my opinion the yeas have it.

And more than five members having risen:

[Translation]

Mr. Boudria: Mr. Speaker, if you were to seek it, I believe there would be unanimous consent for applying the vote at the report stage on Motion No. 1 in reverse to the motion now before the House.

Government Orders

Mr. Duceppe: Agreed.

[*English*]

Mr. Ringma: Yes, we can accept a reversal on that, Mr. Speaker, except for anyone who might wish to do the contrary. They will stand.

Mr. Taylor: Agreed.

Mr. Bhaduria: Agreed.

[*Editor's Note: See list under Division No. 334.*]

The Acting Speaker (Mr. Kilger): I declare the motion carried.

(Bill concurred in and read the second time.)

* * *

EXCISE TAX ACT

The House resumed from September 21 consideration of the motion that Bill C-90, an act to amend the Excise Tax Act and the Excise Act, be read the second time and referred to a committee.

Mr. Boudria: Mr. Speaker, if you were to seek it, the House would give its consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members being recorded as voting yea.

[*Translation*]

Mr. Duceppe: Mr. Speaker, members of the Bloc Québécois will vote against this motion.

[*English*]

Mr. Ringma: Mr. Speaker, Reform Party members, as I read them, will vote no to that measure. If there are exceptions they will stand.

Mr. Taylor: Mr. Speaker, the New Democrats will vote nay in opposition to this motion.

Mr. Bhaduria: Mr. Speaker, I will be voting yes for the motion.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 336*)

YEAS

Members

Adams	Alcock
Allmand	Anawak
Anderson	Assad
Assadourian	Axworthy (Winnipeg South Centre/Sud-Centre)
Barnes	Beaumier
Bélair	Bélangier
Bellemare	Bertrand
Bethel	Bevilacqua
Bhaduria	Blondin-Andrew
Bodnar	Boudria
Brown (Oakville—Milton)	Brushett
Bryden	Calder
Catterall	Chrétien (Saint-Maurice)
Clancy	Cohen
Collenette	Collins
Copps	Crawford
Culbert	DeVillers
Dhaliwal	Dingwall
Dromisky	Dupuy

Easter	Eggleton
English	Fewchuk
Finlay	Fliis
Fontana	Gaffney
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Galloway
Godfrey	Goodale
Graham	Grose
Guarnieri	Harb
Harper (Churchill)	Harvard
Hickey	Hopkins
Hubbard	Jackson
Jordan	Karygiannis
Keyes	Knutson
Kraft Sloan	Lastewka
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Lincoln
Loney	MacDonald
Maclaren	MacLellan (Cape/Cap-Breton—The Sydneys)
Malhi	Maloney
Marleau	McCormick
McGuire	McKinnon
McLellan (Edmonton Northwest/Nord-Ouest)	McTeague
McWhinney	Mifflin
Milliken	Mills (Broadview—Greenwood)
Minna	Murphy
Murray	Nault
Nunziata	O'Brien
O'Reilly	Pagtakhan
Paradis	Payne
Peric	Peters
Phinney	Pickard (Essex—Kent)
Reed	Regan
Richardson	Ringuette-Maltais
Robichaud	Rock
Scott (Fredericton—York—Sunbury)	Serré
Shepherd	Sheridan
Simmons	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	Szabo
Terrana	Thalheimer
Tobin	Torsney
Ur	Valeri
Vanclief	Volpe
Wells	Whelan
Wood	Zed—126

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Abbott	Ablonczy
Asselin	Bélisle
Bellehumeur	Benoit
Bernier (Gaspé)	Blaikie
Bouchard	Breitkreuz (Yorkton—Melville)
Brien	Brown (Calgary Southeast/Sud—Est)
Caron	Chatters
Chrétien (Frontenac)	Cummins
de Jong	de Savoye
Deshaies	Duceppe
Epp	Fillion
Gagnon (Québec)	Gauthier
Gouk	Grey (Beaver River)
Grubel	Guay
Guimond	Hanrahan
Harper (Calgary West/Ouest)	Harper (Simcoe Centre)
Hart	Hayes
Hoepfner	Jacob
Johnston	Langlois
Lavigne (Beauharnois—Salaberry)	Manning
Marchand	Martin (Esquimalt—Juan de Fuca)
Mayfield	McClelland (Edmonton Southwest/Sud—Ouest)
Mills (Red Deer)	Morrison
Nunez	Picard (Drummond)
Ramsay	Riis
Ringma	Rocheleau
Sauvageau	Schmidt
Silye	Solberg
Speaker	Stinson
Taylor	Thompson

Tremblay (Rimouski—Témiscouata)
White (Fraser Valley West/Ouest)

Venne
White (North Vancouver)—64

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Bachand
Bergeron
Bonin
Campbell
Canuel
Chan
Dalphond—Guiral
Debien
Duhamel
Finestone
Gagliano
Godin
Ianno
Lalonde
Laurin
Leblanc (Longueuil)
Lefebvre
Leroux (Shefford)
Massé
Mercier
Patry
Proud
St-Laurent
Walker

Bakopanos
Bernier (Mégantic—Compton—Stanstead)
Caccia
Cannis
Cauchon
Crête
Daviault
Dubé
Dumas
Fry
Gerrard
Gray (Windsor West/Ouest)
Kirkby
Landry
Lavigne (Verdun—Saint-Paul)
Lee
Leroux (Richmond—Wolfe)
Loubier
Ménard
Paré
Pomerleau
Rideout
Stewart (Northumberland)
Wells

• (1840)

The Acting Speaker (Mr. Kilger): I declare the motion carried.

(Bill read the second time and referred to a committee.)

* * *

MANGANESE BASED FUEL ADDITIVES ACT

The House resumed from September 22 consideration of the motion that Bill C-94, an act to regulate interprovincial trade in and the importation for commercial purposes of certain manganese based substances, be read the second time and referred to a committee; and of the amendment.

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 45, the House will now proceed to the taking of the deferred division on the amendment of the hon. member for Calgary North.

Mr. Boudria: Mr. Speaker, on the amendment to second reading proposed by the hon. member for Calgary North, if you were to seek unanimous consent, the House would be willing to apply the vote taken on report stage Motion No. 1 of Bill C-45, the first vote we took today, to the motion now before the House.

[Translation]

Mr. Duceppe: Agreed.

[English]

Mr. Ringma: Agreed.

Mr. Taylor: Agreed.

Adjournment Debate

Mr. Bhaduria: Agreed.

The Acting Speaker (Mr. Kilger): I declare the amendment lost.

[Editor's Note: See list under Division No. 333.]

* * *

EXCISE TAX ACT

The House resumed consideration of the motion that Bill C-103, an act to amend the Excise Tax Act and the Income Tax Act, be read the second time and referred to a committee.

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 45, the House will now proceed to the taking of deferred division at second reading stage of Bill C-103.

Mr. Boudria: Mr. Speaker, I think you would find that the House would be willing to apply the vote just taken in reverse to the motion now before the House.

[Translation]

Mr. Duceppe: Agreed.

[English]

Mr. Ringma: Agreed.

Mr. Taylor: Agreed.

Mr. Bhaduria: Agreed.

The Acting Speaker (Mr. Kilger): I declare the motion carried.

[Editor's Note: See list under Division No. 334.]

(Bill read the second time and referred to a committee.)

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 is deemed to have been moved.

• (1845)

BUSINESS GRANTS

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, on April 26, 1994 I put a question on the Order Paper which the government still has not answered.

I asked as follows:

With respect to the \$3.3 billion in 1994-95 and the \$3.1 billion in 1995-96 the government will spend for grants to business, (a) what agency dispenses these grants, (b) what criteria does the government apply to determine which businesses receive grants and (c) how do these criteria differ from those used by the previous government?

I did not ask the government to provide me with a list of grants to businesses. Instead I merely asked the government to explain how it decides who will receive these generous payouts of taxpayers' dollars, who does the paying out and how the

Adjournment Debate

Liberals' actions differ from practices followed by their predecessors.

These are questions which Canadian taxpayers have every right to expect their government to tell them. What possible reason could there be for the government to take 17 months and still not supply an answer? Could it be that the government does not know what standards it applies in deciding what businesses (a) or (b) should be given a grant? Somehow that does not really seem likely. However if the government did know what standard it uses, why would the government not simply have answered my question?

The conclusion most taxpayers will probably draw from the government's refusal to reply is that the standards it uses dare not be exposed to the light of day, that it would expect more trouble from supplying the answer than it could get from simply not answering.

This conclusion will probably lead many people to assume that Liberal Party patronage is one very big criterion for receiving money from the current Liberal government, just as it has been so often charged that Conservative Party patronage was one very big criterion for receiving money under the Mulroney Tories. Liberal-Tory, same old story.

I raise this question after listening to many discussions in the Standing Committee on Industry. Since that time I have moved over to the natural resource committee, serving as the Reform forestry critic. I attended meetings with representatives of the forest industry all across Canada.

A question I often asked these members of the forest industry was: What can we do to get the federal government out of the natural resource area which according to the Constitution should fall under provincial jurisdiction? One of the answers I often heard was to put an end to federal grants to the forest industry. The forest industry may apply for those grants but they apply only because their competitors do so. If one business in the field gets a federal grant and another business in the same field does not, it gives the first one an unfair competitive advantage over the other.

Nobody is more competitive than a logger. I feel certain that the same is true of Canadian business and industry across this great country. Individual business owners want to be free of government. They want to be free of the red tape required to complete the application forms. However, if their competitor is applying for and likely getting a grant, then businesses needing to compete must do the same.

In conclusion, I want to emphasize that grants to businesses and industry must end for several reasons. They are a needless burden on the taxpayers at a time when government is struggling to find money for essential services like health care and education. They must end because they are like the apple in the Garden of Eden as a temptation to politicians to favour their old friends and their party supporters in a system of pork barrelling and patronage which is a disgrace to honour and integrity in government.

Grants to businesses and industry must end because they subsidize those less able and least trustworthy to succeed at the expense of those most able and most worthy to succeed. In short, grants to businesses and industry are readily used to reward failure and to penalize success. Canadian businesses and industry deserve better.

As I conclude my remarks I ask hon. members: When will I get an answer to the question I raised 17 months ago?

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to have the opportunity to respond to the hon. member. As he knows, having transferred his question for debate, he now will not get an answer except what I tell him tonight and I do not have an answer for him tonight. He can put his question on the Order Paper again, perhaps in a slightly modified form, and maybe he will get an answer in due course.

I want to recall what happened. The question was put on the Order Paper on April 26, 1994. Officials in the Privy Council Office dispatched the usual inquiries to the appropriate government departments and were advised that four departments or four agencies of the government would be able to provide a satisfactory response to the question.

When the response was received in July, after the House had adjourned for the summer, I had an opportunity to review the response. I take some personal responsibility for this. I concluded that the response was unsatisfactory because only four agencies had been canvassed when in fact the question was not specific as to which agencies might have dispensed the money. In fact it was a question directed to all government departments. Accordingly I asked that all government departments be contacted to ensure that a full answer was given to the hon. member, that the answer be accurate in all respects and to provide an answer in respect of all government grants to businesses.

My request resulted in the answer being sent back to the appropriate government department. The government department in question has not produced an answer to date, despite many memorandums, despite many requests.

I can only say that this particular department is one which in my experience, and that of other members of the House, is slow in responding to this kind of request from the House and from its committees. I am sorry that is the case, but there is nothing further I am able to do at this time except to assure the hon. member that if he puts a question on the Order Paper along similar lines I will personally speak to the minister of the department and urge that speed follow in the preparation of the answer to his question.

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 38, a 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.

(The House adjourned at 6.51 p.m.)

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