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OFFICIAL REPORT  
(HANSARD)

**Tuesday, November 7, 1995**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Tuesday, November 7, 1995

The House met at 10 a.m.

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*Prayers*

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## 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 two petitions.

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### NATIONAL DEFENCE

**Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, pursuant to Standing Order 32(2), I have the honour to table in both official languages a report entitled "The Special Commission on the Restructuring of the Reserves".

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### 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 Deloraine, Manitoba.

The petitioners 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 that the Income Tax Act discriminates against families that make the choice to provide care in the home for 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 fami-

lies that decide to provide care in the home for preschool children, the disabled, the chronically ill or the aged.

• (1005)

JUSTICE

**Mr. Chuck Strahl (Fraser Valley East, Ref.):** Mr. Speaker, I have the privilege to present two petitions signed by people in my constituency who were outraged over the murder of Melanie Carpenter and who continue to press for changes to the criminal justice system to address what they feel are inadequacies in the system.

The petitioners call on Parliament to permit the use of post-sentence detention orders and to limit the freedoms of high risk offenders. If Parliament hears this petition, innocent people like Melanie Carpenter will remain alive, and dangerous ones like her murderer, if he were still alive, would stay behind bars.

\* \* \*

### 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 Acting Speaker (Mr. Kilger):** Is that agreed?

**Some hon. members:** Agreed.

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## GOVERNMENT ORDERS

[English]

### NATIONAL HOUSING ACT

The House resumed from November 6 consideration of the motion that Bill C-108, an act to amend the National Housing Act, be read the second time and referred to a committee.

**Ms. Jean Augustine (Parliamentary Secretary to Prime Minister, Lib.):** Mr. Speaker, I rise to speak to Bill C-108 at second reading, a bill to amend the National Housing Act.

I can speak from firsthand experience of the federal government's concern in social housing matters. I am pleased to represent the riding of Etobicoke—Lakeshore where the government is funding projects such as Kilcooley gardens co-op and William Kinnett co-op housing, housing residents who are single parents and persons with disabilities.

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I am proud to be part of a government that supports non-profit housing, promotes the security of tenure and a sense of community among its members. I can also speak to the benefits of Canada Mortgage and Housing Corporation's mortgage loan statistics.

In my riding of Etobicoke—Lakeshore from 1992 to October 1995 a total of 1,567 home buyers took advantage of CMHC's mortgage loan insurance. Of these, 708 were first time home buyers who were able to gain access to their home under the CMHC's first home loan insurance, the 5 per cent down program as we call it.

I am pleased to speak in support of the bill because I understand the crucial importance of it to ensure that CMHC can continue its mortgage loan insurance activity.

I am bewildered why certain members of the House are not able to support the bill. I can only assume it is because they do not fully understand the provisions of the bill and cannot appreciate the important role mortgage loan insurance will play in helping Canadians to gain access to decent affordable housing.

Many of my colleagues have already spoken to this issue. However, it is obvious the message has not gotten through. Allow me to spell it out one more time more clearly for the benefit of those having difficulty understanding why the bill is important to Canadians.

NHA mortgage loan insurance makes home ownership accessible to millions of Canadians regardless of where they live. This access is under similar terms and conditions with the smallest feasible down payment and at the lowest cost to borrowers. CMHC is able to provide this insurance at no cost to the government.

Bill C-108 is required in order for CMHC to continue to underwrite home mortgage loan insurance within the legislative limit. Let me be very clear on this point. If CMHC cannot continue its mortgage loan insurance activity, thousands of Canadians will not have access to home ownership. It is as simple and as serious as that.

• (1010)

NHA mortgage loan insurance works like this. Most lenders cannot make a mortgage for more than 75 per cent of the value of a property without mortgage loan insurance. This means those not able to save a down payment of 25 per cent would be locked out of home ownership without mortgage loan insurance. NHA mortgage loan insurance provides approved lenders with insurance against borrower default of residential mortgage loans.

NHA mortgage loan insurance allows Canadians to take out a mortgage with an NHA approved lender with a down payment of only 10 per cent of the property value or 5 per cent for first time home buyers.

NHA mortgage loan insurance requires the payment of application fees and insurance premiums. It is not just handed out

for free by the government. These premiums are charged as a percentage of the loan based on the amount of the loan and its ratio to the value of the property. Premiums are set so as to ensure the fund always contains enough to cover any claims.

Since mortgage loan insurance protects lenders against default losses, they are able to charge the borrower the lowest possible rate of interest, which means mortgage loan insurance plays a critical role in reducing the cost of home ownership for Canadians. It also plays a critical role in ensuring relative equal access to mortgage financing in all parts of the country. This access is made possible through the cross-subsidization of higher risk business against lower risk business. In this way the mortgage insurance fund is self-financing. In other words, it does not cost the government anything to provide mortgage loan insurance to lenders so Canadians can have access to decent affordable housing.

We recognized a few years ago that even a 10 per cent down payment was difficult for some people to manage which is why the government introduced the first home loan insurance initiative in 1992 and reduced the minimum required down payment to 5 per cent for first time home buyers. The initiative was introduced for a two-year period but was extended for an additional five years until 1999.

As many members will know, this 5 per cent down initiative has been a tremendous success in helping to increase home ownership in Canada. By further reducing the minimum required down payment, home ownership has moved from a dream to a reality for the many Canadians who can afford monthly mortgage payments but who are having trouble saving for a down payment.

Certain members might not be aware there are Canadians who cannot afford a down payment of 25 per cent of the price of a home, even the most modest home. Are there members in the House who would refuse these Canadians a chance to become homeowners? I must assume my colleagues are not so out of touch with the economic realities facing many Canadians that they are not aware of the difficulties some people have in raising enough money for a convenient 25 per cent down payment. This is a reality for many people. That does not mean we should exclude them from access to decent housing. The government supports families and individuals who aspire to be homeowners.

We know many Canadians have a strong desire to become homeowners and we understand the tremendous importance of helping them to do just that. We know how important a home is to people not only in terms of an investment but for the impact on their quality of life.

• (1015)

When people are well housed, they are better able to participate in their communities. They enjoy a greater sense of control over their lives. It is no surprise that Canadians are willing to make great sacrifices to achieve home ownership. Saving for a down payment is a major undertaking, yet Canadians do it

willingly because they want to fulfil their dream of owning a home, a place of their own.

Perhaps it has been a long time since some members of the House had to worry about such mundane matters as saving money to buy a home. Let me tell them that a down payment even on a starter home represents a substantial amount of money for many Canadians. It is not easy to save for a down payment these days.

Does that mean we should just close the door on those people, tell them and their children that they cannot own a home? What kind of a country would we have if we did that? Certainly not a country I would want to live in I can assure you.

Home ownership is part of the Canadian dream, a dream which this government believes should be shared with all Canadians, not just a privileged few. We believe that all Canadians deserve the chance to become homeowners. We believe that the federal government should continue to play a role in helping them to do so. And we believe that NHA mortgage loan insurance is the best way for us to fulfil that important role at no cost to the government.

Millions of Canadians depend on NHA mortgage loan insurance. In fact, members of the House will be pleased to learn that more than 3.5 million Canadian households have been helped to purchase a home since the government initiated NHA mortgage loan insurance in 1946. That figure represents nearly one-third of Canada's housing stock. In 1994 alone, CMHC provided mortgage insurance for 40 per cent of all residential mortgages in Canada. That represents over 300,000 housing units.

In the riding of Calgary Southwest for example, from 1992 to October of this year, 5,600 households accessed home ownership through NHA insurance. Two thousand, two hundred and fifty of these households were first time buyers taking advantage of the lower down payment to become homeowners.

This year alone, more than 1,000 homeowner units were insured in Calgary Southwest under the NHA with over half, 538, being first time homebuyers. Obviously CMHC mortgage loan insurance is a huge success, a very popular vehicle for Canadians to gain access to home ownership.

Today we are presenting a bill to ensure that Canadians can continue to have access to home ownership, a bill that will ensure the continued operation of NHA mortgage loan insurance, a bill which is good news for all Canadians, a bill which this government would like to see passed.

Those members who oppose this bill should keep in mind the disservice they are doing to Canadians. Are Reform members aware that 63 per cent of the adult population living in rental

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accommodations plan on buying a home? Are they aware that 40 per cent of all residential mortgages finalized in 1994 were NHA insured?

Does that party know that 230,000 first time homebuyers would not have been able to purchase a home if not for the first home loan insurance initiative made possible by NHA mortgage loan insurance? Do they know that new construction to the end of October 1994 totals more than 24,000 units, including single detached homes, apartments, row houses and manufactured homes? Do they not realize the tremendous economic opportunities, especially the significant employment generation, resulting from all this activity, opportunities that would have been lost if not for NHA insurance?

As I have stated, the mortgage loan insurance has enjoyed overwhelming popularity over the years precisely because it is so crucial to helping Canadians enjoy the benefits of home ownership.

• (1020 )

Opposing this bill means opposing the expectations of Canadians to become homeowners. Some might argue that the government should get out of the business of mortgage loan insurance and leave it to private industry. A little bit of thought on that subject would turn up some reasons why it is not a good idea to leave this important area to the private sector alone.

First, without CMHC providing mortgage insurance, Canadians would be at the mercy of a private sector monopoly. Higher prices and fewer choices would be the result. Housing would then be less affordable, especially for the first time home buyers.

Second, we know from past practices of private insurers that homeowners in all parts of the country would not have access to mortgage insurance. What would happen to the many Canadians living in communities which the private sector would refuse to serve?

Historically we know that private insurers have underserved rural areas. If NHA mortgage loan insurance were not available in rural communities, many rural Canadians would have to leave those areas in order to access home ownership because there would be areas which the private insurer would not want to serve, make no mistake about it. What would happen to the people living there? Quite simply, they would have very limited access to home ownership.

As long as CMHC is around to provide equal access to mortgage loan insurance, we do not have to travel that ugly road. With CMHC in the industry, Canadians have continued access to low cost financing. Canadians living in areas of the country that

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the private insurers will not or cannot serve are able to obtain housing financing at relatively equal terms and conditions.

It should be obvious to members that competition is the best way to keep prices at the lowest possible level to encourage innovation in the mortgage industry to meet the changing needs of Canadian housing finance consumers.

Millions of Canadians have benefited from NHA mortgage loan insurance in the past. Thousands continue to benefit each year. Members of the opposition should clearly understand and support this bill. I have to wonder why they are having such difficulty with this very simple issue.

The federal government has a constitutional responsibility for banking and finance. CMHC mortgage insurance and guarantee are a demonstration that the federal government is fulfilling this responsibility. Without CMHC there would be a federal policy vacuum in the system of housing finance. The result would be unequal access to home loans across the country. Furthermore, marginal borrowers could pay more for low down payment mortgages or have no access to financing altogether.

What is the motivation of those who question the crucial importance of NHA mortgage insurance? Surely it cannot be to save the federal government money. CMHC operates its mortgage insurance fund at no cost to the government. CMHC insurance is provided at no cost to the Canadian taxpayer. I repeat this. CMHC is required to achieve self-sufficiency strictly from the premiums and fees that it charges. CMHC is not part of the problem. In fact, it is part of the solution.

Members might be interested to learn that CMHC has returned to the Government of Canada over \$1 billion since its incorporation in 1946. In addition, in 1992, \$55 million was contributed to the government from the mortgage insurance fund.

We in Canada are fortunate to be one of the best housed nations in the world. There can be no doubt that NHA mortgage loan insurance has had a significant role to play in bringing us to that enviable state. If we are to maintain that high standard, CMHC must be able to continue providing NHA mortgage loan insurance so that Canadians will have relatively equal access to low cost mortgage financing today and in the future.

Yes, we are fortunate to have such a high standard of housing in the country. Over the years, with the leadership of CMHC in the housing sector, Canada has developed a broad range of housing expertise in the public and private sectors as well as in the academic community. We are willing to share that expertise with countries all over the world. Representatives from a variety of countries come to Canada to learn about our operations because they believe that we have not one of the best, but the best system of public mortgage loan insurance in the world and they want to learn about it.

• (1025)

I want to conclude by saying that CMHC involvement in the international arena is not limited to helping other countries develop mortgage insurance, it also shares and explores possibilities in many other areas. I ask all members to support Bill C-108, which will make it possible for all Canadians to have their greatest dream fulfilled: owning a home.

**Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.):** Mr. Speaker, I want to confirm what I think I understood, so I would like to ask the following question. I believe this loan insurance is self-financing and self-sustaining and does not cost the government anything. I want to make sure that I have understood that correctly.

The other point which I would like the parliamentary secretary to mention once again is this. How will this help Canadians in terms of housing? I believe that needs to be repeated because I do not think it is sufficiently clear in the minds of people.

I would ask my colleague to clarify those two points.

**Ms. Augustine:** Mr. Speaker, those two questions cover the crux of Bill C-108.

It is important for everyone to understand that there is no cost to the government. Actually, a benefit is derived from that involvement.

It is also important to note that the United Nations has acclaimed Canada as the best country in the world in which to live. We must ensure that quality of life. What goes into that quality of life? Accessible, affordable, decent housing and home ownership. Therefore it is important for us to continue to have the necessary mortgages, loans and availability of funds. With the minimum down payment, individuals will have the opportunity to access housing and all of the things that come with having a roof over one's head and providing for one's family.

It is important that we as a government continue the financing and support the National Housing Act and the CMHC to ensure that we provide loans to families to access housing.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, my question concerns the insurance program. I understand that there are two programs: one is offered by CMHC and one is offered by a private organization.

The hon. member is adamant in telling us that there is no cost to the government. I am trying to understand why the government is involved.

I was talking the other day about the Small Business Loans Act, which again is money being channelled through bureaucrats at no cost to the government. I am trying to understand what benefits are being offered through this program if they are also being offered through the private sector.

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• (1030)

If there is no cost to the government, why is the government involved in cycling the money through bureaucrats by charging people who buy houses to compensate the lenders who have mortgages that go into default? Why is the government even in the business? The private sector can do it just as well, just as efficiently, and under the rules there is no cost to the government. Why is the government even involved if there is no cost to the government and the private sector can do it better?

**Ms. Augustine:** Mr. Speaker, I thought I addressed in my statement as part of this debate why I think the private sector cannot do it better and also the constitutional responsibility for banking and finance, which responsibility rests with the federal government.

CMHC mortgage insurance and guarantee are a demonstration that we are fulfilling that responsibility. To leave it up to the private sector, we would have a patchwork. As I said earlier in my statement, there would be regions and areas of this country where the private sector would find it not viable to do business.

When we are looking at our country from coast to coast to coast, it is important for us to recognize that if we are looking for equality and access for all Canadians, no matter where they live, rural, urban, et cetera, we should provide the avenues and the support so that we do not leave this solely to the private sector, whose bottom line is always dollars.

**Ms. Maria Minna (Beaches—Woodbine, Lib.):** Mr. Speaker, I have no doubt of the importance of the federal role in housing. It is not that long ago that modest income Canadians were able to buy a modest first home, but that is no longer the case. Finding a large chunk of money to put down is no longer possible.

I know there are still members on the opposite benches who have problems with this. I would like to know if the hon. member could give us the national benefits for the federal government investing in this area. It is important to look at not just regions or certain areas where there is accessibility to housing, but at the national interest as well, in terms of ensuring that modest income Canadians are able to buy modest homes for the first time in their lives, which gives them a sense of some form of stability. Would the hon. member do that for us?

**Ms. Augustine:** Mr. Speaker, I will focus on one aspect, and that is the provision for assistance given to social housing.

The federal government continues to provide \$2 billion annually in social housing assistance to support the more than 661,000 existing units across this country. Over a million low income Canadians whose housing needs cannot be met through the private sector market benefit from this assistance. This housing assists some of the most disadvantaged members of our society, including seniors on fixed incomes, aboriginal people,

persons with disabilities, families led by single parents, social assistance recipients, and the working poor. It is important to note that this support, which is also part of the debate here today, cannot solely be left to the private sector. CMHC activities contribute to that stable supply of affordable housing, which increases the economic benefits for all Canadians and provides our quality of life.

CMHC's research demonstration and information transfer activities improve housing and living conditions and make the housing market more efficient and competitive. New technology, housing technology, building science, and promoting good living environments all provide us with safe, healthy, and sustainable development. These are all part of the work of CMHC and the research that is being done in that area.

• (1035)

When we talk about support that is given to the whole issue of the CMHC mortgage insurance fund and the support it needs, it is important to note not only the quality of life but also the science and technology aspect, which provides employment for Canadians.

**Mr. Bill Gilmour (Comox—Alberni, Ref.):** Mr. Speaker, it gives me a great deal of pleasure to speak to Bill C-108, an act to amend the National Housing Act. This is a very brief bill, just four lines long, but the impact is significant.

I listened to my colleague's debate, and her argument is basically that CMHC is going to turn off the tap. That is not true. This bill is about raising CMHC's loan limit from its present \$100 billion to \$150 billion. We are not talking about limiting what is already there. The pot is huge, \$100 billion. That is \$100,000 million that CMHC has to deal with presently. This bill would raise it by another \$50 billion.

We object to that because of the state of the country. This country is now \$564 billion in debt. We cannot continue to carry on programs that are going to cost the government money. I object to my colleague's statement that this does not cost the country. It does indeed cost the country.

If we are going to address our debt, the first thing we must do when we are in a hole is stop digging. Right now this bill continues to dig the hole. We cannot increase our debt any more. The country is broke. Let me repeat that: we are broke. This bill is going to add more liability to the country. It does not stop anything. It does not stop the \$100 billion that is already in the pot. It is an increase.

I would like to comment on the experiences of New Zealand. We were briefed on this bill by CMHC and I asked what is CMHC's ongoing liability, because it is into mortgages 5, 10, 15 and 20 years ahead. It does not know. Current accounting practices say that you only have to be five years ahead. That is

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the window. I find it incredible that a corporation dealing with this amount of money does not know its total liability.

New Zealand put in legislation which states that every year the government has to publish all liabilities of the government and all crown corporations. It was a real eye opener, because a number of areas like CMHC had to disclose exactly what their liability was. Right now CMHC is not doing that.

Another concern we have is that the government is sending mixed messages. It wants to decentralize. The Prime Minister has said that. We had a referendum in Quebec the other day that was about decentralization. Yet the bill goes in exactly the opposite direction. It enshrines more power into the federal government at a time when the federal government should be passing its powers down to the provinces.

Canadians want a smaller federal government. We are over-governed, overregulated. Business is telling us to get out of their faces and let business do what business does best, run their business. The best thing the government can do is get its house in order. This bill goes in exactly the opposite direction.

I offer to my colleagues across the way a 20-point plan to decentralize the federal government. In fact Preston Manning spoke at the Canadian Club last week and got a standing ovation from the business people who recognized that a number of points of duplication between the federal and provincial governments have to end. Environment, natural resources, culture, and housing should all be done at the provincial level.

• (1040)

Private enterprise is already into the mortgage business. CMHC is already into it to the tune of \$100 billion. There is no need to increase it by another \$50 billion. One hundred billion dollars is just fine, thank you very much. Let private enterprise do what it does best and deal with this issue.

My colleague was saying that this does not cost the government any money. Let me remind you about the downturn in the early eighties. We can all recall that people in the housing market in Toronto, Vancouver, and Winnipeg were walking into their banks, dropping the keys on the desk and saying: "Take it". Because of the downturn in the market, their mortgage was worth more than their house. If that happens, ladies and gentlemen, guess who is going to carry the can? The Canadian government.

**The Acting Speaker (Mr. Kilger):** With the greatest respect to ladies and gentlemen, I would remind members to address the Chair. Clearly I am of one gender and not the other. I think it is far safer for our debates to go through the Chair.

**Mr. Gilmour:** Mr. Speaker, my apologies. I shall certainly go through the Chair.

People will remember the number of people who walked away from their mortgages back in the eighties. The government, CMHC, had to pick up the tab. That is what will happen in this case if there is a market downturn.

To say that there is no cost to the government is completely wrong. There may not be today, but with the volatile interest rates and with the Quebec situation the money markets are very unstable. There is an excellent potential that this could end up hurting Canada, hurting the government, and costing us money.

Another point in the bill that concerns me is paragraph (b), which refers to "any additional amounts authorized by Parliament for the purposes of this section under an appropriation act or any other act of Parliament". This concerns me, because I am not sure whether additional funds would come back to this House or whether in fact we are talking order in council. That concerns me greatly. If it comes back to this House, that is fine. If it goes to cabinet, that is not fine. Then we are not sure what is going on behind closed doors.

I would like to conclude by saying that I do not believe this government is listening. We are broke. CMHC is already in to the tune of \$100 billion. We object to putting Canadians further in debt. That is the reason Reform will oppose this bill.

**Mr. Réginald Bélair (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I have been listening with great interest to members of the Reform Party digressing on this bill. To date all of them have led Canadians who are listening to us to believe that this extra \$50 billion in liability insurance would be added to the deficit and the national debt that exists already. This is absolutely false.

My question for the hon. member for Comox—Alberni is: In terms of numbers, how much is it going to cost the Government of Canada with this new mortgage insurance fund?

**Mr. Gilmour:** Mr. Speaker, the amount will depend on exactly how bad the downturn in the market is. When people walked away from their mortgages in the early eighties, the difference between the value of the house and the mortgage is what CMHC had to pick up.

I cannot give a number. It is going to depend entirely on how much interest rates go up and how many people walk away from their mortgages. It could be a very large number, in the billions of dollars.

• (1045)

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, a previous statement was made by a member of the House. When we questioned the idea of turning this kind of enterprise over to the private sector, the reply was that it was not viable in some areas for the private sector to do it. That means if it is not viable



then it must cost. Why would the private sector not do it if it does not cost?

Does the hon. member agree that if the private sector is saying in some areas it is not viable there is a cost that is recognized by that sector?

**Mr. Gilmour:** Mr. Speaker, of course there is a cost. CMHC has nearly 3,000 employees. They are not counting the cost of running the operation. A private insurance company does not have that cost. The cost to the Canadian people is clearly there.

I have difficulty with a member's comments earlier when she said there really was not any cost to the government. She said they were going into areas that were not viable. They cannot have both. It is either viable and we are making a profit, or if CMHC is going in there and it is not viable somebody is losing money. Guess who? It is the Canadian people.

**Ms. Maria Minna (Beaches—Woodbine, Lib.):** Mr. Speaker, the hon. member across has made a great to-do about what it costs the government but he has not told us what that is. Perhaps we should put some facts on the table.

Concerning the CMHC's mortgage insurance fund, the premiums charged by the corporation in addition to the value of the property assist in covering the liability. That is why the fund has been more than self-sustaining. It has thus far returned \$55 million to the government. The fact of the matter is that it is self-sustaining. It has not cost us.

We should have figures on the table when accusatory statements are made.

**Mr. Gilmour:** Mr. Speaker, I guess any accountant can make figures talk and I can certainly talk to members opposite.

CMHC has been self-sustaining in the past few years. It was losing buckets of money until it got its house in order. If there is a downturn in interest rates it will cost us more buckets of money. Clearly they are talking out of both sides of their faces.

**Mr. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, is the hon. member aware that approximately one-third of the housing stock in the country has been built with the assistance of National Housing Act insured financing? In other words, without this kind of financing, one-third of the houses with all the benefits and all the spinoff effects they had for the economy would not have been built.

Is the member for Comox—Alberni aware that 3,944 of his constituents have purchased homes using funds insured by CMHC since 1992? Is he aware that 917 of his constituents have purchased homes taking advantage of CMHC's first home loan insurance program since 1992?

### *Government Orders*

**Mr. Gilmour:** Mr. Speaker, the member is absolutely correct. However the bill increases the numbers. We are saying the \$100 billion already in the pot created the numbers the member just stated. They are absolutely correct.

We are opposed to increasing that amount by another \$50 billion. We are not opposed to having the \$100 billion or CMHC doing business as it is presently doing. We are opposed to increasing the liability limit.

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, coming from downtown Toronto I have to stand to defend the Canada Mortgage and Housing Corporation vigorously. It represents in the greater Toronto area not just support for those in the home building industry. It also sends a signal of confidence to all other sectors of the economy, from the carpet makers to the makers of stoves, refrigerators and the various accoutrements that go into putting a home or an apartment together. Quite frankly those spinoffs have an effect on every region of the country.

• (1050)

When we calculate the contribution of Canada Mortgage and Housing we must not forget its contribution to all spinoffs in the economy.

**Mr. Gilmour:** Mr. Speaker, I thank the member for his comment. It is agreed that CMHC is a benefit to the economy, absolutely. We do not dispute that. The difficulty we have is upping the ante.

We recognize where CMHC has been and will continue to be. To this point in time it is fine. The country is broke. Right now we cannot see increasing the ante by \$50 billion. We think it inappropriate at this point in time.

**Mr. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, as my colleagues know, the purpose of the bill is to increase the ceiling for mortgage loan insurance under the National Housing Act. This will enable Canada Mortgage and Housing Corporation to continue underwriting home mortgage loan insurance within the legislative limit.

The bill is an administrative bill. Bill C-108 will increase the existing limit on outstanding loan insurance from the current \$100 billion to \$150 billion. The bill also includes a provision to increase the ceiling further through appropriation in the future.

Members of the House should know that CMHC loan insurance is self-financing and self-sustaining and does not cost the government anything. Moreover, it has great benefits for the country.

The mortgage insurance fund is regularly evaluated according to rigorous insurance principles. It is fully adequate to cover all insured losses as well as all overhead.

*Government Orders*

[Translation]

The amendments in this bill deal with administrative matters, but they must be adopted to allow the CMHC to continue to provide mortgage insurance. Allow me to explain briefly how important this bill is for Canadians.

[English]

The desire to own a home remains strong among Canadians. Yet many people who can afford the monthly mortgage payments are still unable to access home ownership because they are finding it difficult to save for a down payment for conventional loans.

[Translation]

Because the CMHC assumes the risks if borrowers fail to meet their obligations, approved mortgage lenders can loan money to more Canadians. By reducing the down payment required to buy a house, the loan insurance program allows more middle income households to have access to home ownership. This is an essential element of the system to ensure that all Canadians, wherever they live, can have the same access to the mortgage loans they need to buy adequate and affordable housing.

[English]

Let me give an idea of the extent to which Canadians depend on mortgage loan insurance to fulfil their dream of owning a home. My colleagues may be interested to learn that this means approximately 40 per cent of the residential mortgage stock in Canada involved financing by CMHC mortgage insurance last year.

Without mortgage loan insurance Canadians who do not have a 25 per cent down payment would generally never have access to home ownership.

[Translation]

The CMHC mortgage loan insurance has already proven flexible enough to allow for innovative housing financing. This is an essential feature given the constant evolution of borrowers' needs and of the markets meeting these needs.

• (1055)

In 1987, the program was modified to insure junior mortgage loans, an innovation especially helpful to those needing additional funds for renovations.

[English]

In the following year the chattel loan insurance program was introduced as a five-year experiment to cover loans made on mobile homes and to help people who choose this kind of affordable home ownership. The coverage for mobile homes has now been made a regular part of the mortgage insurance program as per the announcement made by the minister respon-

sible for the Canada Mortgage and Housing Corporation at the beginning of this year.

In 1992 the mortgage insurance program was expanded to accommodate a reduced down payment for first time home buyers, making home ownership even more accessible to moderate income households. This program, called the first home loan insurance program, has provided Canadians with their entry point to home ownership. Again I reiterate to my hon. colleagues that the success of the initiative has been achieved without cost to the government.

[Translation]

We want to ensure that the CMHC can continue to provide this assistance to the housing market. This is the intent of the bill before us today. The CMHC is constantly reviewing and making regular changes to the mortgage loan program in order to make it more effective and convenient for both approved lenders and home buyers.

[English]

By exploring new housing finance options for Canadians, we are looking to promote greater choices, lower the cost, increase accessibility of housing finance and assist borrowers to meet their financing needs within their own resources.

[Translation]

The CMHC will continue to encourage innovation and creativity in residential financing through the mortgage insurance fund, in order to improve access to home ownership for all Canadians.

The private housing market is now in a position to meet the needs of the vast majority of Canadian households. There is no question that the CMHC mortgage loan insurance played a crucial role in this achievement. The CMHC mortgage loan insurance program had a record year in 1994 in terms of volume. Several unexpected factors led to a significant increase in activity last year. Mortgage interest rates fell to their lowest level in 30 years, a level that was much lower than expected. The low inflation rate kept house prices stable and affordable. In addition, the rapid, consistent success of incentive policies, including the loan insurance program for home buyers and the home buyers' plan, helped generate a record level of insurance activity last year.

[English]

When the Mortgage Insurance Company of Canada stopped underwriting new mortgage insurance business in April 1993, CMHC had to assume 100 per cent of residential mortgage insurance activity. Furthermore a greater proportion of all mortgages has been insured by CMHC in recent years. In 1994, CMHC insured 40 per cent of all residential mortgages initiated, up from 22 per cent in 1991.

Because there is some lag time between insuring loans and receiving the reports from approved lenders, it was only in 1995

that the figures for 1994 were all compiled. At that time it was realized that the \$100 billion maximum aggregate loan insurance currently stipulated in the NHA had been exceeded. For this reason, provisions of the bill are effective starting in 1994.

• (1100)

I hope members will see fit to give swift passage to Bill C-108 so that CMHC can continue to promote access to home ownership through mortgage loan insurance.

[Translation]

Through its mortgage loan insurance program, CMHC continues to make housing more accessible for Canadians. The corporation is also working to improve housing affordability. Through CMHC, the federal government is committed to a stable supply of affordable and accessible housing that increases economic opportunities for all Canadians.

CMHC's market housing programs promote affordable housing and equal access to financing through financial instruments such as mortgage loan insurance.

[English]

Moreover, CMHC provides mortgage insurance to all Canadians, regardless of where they live, at the smallest feasible down payment and the lowest cost.

To improve access to an affordable form of housing, CMHC also provides mortgage insurance for manufactured houses and mobile homes. In January of this year the Hon. David Dingwall announced an expanded chattel loan insurance program, CLIP, that includes a resale of manufactured housing units.

CMHC is also contributing to making housing more affordable through better housing regulations. The affordability and choice today program funded by CMHC encourages regulatory innovation in municipalities across Canada. The ACT program encourages the housing industry and municipalities to work in partnership to improve housing affordability and choice.

More than 80 ACT projects are developing a wide range of practical approaches to streamlining approval processes, developing new forms of affordable housing, facilitating in-fill and conversion and adopting alternative development and building standards.

As I have said, Bill C-108 is an administrative bill. As my colleagues know, the bill is important in ensuring CMHC can continue to offer mortgage loan insurance to Canadians.

[Translation]

I would like to take a few minutes to talk about a complementary initiative, first home loan insurance, introduced by CMHC in February 1992, to make home ownership even more accessible.

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Earlier this year, the hon. David Dingwall announced that the maximum eligible house prices—

[English]

**The Acting Speaker (Mr. Kilger):** When referring to another member in the Chamber we basically have two options, either by riding or by portfolio. I know sometimes there can be omissions but the same name has come up more than once already. Therefore I simply remind the hon. member for Halifax West.

**Mr. Regan:** Thank you, Mr. Speaker, for that reminder. I apologize for the error.

[Translation]

Earlier this year, the Minister of Public Works announced that the maximum eligible house prices for first home loan insurance were increased in 30 communities across the country. This initiative allows more first time homebuyers to purchase a home with a down payment of as little as five per cent. Anyone who buys or builds a home in Canada as their principal residence is eligible for the lower down payment, as long as they have not owned a home at any time during the last five years.

[English]

First home loan insurance was initially in effect for a two-year period but was extended for an additional five years until 1999. The 5 per cent down initiative has been a major success in helping to increase home ownership in Canada. That speaks to the importance of the bill.

• (1105)

The statistics also speak for themselves. Since November 1993 over 210,000 Canadian households have taken advantage of the lower down payment to become the proud owners of either a new or existing home. In April 1994 a survey of Canadians who bought a home with less than 10 per cent down showed that 72 per cent of them would not have been able to purchase their home when they did without the reduced down payment. That says a lot.

The first home loan insurance initiative is constantly being monitored to ensure it continues to meet the needs of Canadians. CMHC is committed to helping Canadians who desire to own a home and who have the proven financial management capability to do so. First home loan insurance is an excellent example of CMHC's ability to adapt its mortgage loan insurance activity to ensure Canadians can enjoy the benefits of home ownership.

As I have stated, Bill C-108 is an administrative bill to facilitate the continuation of mortgage loan insurance under the National Housing Act. CMHC's mortgage loan insurance, which provides relatively equal access to Canadians throughout the country, is important to achieving that goal. This is one of the

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major factors which distinguishes CMHC's operation from private mortgage loan insurance operations.

Without CMHC's commitment to providing mortgage loan insurance in the small communities of the country, places that private insurers have not traditionally wanted to serve, many Canadians might not be able to buy a home.

[*Translation*]

Our government knows just how much Canadians value home ownership. It represents a major portion of the wealth accumulated by households. For some, it is a source of retirement income. It is also an important component of quality of life. We believe that every Canadian should have access to home ownership. CMHC mortgage loan insurance can turn the dream of owning a home into a reality. It is therefore critical that CMHC be able to continue to provide mortgage loan insurance to Canadians now and in the future.

[*English*]

That is why I support Bill C-108 and why I hope my colleagues will see fit to give swift passage to this administrative bill so that CMHC can continue to help Canadians realize their dreams of owning a home.

The concept of home speaks to our basic human needs. Home is a place where people feel secure. Owning a home gives people a stake in their communities and a sense of belonging. Home ownership is a concept the people of Canada support. It is therefore essential that CMHC be able to continue to provide mortgage loan insurance to Canadians today and in the future.

The corporation's mortgage loan insurance has traditionally demonstrated the flexibility to respond to varying needs and must be maintained as a public policy instrument capable of evolving to meet the future housing needs of Canadians.

With an eye on these future needs, CMHC is currently working to develop a variety of new housing finance instruments made possible by innovative uses of mortgage loan insurance. In developing new products CMHC is looking to challenge the creativity of the financial community to ensure the largest possible number of borrowers can find a product in their marketplace to meet their precise needs. A variety of choices will encourage lenders to compete on the basis of services and product differentiation.

The financial environment in which CMHC's mortgage loan insurance business operates has undergone significant change in recent years. The introduction of one stop financial services, the increased use of technological systems to support business operations, and the need to manage expenditures and facilitate better risk management are all factors which have had an impact on the way CMHC runs its mortgage insurance operations.

CMHC is now focusing on introducing new processing mechanisms which will utilize the capabilities of electronic communications between CMHC and approved lender clients. These enhancements will allow the corporation to better serve the needs of Canadian housing consumers. In light of all these good arguments, I urge passage of the bill.

• (1110)

**Mr. Bill Gilmour (Comox—Alberni, Ref.):** Mr. Speaker, the member said if the bill is turned down, CMHC will not be able to continue to operate. That is simply not true.

CMHC will still have the hundred billion dollars it has had for years to operate. This bill is about increasing that limit. It is not about whether CMHC operates or not. I believe there is an attempt by members on the other side to make it appear that if this bill fails, all mortgages across Canada will collapse. That is not true.

In the event of a collapse in the market, as in the early eighties, and if CMHC will not cost Canadians any money, in the event of a downturn, who picks up the tab on these defaulted mortgages?

**Mr. Regan:** Mr. Speaker, the first question is what will it mean to Canadians if the mortgage insurance fund is capped at \$100 billion. That is the point. We have a delay in the time between when mortgages are approved by local lenders and when we get the full figures for a year. We need to have it retroactive to 1994 to cover the fact that in that year there were more than \$100 million worth of loans insured. That would be a huge problem for CMHC.

The other important point is what it would mean to Canadians if it were capped at that level. CMHC's ability to assist Canadians to access home ownership would be curtailed dramatically. It would mean that the 3,944 Canadians in the riding of the member for Comox—Alberni would be the last to achieve home ownership through these means. It also would mean that rural Canadians would be faced with even more obstacles when planning to purchase a home.

We can look at all the negatives and talk about the collapse of the economy. We would be in all kinds of problems if we had a huge collapse of the economy in any event. We have to look at the important role CMHC plays in building our country, in building home ownership, in building our housing stock and in helping the economy. If we can expand the amount of home ownership insurance CMHC can provide, we can expand the amount of housing activity.

I do not know about the member's riding but in my riding and in my region of Atlantic Canada, and I think across most of Canada, there is a need for increased activity in the housing

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sector. There are real problems in that sector. People need to have a shot in the arm. This will help not only that whole sector, which will boost the economy, but it will help people who want to own their own homes.

**Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.):** Mr. Speaker, the Parliamentary Secretary to the Prime Minister indicated that not only would this legislation not cost the government any money, that is, increasing the ceiling on the mortgage insurance, but that there is a return to the government. That is important.

The Parliamentary Secretary to the Prime Minister also indicated that this kind of initiative permits the enhancement to the quality of life for Canadians because it ensures that additional housing is available, thereby creating jobs. We all know that appropriate lodging is a basic fundamental plank in the quality of life for not only Canadians but people throughout the world.

I find that rather interesting and it is important that we look at that very carefully and embrace that kind of concept, an initiative which will ensure that the quality of life for Canadians is enhanced through pieces of legislation such as this one.

• (1115)

**Mr. Regan:** Mr. Speaker, I certainly agree with the hon. parliamentary secretary that this program permits us to enhance the quality of life of Canadians.

If we want to recognize what the quality of life means in terms of housing all we have to do is leave our country and go to many other countries in the world. In June I had the opportunity to visit Haiti as an election observer with the OAS. I certainly got a real appreciation of how fortunate we are to have the kind of housing we have and what it really means to quality of life when I saw the kind of housing that exists in Haiti.

Haiti is the poorest country in this hemisphere. It is not by any means the only country in the world with a lower standard of housing than we have. In fact, the vast majority of the world's inhabitants do not have the quality of life and quality of housing that we enjoy. Some do not even come close.

It is very important to recognize that this measure of expanding the loan insurance of CMHC is critical to the quality of life of Canadians. It is important for the housing industry in terms of job creation.

When I was in Haiti I saw houses that had dirt floors. Imagine the problems with disease and insects. There were houses that did not have facilities which we consider proper in Canada such as indoor plumbing. We are very fortunate to have the ability to expand a program like CMHC which will add benefits to Canadians and to an important resource such as our housing stock.

When I visited Haiti I was struck by the many problems of extended families living in a house which would be the size of a

small room in a normal Canadian house and how that affected their quality of life. It was really a shock. We often hear about people facing cultural shock when they visit foreign countries. Well, I certainly experienced it. When I came back to Canada it made me much more aware of how fortunate we are to live in this great country and to have the opportunity to live in good quality homes.

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, I am amazed at how the member can avoid the question we are asking. The member went through all this rhetoric, made all these comparisons between Canada and Haiti as if the Liberals somehow can take credit for the standard of living that we enjoy.

We have posed a question, which I will pose again to the member. Who is left with the tab? Who is going to be on the hook for \$150 billion if the economy turns down? If we go into hard times, who is going to be responsible for the billions of dollars in defaulted payments if this goes on?

The member has avoided that question. He has to answer the question before the debate can conclude.

**Mr. Regan:** Mr. Speaker, it concerns me that members opposite have so little confidence in the economy of Canada. However, they should be aware that the mortgage fund insurance is actuarially sound. It returns money each year to the government which helps provide for any problems which may occur in the process. There are funds provided each year for non-repayment of loans.

If the situation arose where Canadians defaulted on \$150 billion in mortgages, imagine what would happen to the banks across the country. It is somewhat like saying, why should we have banks because they may fail if people do not repay their loans. How can we trust putting our money in the banks because if people do not repay their mortgages, they will all fail? That is true also. We have to operate on certain assumptions that we will have good growth and an economy that works.

I am sure the hon. member will listen to my answer. We cannot assume the whole economy of the country is going to collapse tomorrow. We have to operate on cautious and reasonable assumptions. We have to take precautions. We are taking precautions with this bill. It is actuarially sound. It provides funds for failures and it is in good shape.

• (1120)

More important, it is interesting to me that the members opposite want to look at all the possible problems while ignoring the benefits of this very important program.

**Ms. Hedy Fry (Parliamentary Secretary to Minister of Health, Lib.):** Mr. Speaker, I am really pleased to have the opportunity to speak in support of Bill C-108, an act to amend the National Housing Act. I am pleased for two reasons, one because it is timely.

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Yesterday in my riding, I went to a conference of the BCNPHA which is a group of diverse peoples. They are people who are disabled, who have low incomes, who have moderate incomes. They have come together to talk about ways in which they could afford housing in Vancouver which is a city in which housing has gone off the map. Some of these people can never hope of owning a home. Because of this legislation there is hope for those people.

The second reason is that as a physician, I know that housing is a key component of the social structure that enables Canadians to have a positive health status, not only for the physical reason that housing is important to the health status of people but also because of the psychological and sociological reasons. It enables people to have hope, to have a stake in the future and to be able to say that they are contributing to the economy.

As everyone has said before, this is an administrative bill, the purpose of which is to increase the ceiling on CMHC mortgage loan insurance from the current \$100 billion to \$150 billion.

Members of the House should know that CMHC loan insurance is self-financing and self-sustaining. I speak those words slowly and to stress them so that they can actually be heard. It does not cost the government anything.

Not only is it a sound and healthy fund, but CMHC's mortgage loan insurance has played and continues to play a role in helping Canadians to access home ownership. Home ownership, members have heard said here this morning, is a cherished dream held not only by Canadians but by all peoples. There are good reasons for this.

Home equity is a major portion of the wealth that is accumulated by households as well as being a source of retirement savings. The concept of home speaks to our basic human needs. Home speaks to security. Home speaks to health. Owning a home gives people a stake in the community and a sense of belonging. Home ownership is a concept the people of Canada support. It is therefore critical that CMHC be able to continue to provide mortgage loan insurance to Canadians today and in the future.

It sounds as if there is a certain amount of repetition in some of these speeches. The repetition is so that the message can be put clearly both to the people of Canada and maybe to some of the members of the third party across the way. Since November 1993, 210,000 low income Canadians who did not have the down payment were able to own their own homes because of this program.

One of the most important aspects of CMHC's mortgage loan insurance is that it provides relatively equal access to mortgage financing at the lowest possible cost for all Canadians. This is what we heard from those 210,000 people who since November

1993, regardless of where in Canada they live, bought homes. It speaks to the national context of this bill.

Surpluses that are generated from lower risk businesses are used to fund shortfalls on the higher risk businesses. That is a basic economic equation that I am sure most people who know business, who have taken risk on business and who have had businesses in the past, and I am sure many members of the third party across the floor know that, that lower risk businesses are used to fund shortfalls of higher risk businesses.

That is a principle of any insurance program. Without access to CMHC's mortgage loan insurance, Canadians in some parts of the country would have to provide the conventional 25 per cent of the value of a house as the down payment that the private sector charges. Needless to say, many Canadians would find it difficult to purchase a home if this were the case.

• (1125)

CMHC's mortgage insurance is therefore critical to helping Canadians access home ownership. It has long been recognized that the housing needs of Canadians have been financed and supported by CMHC over the years, not only for one group of people, but for various income sectors and for diverse groups of people.

The corporation's mortgage loan insurance has traditionally demonstrated the flexibility to respond to varying needs. In other words, there is a performance level we can mark here. I would like to take this opportunity to inform the House about one such example that has helped hundreds of Canadians realize an affordable home ownership dream and that is the manufactured housing or mobile home industry. It has contributed greatly to giving Canadians access to good quality affordable housing, not to mention the fact that it helps jump start the economy in terms of the manufacture of mobile homes.

CMHC has been working in partnership with the manufactured housing industry for many years because of its importance to the housing sector and to the economy of Canada as a whole.

Canada Mortgage and Housing Corporation introduced its chattel loan insurance program which some members have mentioned. Known as CLIP, it was a five-year experiment that began in 1988. The two objectives of the CLIP program were first, to improve access to alternative forms of affordable housing without involving government expenditure and second, to help place manufactured homes in a more competitive position with conventionally built homes.

CMHC completed an evaluation of the CLIP program last year. This is another component when we talk about whether something is working or whether we are taking a risk. We not only look at performance but we also go back and evaluate the performance in a quantitative way. The evaluation confirmed that the program is an important instrument in increasing access to good quality affordable housing without involving government expenditure.

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The evaluation also confirmed that CLIP has a positive impact on the manufactured housing industry. There is another issue. Jobs are being created not only in the manufactured housing industry but in mobile home park development, so economic development results as well.

Following the results of the evaluation, the minister responsible for CMHC was pleased to announce an expansion of the CLIP program. As a result, it now includes both new and resale mobile manufactured homes.

CLIP is an affordable alternative for many of the approximately 335,000 moderate income rental households that could not previously afford to purchase a mobile home. CMHC and the manufactured housing industry have enjoyed a productive partnership for many years. They have been working together to help Canadians gain access to good quality affordable housing and to enhance the viability of the whole industry.

The enhancements to the CLIP program are leading to greater access to mobile homes and an affordable option for Canadians. I want to stress again, and it may sound repetitive, but this not only gives moderate income and low income Canadians access to homes, but it jump starts the economy. It continues the economy and jobs, the flow of capital. All of that goes on, which is what makes this country move ahead.

This is only one example of how NHA mortgage insurance has met a specific need. It explains why NHA mortgage insurance must be maintained as a public policy instrument that is capable of being flexible and evolving. We have seen how the CLIP program has evolved to meet the future needs of Canadians.

With an eye on these future needs, CMHC is currently working to develop a variety of new housing finance instruments made possible by innovative uses of mortgage loan insurance. I want to talk about that flexibility, creativity and innovation, where CMHC not only sets up policy but it sets a policy after it has talked to the consumer, after it has talked and worked with the private sector to bring about innovative ways of creating housing.

In developing new products, CMHC is looking to challenge the creativity of the financial community and to ensure that the largest possible number of borrowers can find a product in the marketplace to meet their precise needs. That is flexibility and that is innovation. A variety of choices will encourage lenders to compete on the basis of service and product differentiation.

The financial environment in which CMHC's mortgage loan insurance business operates has undergone significant changes in recent years. For instance, the introduction of one stop

financial services, the need to manage expenditures and the need for better risk management are all factors which have an impact on the way in which CMHC runs its mortgage insurance operations. It also speaks of the ability to be accountable. Change and making sure factors like managing and assessing risk are important components in any business venture.

• (1130)

CMHC has responded to the changing environment by continually reviewing its processes for delivering mortgage insurance and introducing efficiencies. Ensuring CMHC's loan insurance is viable is extremely important.

CMHC is now focusing on the use of electronic communications between itself and approved lender clients. These enhancements will allow the corporation to serve the needs of Canadian housing consumers even more effectively. Mortgage loan insurance has played a significant public policy role in the past and with CMHC stewardship, it will continue to evolve to meet the changing needs of Canadians and the financial community.

I underline at this time for members of the House that not only is the CMHC mortgage loan insurance a self-financing operation that involves no federal subsidies, CMHC has also returned to the Government of Canada over \$1 billion since its incorporation. In addition, in the year 1992, CMHC returned \$55 million to the Canadian taxpayer directly from the mortgage insurance fund. CMHC does not only provide access for various and diverse groups of housing. It also provides jobs, stimulates the economy and puts money into the treasury.

I will address some of the questions that surfaced with my hon. colleagues in debate last Friday respecting CMHC, namely questions concerning the federal government's role in public housing. I remind hon. members that notwithstanding severe financial constraints, the government is continuing its expenditures to help society's most vulnerable citizens.

The federal government is very much concerned with the shelter needs of low income Canadians. The federal government is making considerable ongoing social housing expenditures of about \$2 billion a year to support more than 661,000 needy households, notwithstanding the need for considerable fiscal restraint and the need for deficit reduction.

The commitment of resources by the federal government is indicative of the government's concern for the plight of society's most vulnerable members: seniors on fixed income, aboriginal people, persons with disabilities, single parent families, social assistance recipients and the working poor. These people also need to have some investment in Canada, some piece of equity, some dignity.

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The 1995 federal budget struck a balance of the dual objectives of reducing the size of the federal deficit, thereby contributing to economic growth, and at the same time making social housing programs more fiscally sustainable over the long term.

In its first budget in 1994 the government announced that it would reinstate RRAP, the residential rehabilitation assistance program, for two years. The program assists in the upgrading of substandard housing. We are taking existing housing stock which is recyclable and using a \$100 million commitment which also fulfils a red book promise. We are taking housing stock and putting money into fixing it and making it reusable.

The government has also provided for new rental and rooming house components of RRAP, \$16 million for 1994-95 to repair approximately 2,500 rental and rooming house units. These programs are being delivered in 1995. I must say that in my riding there are rooming houses for some of the very poor that I would not want a dog or a rat to live in, although many rats already live there.

New commitments under the on reserve housing programs have continued. As well the federal action on family violence has been extended to March 31, 1996. Some \$4 million is being provided to help address the shelter needs of women and children who are victims of family violence. This again is what we talk about when we talk about health and justice. Women and children who are the victims of family violence and various forms of abuse need a safe place to live.

Therefore CMHC is not only engaged in access to housing, jobs and the economy. It is also responding to a social need.

• (1135)

We will continue to work with all levels of government, the private sector and community groups in a co-operative partnership. Partnership is one of the things the government said it would embark on, and we are doing it.

One way we are accomplishing it is through the CMHC's Canadian Centre for Public-Private Partnerships in Housing. The partnership centre was established in 1991. Its objective is to bridge the public and private sectors to facilitate the production of cost effective and accessible housing for low to moderate income households, including those with special needs.

We say that government cannot do everything for everyone so we are asking how the government can work with and help the private sector to move along and do the things we want done. Also there are essential ventures into new areas through such means as innovative financing and tenure arrangements. Much of the centre's activities are accomplished at the grassroots level with a view to encouraging a wide variety of people active in

their community to become involved in newly created housing partnerships.

The partnership centre identifies opportunities and brings together potential partners to develop and implement the partnerships. It acts as a source of advice by offering an advisory service to potential partners to identify the key legal, financial and regulatory issues that need to be considered in structuring a private-public deal. Since its inception the centre has ventured into innovative tenure arrangements such as occupancy rights, life leases, equity co-ops and home ownership equity partnership programs. At the end of June this year, the centre had facilitated the realization of 79 projects totalling in excess of 4,200 housing units.

I will take a minute to outline a few innovative projects that have been made possible by the new public-private partnership. In my riding of Vancouver the Kitsilano Equity Housing Co-operative offers affordable housing for families. Equity co-operatives are ongoing housing co-ops financed partly from the investment of its own members. Traditionally aimed at seniors it is now branching out to help many other Canadians.

The project demonstrates that it is possible to provide families with affordable housing options in a market where starter homes are very expensive. This type of project is being made possible thanks to this partnership. Clearly the partnership centre is working. It was an experiment and we have seen that it is working very well.

Some may ask, especially members of the third party, why the government is involved with mortgage insurance when the private industry is offering the same product. The straightforward answer is choice. CMHC gives Canadians a choice of mortgage loan insurance. Without CMHC, Canadians would only be served by a private sector monopoly that can do what it wants with rates and down payments. The risks of the monopoly are higher prices and fewer choices, making housing less affordable particularly for first time buyers. The federal government has a constitutional responsibility for banking and for finance. CMHC's mortgage insurance guarantees and demonstrates that the federal government is fulfilling its role.

I have heard members talk about the risk involved. When looking at the risk in any business we look at marketplace needs. Some 74 per cent of Canadians have said they would like to use the program. We then look at past performances and we see that \$1 billion was given back since its inception and \$55 million last year. This tells us that it is a good business risk.

I am pleased with CMHC's efforts in my community. I have spoken of the Kitsilano project. There are some Kitsilano senior projects. There are projects for single senior women who live alone. There are projects in British Columbia that are helping



Canadians to be able to get a foothold and become contributing members of society.

In 1994, CMHC's loan insurance helped to house over 300,000 Canadian families at no cost to the federal government. This is because mortgage insurance is self-financing. Most lenders cannot provide a mortgage above 75 per cent. The program helps people to own homes. The approved lender is able to charge the borrower the lowest possible rate of interest. With these insurance provisions Canadians will have access to home ownership, to major renovations and to rental units.

• (1140)

It not only does that. It creates an opportunity. In the red book we talked about creating opportunity. This is creating opportunity for Canadians. It levels the playing field. It gives them a piece of the Canadian dream. It gives them an economic stake in the country and an opportunity to become contributing citizens. It is not just a simple act; it is a broad, social and economic move.

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, it is interesting that the government brings a bill before the House to increase loan liability not by \$50,000 or \$50 million but by \$50 billion. Yet it gets insulted and attacks the opposition party for questioning what is in the bill.

The government is suggesting that Reformers do not like affordable housing. That is a shallow argument. Our job is to ask why the government is increasing the liability by \$50 billion. The government had better get used to it, because we will continue to ask these kinds of questions. It is about time somebody did. The government has been in place for two years and has overspent by \$80 billion. It is about time somebody asked questions.

Every speaker talked about the minister of public works as though he came up with an innovative bill to help the country. Part of that was a PR exercise for a minister who has been in trouble for the last two years. Now that a cabinet shuffle is on the way, they are trying to make him look good. That is what this is about.

The previous speaker said that it would not cost the government anything. In the recession of 1980 when the Liberal government was in power, were any liabilities charged against the loss on defaulted loans? How much contingent liability is recorded on the books of the country for the current \$100 billion and the next \$150 billion when the \$50 billion is added?

**Ms. Fry:** Mr. Speaker, I am delighted to answer that question. The very asking of the question, which seems to be the one repetitive question the Reform Party asks in spite of the answers being given, tells me that members of the third party are really not in touch with the people of Canada. They do not understand a single thing about the needs of the people.

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**Mr. White (Fraser Valley West):** Answer the question.

**Ms. Fry:** If the hon. member will allow me to do so, I will. I would like to answer the question.

Reform members are not in touch with the people of Canada. Seventy-four per cent of Canadians say that the program is important because it assists them in buying homes. We are not talking about an elite group which thinks that only people with a lot of money should be able to own houses.

To return to the issue, I mentioned in my speech, and I will repeat it, that any insurance program and any insurance company base whatever they do on an actuarial risk basis. This has been shown on a routine, standard, normal actuarial risk basis to be sound. This is not only because of the need in the community for it, but over the years since its inception the program has returned \$1 billion to the coffers of the treasury. Just last year alone it returned \$55 million to the coffers.

• (1145)

I do not know if I have to speak loudly or clearly or what I have to do to get those facts on the table. Maybe repetition is the only way to go.

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, I have another question for the member.

Insurance exists in the private sector. Insurance is there whenever there is the need to protect against some sort of hazard. One of the hazards is that occasionally mortgages will be defaulted.

It is the belief of Liberal governments that the private sector will provide inadequate coverage for such risks, so the government has to step in. If the insurance that is being provided is profitable then there is no need for the government to step in, because the private sector would do it.

It is not reasonable at the same time to say it will not cost anything, that it is only something we are facilitating in the economy and it does not cost anything. If it does not cost anything, why is the government doing it? Everyone knows that whenever such activities get privatized efficiency goes up and consumers are more satisfied. So why is the government in there? It is because it is subsidizing an activity.

The question then becomes: Why subsidize housing? Why not subsidize food, cars? Why not subsidize clothing? There are all kinds of things that are essential for human life. We are running out of finances in this country. We are going bankrupt.

What do we do as we are going bankrupt? We take over a function the private sector could provide, but of course it is not doing it adequately. It is not giving enough subsidy. So here we are creating a program that gives more subsidy to an activity that some believe is no more worthy and no less worthy than any other of the kinds of things we consume in Canada.

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Is there a prima facie case for the fact that this activity of the organization that is having its liabilities raised by \$50 billion is one that requires a subsidy in the form of contingent liability? Could the member please explain to us, since she has studied the subject, how big the contingent liability is that Canadians see when they look at the annual budget?

**Ms. Fry:** Mr. Speaker, I thought I answered that question before. Perhaps I will have to try a different way of getting my message across.

I want to quickly say that in the riding of the member who asked me the first question, 5,580 constituents have purchased homes using CMHC funds. Since 1992, 1,663 constituents have purchased houses. In the riding of the member who asked me the last question, since 1992 some 1,525 constituents have purchased homes. Since 1992, 254 have purchased homes by taking advantage of the first home loan insurance program. We have here a party that professes to represent its constituents. I hope the party is representing its constituents here.

I want to deal with the issue of default on mortgages. The premiums and the fees are actually what allow CMHC in this program to continue to subsidize to get this program to work on a basis where it brings money back into the system. There is a low risk component to this insurance program. The low risk component, as is always done in insurance programs, subsidizes the high risks so that they balance out. That is the basis on which most insurance programs work.

• (1150)

**Mr. Bélair:** Mr. Speaker, on a point of order, I see that the hon. member has already asked a question of the parliamentary secretary and this is not allowable.

**Mr. White (Fraser Valley West):** So what?

**Mr. Bélair:** There are rules. Just in case you do not know it, there are rules here.

**Mr. White (Fraser Valley West):** So your person should ask the question? This is the opposition asking the question.

**Mr. Thompson:** We do not need any more of your guff.

**The Acting Speaker (Mr. Kilger):** While this other discussion is taking place, the clock is running.

**Hon. Ethel Blondin-Andrew (Secretary of State (Training and Youth), Lib.):** Mr. Speaker, it is a pleasure to speak in the House today in support of Bill C-108, an act to amend the National Housing Act.

As my colleagues well know, CMHC has an important role to play in helping Canadians gain access to ownership. While listening to the debate and the questions, I am wondering what is at issue here, whether we are discussing the essence of contingent liability, as opposite members referred to it, or whether it is

the issue of whether they agree with giving access to housing to moderate income Canadians. Is that the real issue? Is it the issue of subsidization they are interested in weasel wording about, or is it that they want to carry on with their right wing agenda and do not want to give anything to middle income and poor Canadians? Is that the real debate? That is the question we should ask members.

In terms of subsidies, a clothing subsidy was mentioned. Well, they have a clothing subsidy, a subsidy for the suits for their leader. That is interesting.

**Mr. Thompson:** Your pension would make house payments too.

**Ms. Blondin-Andrew:** I earned it, thank you. I forfeited one pension and I am not ashamed to accept my pension.

**Mr. White (Fraser Valley West):** Another shallow argument.

**Ms. Blondin-Andrew:** What is really shallow here is the debate coming from the other side.

I want to focus on the issue of CMHC's mortgage loan insurance and its mandate to provide equal access to Canadians throughout the country. It is important to achieve that goal.

As an aside, there is a shortage of housing across the country. Some 11,000 units are needed. In my riding I believe 3,400 units are needed. There is overcrowding, health problems, young people in overcrowded situations where it makes learning and living difficult. The safety and security of the person is at risk here. That escapes the rhetoric coming from the opposite side.

I should also say that there is absolutely nothing wrong with having Canadians gain access to housing. That is a real source of empowerment. It is a way to give integrity to the family, to the individual, and a way for people to build a life in this country, to build security and stability. Homeowners across the country throughout many decades have said that the main source of empowerment is to own a home and build from that home for their children.

The party opposite says it is family oriented. What is more family oriented than owning a home? Reform members talk about the value. They call it a shallow argument that home ownership is related to family values. Let us think on that one. The weasel wording of that one sad opposition member is very shallow and indeed is misdirected. People are very well aware of that.

CMHC has the unique role of ensuring equal access for Canadians throughout the country. It is a major factor that distinguishes CMHC's operation from private mortgage loan insurance operations.

CMHC'S commitment is to provide mortgage loan insurance in the small communities of the country, the places private insurers do not traditionally want to serve, such as my riding. In many parts of my riding, which is very isolated, and in rural

parts of the country we do not have access to the banking system. We are right off the financial institutional grid.

• (1155)

Those people are not eligible to get mortgages. Even if they had a high income, a moderate income, or double income, they are not eligible to get into home ownership in terms of the financial institutions. They are not served in that way. That is a fact. In places private insurers have not traditionally wanted to serve or have not been able to serve, many Canadians might not be able to buy a home.

Let me illustrate how important CMHC mortgage loan insurance is to Canadians in small communities. Take CMHC's loan insurance activity in the municipality of Brooks, Alberta, with a population of 10,000. In 1994, 137 households were able to access home ownership thanks to CMHC's mortgage loan insurance. Take for instance the importance to the Northwest Territories, where I come from, in terms of home ownership. I guess it is very difficult, but looking at the statistics in the Northwest Territories, 660 loans were let out and were insured to \$110 million. These are for people who want to own their homes.

Under the Northwest Territories Housing Corporation assistance program, in August 1995 CMHC accepted as equity grants provided under the NWT's down payment assistance program. This helped families who could afford the ongoing operating and maintenance cost of home ownership and purchasing their own homes. Since its introduction, 24 families have purchased their own homes. It is very significant for our population of 72,000 people to have loans that were given to that many people so they would be able to move into their own homes.

In fact there is one other special need you could look at: the underwriting on federal lands reserved for Indians. This is an issue that should really get the opposite members hot under the collar. Anything for Indians would be almost not spoken of or forbidden.

**Mr. Thompson:** Oh, come off it. Give your head a shake.

**Ms. Blondin-Andrew:** In October 1995, CMHC provided mortgage loan insurance—

**The Acting Speaker (Mr. Kilger):** Order. There is no doubt that any debate can raise some very strong views and strong emotions, but in the best tradition of this 35th Parliament I would remind members to direct all their interventions through the Chair.

**Ms. Blondin-Andrew:** Mr. Speaker, through you to my colleagues in the House, there is an underwriting on federal lands reserved for Indians. In October 1995 for instance, CMHC provided mortgage loan insurance to an operating company of the Yellowknife Dene band so it could access bank financing to build a 10-unit apartment building on federal land reserved for Indians. The apartments will be occupied by low income fami-

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lies and the operating costs of the project will be subsidized by the NWT Housing Corporation. That is a fact.

Many of those communities do not have access to those financial institutions. They are looking at innovative ways of getting housing for those people. There are 34 housing units that are needed in the north.

The south does not have the inclement weather and the harsh climate we have, nor the heating costs we have. Maybe they do in some of the northern parts of the provinces. Really, look at the opportunities these people have carved out for themselves to empower their people, to enable their people to become independent and self-sustaining. One of the first ways they look at is home ownership, by building that infrastructure and making it possible for people to own their own homes.

• (1200)

This year, as of September 30, going back to the community of Brooks, Alberta, 153 households became proud homeowners thanks again to the mortgage insurance funds. Make no mistake, if CMHC were not in the mortgage loan insurance business 290 families in Brooks, Alberta might not have been able to buy their homes. These 290 households represent 83 per cent of the total number of households, 349, that bought homes in Brooks, Alberta during that period.

The government knows how much Canadians value home ownership. Home ownership has always been valued at the community level. The first thing the settlers of this country did was build a home. Many were eventually able to get assistance from the banks and their communities to do joint projects to build homes. That is the way it was done and there was nothing wrong with that. Home ownership is much valued as the Canadian way. It is a source of retirement income for some. It is the one thing they may hang their hat on and feel security from. It is also an important component of quality of life.

We believe every Canadian should have access to home ownership. CMHC's mortgage loan insurance can turn the dream of owning a home into a reality. It is therefore critical that CMHC be able to continue to provide mortgage loan insurance to Canadians now and in the future. That is why I support Bill C-108. I hope my colleagues will see fit to give swift passage to the bill so that CMHC can continue to help Canadians realize their dream of owning a home.

There is an abundance of ideas out there, but many challenges befall Canadians who are isolated or in remote areas or who are not in the high income brackets and who face many fiscal challenges. Those people need help from various levels of government and organizations.

There are so many things that happen but when it comes right down to it we can talk in technical terms and be very abstract. We can talk about the whole fisc and all that but when it boils right down to it we are talking about the quality of life for people. The real meaningful essence of this is that people have access to homes, that they are able to own their own home and

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build a life for their children and themselves; real security and in practical terms, stability.

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, it is interesting that with the previous speaker I asked how much of a contingent liability is recorded on the books and how much the government lost by loan guarantees in the eighties recession. The answer, which was passed down to the member from the lobby, was that there were people in my riding who took advantage of a CMHC approved loan. That is the answer to those two questions.

I presume therefore the member is suggesting that because people in my riding took advantage of a CMHC approved loan I should be in favour of increasing the loan liability from \$100 billion to \$150 billion. There is more logic. It boggles the mind where some of these shallow arguments are coming from.

When this legislation was brought in one person in opposition spoke to it. Since then it has been all Liberal members speaking to their own bill. The reason is there is no legislative agenda from over there whatsoever. For a country that has overspent in the last two years by \$80 billion, for a country \$566 billion in debt, for a country where crime is very serious, one would think there would be a legislative agenda. But no, what we have are Liberal MPs talking to the bill and nobody on the other side making speeches to it. I think it is a disgrace.

• (1205)

My question to the member is the same as to the previous speaker. Surely she can get an answer from the lobby on this. How much of a contingent liability is recorded on the books of the government?

**Ms. Blondin-Andrew:** Mr. Speaker, to the hon. member, and I am a little doubtful about the hon. part—

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

**The Deputy Speaker:** The hon. secretary of state will withdraw that statement immediately.

**Ms. Blondin-Andrew:** Mr. Speaker, I withdraw it.

The hon. member fundamentally asks whether the MIF is in trouble. Is this an additional \$50 billion liability to the federal government? The mortgage insurance premiums charged by CMHC are sufficient to meet the risk being assumed at no cost to the government.

The viability of CMHC's mortgage insurance fund is assessed annually by an independent actuary. An actuarial evaluation of the fund as of September 30, 1994 has confirmed its long term solvency.

The member is creating a worst case scenario that is not justified by the facts. Government members have explained again and again that CMHC charges premiums that cover the risk. The fund is sound and has helped thousands of Canadians.

The real liability is the sense of uncaring, the sense of indelicacy on the part of this member, not caring that people of moderate incomes have access to home ownership. That is the real liability. If past governments had taken that attitude, nobody would own a home today.

**Mr. White (Fraser Valley West):** You do not know what you are talking about.

**Ms. Blondin-Andrew:** You think you know what you are talking about, you idiot.

**Mr. Strahl:** Mr. Speaker, we have a real problem here.

**The Deputy Speaker:** On a point of order, the hon. member for Fraser Valley West. The Speaker seems to have walked in on an interesting discussion.

**Mr. White (Fraser Valley West):** Mr. Speaker, I can appreciate debate in the House. Whether they like it or not, it is going to happen. However, this is the second time now and I would like the member to retract the word idiot.

**Ms. Blondin-Andrew:** Mr. Speaker, the member himself has hurled many abuses across the floor. We have sustained them. We have taken them but I can be honourable enough to retract the word idiot as I referred to the member.

**Mr. Chuck Strahl (Fraser Valley East, Ref.):** Mr. Speaker, I listened to the hon. member's speech. I did catch what she talked about, the importance of home ownership in Canada, which many of us believe in. It is important for many reasons, whether for enhancing the family, sense of ownership, pride and so on.

She mentioned the necessity for CMHC to be involved specifically in lending money to build homes on native reserves. I agree with the member it is very important for people to own their own land. I would like to see the right to own property entrenched in the Constitution, something we do not have constitutionally now.

• (1210)

I wonder if the member thinks it would be useful to allow natives on reserves to actually own the land. Then they could mortgage it and put houses on the land, just as everyone else does in Canada. It is a bit of a problem. The federal government is the only lender which will guarantee those mortgages because the natives do not own the land they live on in fee simple.

She talked about the pride of home ownership. I wonder if it would not be a move in the right direction to allow natives to own the reserves in fee simple so they could then take out mortgages like any other Canadian and have the pride of ownership she spoke about earlier.

**Ms. Blondin—Andrew:** Mr. Speaker, my hon. colleague brought up a very interesting point. It is a very complicated question. The issue to which he referred would involve changing the Indian Act and making a number of constitutional amendments. It is complicated.

It is not in my mandate to make such a pronouncement. However, if we attempt to ensure that aboriginal people can gain access to home ownership, the issue we are debating today, we know the hon. member would support us. If it involves any kind of work dealing with aboriginal rights, dealing with self-government, dealing with the empowerment of aboriginal people, of course the hon. member would support the government. We appreciate that. Essentially that is what it would take to answer the very complicated question he asked.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I would simply like to relay for the information of the House that one aspect of the CMHC loans has not been mentioned: CMHC guarantees do not always kick in. There is an example in my riding of a condominium which failed to keep up its premises. As a result the directors of that condominium corporation were liable. There are inherent risks not necessarily covered by the insurance.

I compliment the secretary of state for bringing the essence of the debate down to the importance of home ownership. I ask her again to remind the House of the importance of the home to Canadian life.

**Ms. Blondin—Andrew:** Mr. Speaker, it bears repeating that we must look at the question in the light of how it affects the majority of Canadians but also those with specific and unique needs, including aboriginal people, who often live in remote and isolated regions, the disabled and single parents. That is a very important issue.

I cannot express enough that the real empowerment of the family or the individual is home ownership. It provides a great deal of stability economically, emotionally and in terms of a safe environment. The safety and security of the person is dealt with in the sense of providing a home. It gives an opportunity for the future.

I have some additional information on the aboriginal housing policy the hon. member asked about. This has addressed the failures, experience and inefficiencies of previous programs and has led to self-sufficiency. Is there any new aboriginal policy?

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The government through CMHC is providing \$307.8 million in this fiscal year to support social housing both off and on reserve.

Every bit of achievement in giving home ownership to individuals in remote regions or to aboriginal people who live on reserves or off reserves is a major struggle. Each time we achieve something it is not done without hard work and compromise. It is very difficult, and every time you make progress it is a major achievement.

• (1215)

**The Deputy Speaker:** Unfortunately, the time has expired. There are two more members who wish to ask questions. Is there unanimous consent to extend the question period?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** I hear members saying no.

[*Translation*]

**The Deputy Speaker:** Is the House ready for the question?

**Some hon. members:** Debate.

**The Deputy Speaker:** The hon. member for Broadview—Greenwood.

[*English*]

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, I appreciate the opportunity to speak on the National Housing Act.

This bill will enable Canada Mortgage and Housing Corporation to continue underwriting home mortgage loan insurance within the legislative limit. I put the stress on the words “loan insurance” because when I listen to my friends from the Reform Party it sounds as if they feel that Canada Mortgage and Housing Corporation is essentially giving loans. This is loan insurance. As a result, that responsibility of the government to come in and cover when someone defaults is minimal.

I want to go back to 1987 when I was first nominated to be the Liberal candidate in my riding of Broadview—Greenwood. I said to my supporters in a room in the Slovenian Hall on Pape Avenue that one of the things I was going to try to work on was bringing Canada Mortgage and Housing Corporation out of mothballs. We had just come through three and a half years when the Brian Mulroney Conservative government had effectively parked the Canada Mortgage and Housing Corporation. In some instances, they not only parked the Canada Mortgage and Housing Corporation, put it in mothballs, but they also devolved a lot of responsibility for housing to the provinces.

I am one of those members in this House who believe the national government has a major role to play in the economy. I

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never did share in the dismantling of the national government that Brian Mulroney and his colleagues engineered over 10 years. Even to this day, I have debates and differences with some of my own colleagues as we sell off, dismantle, and in some instances literally give away Government of Canada assets, Government of Canada instruments. I sincerely believe that by giving these instruments away or dismantling them we will lose our capacity to run this very large country.

**Mr. Grubel:** It is against the will of the people in the regions.

**Mr. Mills:** No, it is not. It is not against the will of the people. The people believe in a strong national government. They do not believe in this decentralizing system that is evolving right now. They do not believe in it. I am going to be very candid. I am not walking away from what got me elected. If it means I will even have, from time to time, some differences over here, so be it.

Today the Government of Canada, through the minister responsible for Canada Mortgage and Housing Corporation, is returning to traditional Liberal values. It gives me a great deal of satisfaction to stand in the House today and pay tribute to this minister. They are few and far between these days who will go back to traditional Liberal values and say they are going to bring Canada Mortgage and Housing Corporation out of mothballs and make sure it has the proper envelope to go out there and make sure the housing sector is given all the support it needs to get back on its feet.

• (1220)

The member for Capilano—Howe Sound, the senior economist and finance critic for the Reform Party, asks at whose expense. For two years I have been listening to members of the Reform Party. The thought process is cut, cut, cut, dismantle, give away. They have actually to their credit done so well in communicating that message that in fact we in the government have listened to the Reform Party too much.

We support eliminating waste and eliminating duplication, but we must also have growth in this country. The Reform Party cannot differentiate between those instruments of government that can accelerate and support growth and those areas where we support as well the elimination of waste and duplication.

The Canada Mortgage and Housing Corporation is an instrument of the Government of Canada supported by the people of Canada that will help growth. That growth will generate jobs. It will generate an expansion of our economy.

When we talk about housing, we should not just focus on the craftsmen, craftswomen, and all of the trades related to the housing sector. We should also reflect on what other industries benefit from a strong, healthy, vibrant housing industry: landscapers, carpet manufacturers, stove and refrigerator manufacturers, people who make drapes. The list is endless. That is something the Reform Party is missing.

I am not trying to be partisan. I come from downtown Toronto. In my community if the housing industry is flat, if we have no growth in the housing industry, the ripple effect is almost catastrophic. It affects the entire confidence of the community.

The economist from Capilano—Howe Sound knows full well that when developing a sound economic equation you cannot ignore the confidence factor. The confidence factor is the biggest factor in that equation. If in a community like Toronto there is a housing industry that is absolutely flat, it affects all other sectors of the economy.

When members of the Reform Party came to this House they said they were not going to be here just to oppose for the sake of opposing. When a good idea came along that would not cost the treasury a lot of money they were going to support it.

There have been a couple of ideas that have come forward from the Reform Party that I have supported. In fact the government has become so right of centre in its actions that I think the Reform Party should back off a little. If we get so far to the right that we cut all of these instruments that can generate growth, we are all going to be in trouble.

Going back to this housing bill, it is so important that we do not just think of housing itself. These are not loans. We must think of all the spinoffs.

• (1225)

It is important for Canadians to realize that this home loan insurance is not a loan; it is an insurance on the loan. This insurance package is something most of the supporters of the Reform Party want. Most Canadians would agree that it tends to be larger businesses, like the financial institutions, which are so focused on deficit and debt, more so than I would be, that are actually encouraging us to get behind the Canada Mortgage and Housing Corporation loan insurance system. I know this for a fact.

There are big developers in my riding. The leaders of these organizations do not vote for me, although now and again I get a little contribution. I know a lot of their employees vote for me. Does the member for Capilano—Howe Sound know what these big developers say? The big developers say that when they go to their banks they are told that in order for them to get their development loan for their projects they need to produce a certificate of insurance from the Canada Mortgage and Housing Corporation. In other words, the major banks are saying to bring in that insurance guarantee and they will get behind the great job creation project.

By the way, I know of a lot of projects in Toronto. To the credit of the Canada Mortgage and Housing Corporation, under the direction of the minister from Cape Breton, one of the few traditional Liberals left in the House, the insurance guarantee is critical for the homebuilding industry to get on its feet. But he is not just saying to accept any project. Many good projects in the

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greater Toronto area have been turned down because the element of risk was just a little too high.

I say to the member for Capilano—Howe Sound that Canada Mortgage and Housing Corporation has really become a much more efficient, more streamlined, more risk averse crown corporation. When we see that kind of behaviour in that crown corporation, it should give members of the Reform Party some confidence so that when the minister responsible says let us increase this envelope from \$100 billion to \$150 billion where the downside is negligible, in fairness the Reform Party should get behind us.

I want to make sure that some of the fundamentals of my argument are put on the table and the member agrees with them. First, I know the economist from Capilano—Howe Sound, the finance critic, would agree that a vibrant homebuilding sector is really a vital component in any economic equation. Second, he would agree with the spinoffs related to the housing sector. Third, he would also agree this is not a loan per se, it is a loan insurance plan.

He would also agree that this should be a national instrument, that this is an instrument we should not devolve to the provinces, an instrument the national government should continue to operate. We should not chop it into little pieces like a lot of other things we have done around here lately.

• (1230)

The last point I want to make concerns traditional values that all members in the House share, the values of caring and sharing, looking out for each other and family values. The member for Capilano—Howe Sound knows what a home, a roof over one's head and pride of ownership do in terms of strengthening the moral fabric of the country.

The Reform Party has been successful in the last two years in generating cuts, dismantling and offloading. Now that a good bill comes before the House that will accelerate growth in a most important sector of the economy, the housing sector, I appeal to the member for Capilano—Howe Sound to be fair and get behind it.

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, I am very pleased to have been named so often in the member's address. I will summarize what I as an economist consider the argument against the bill to be.

One view we have heard again and again in today's speeches is that CMHC is self-supporting, that it does not really cost anything. Economists are asking why the government is in the business if this is so. Are members opposite suggesting that the free market will not work, that the free market does not produce services more efficiently than the public sector? The evidence is

strongly against that because throughout the world, governments are privatizing and taking these kinds of activities out of the market.

Strangely enough, other members are bragging about the fact that the CMHC system is providing subsidies to others so that they can have houses that otherwise they would not have. How is this possible? If the organization is breaking even, where does it get its resources with which to pay the subsidies? It is conceivable that some activities undertaken by CMHC are creating a surplus. Thus a surplus is being forced or squeezed out of some unsuspecting Canadians participating in CMHC. It is taken by the system to subsidize others.

As a conservative I would suggest that is not the way we should run our society. If there are reasons for subsidizing some types of housing such as that for natives, I believe we could reach agreement on it. Let us make it obvious. Let us make it transparent. Let us not have it hidden in the operation of some huge bureaucracy or in some obscure book.

Another point made by the hon. member was that the housing industry would collapse unless the insurance was there. Whenever we have a subsidy program the economy and the industry adjust to take advantage of it. If we take away the subsidy there is a reduction in output. If subsidies are offered to banks or to anyone they will take them. That is not an argument in favour of saying that we need it.

**Mr. Mills (Broadview—Greenwood):** It is not a subsidy.

**Mr. Grubel:** The hon. member says it is not a subsidy. It is breaking even, but where does the organization get the resources to do what it is claiming? It is making it possible for some people to have houses who otherwise would not have them. By definition that is a subsidy. Where is the money coming from?

To say that unless we subsidize and encourage the housing industry the economy will not boom is what we call vulgar Keynesianism. Vulgar Keynesianism means that unless we run a deficit and subsidize a certain activity, the economy left on its own will never produce a full employment equilibrium. That idea was current and fashionable in the 1960s. Today it is totally defunct. Most members opposite seem to have gone to university and have studied it in the 1960s, in the dark ages of Keynesian economics.

• (1235)

We know today that if we subsidize some industries by raising—

**Mr. Mills (Broadview—Greenwood):** This is a speech; this is debate. Where is the question?

**Mr. Grubel:** This is debate.

*Government Orders*

**Mr. Mills (Broadview—Greenwood):** It is called questions.

**Mr. Grubel:** Mr. Speaker, this is debate. This is not question period. We are debating the bill and I am giving an opposite view. I want to conclude with one last point.

If the government takes money that it does not have and gives it to an industry to expand, the industry will employ people and there will be an increase in output. However we have found people as a whole look at the increase in the debt. They begin to realize that their future tax obligations will go up to service the debt. They are worried about their children and grandchildren. This is why we find the spending of those who have to pay the bills in the future is down. That reduces demand, output and employment the same amount by which deficit spending increased on the other side.

That is a very well accepted proposition in economics.

**Mr. Mills (Broadview—Greenwood):** Mr. Speaker, I will try to be brief and to the point on the member's questions.

First, the member asked why the government was in this business. If the government were not in the business at this moment in time there would be a virtual monopoly. Is the member from the Reform Party promoting monopolies? I do not think so.

Second, he called it a subsidy. It is not a subsidy. The whole premise of the member's argument was based on the word subsidy. It is loan insurance. It is not the Government of Canada making direct loans. In the judgment of the officials it is a collaborative effort by the Canada Mortgage and Housing Corporation, the banks and the private sector.

The third item has to do with why we are all in this room. This room is not a bus going down the street so that we can look out the window and see people crying out for our help, whether they be young people, middle aged people or older people. This room is not a bus that drives by and says that it only has time for those who can look after themselves.

In essence we are in this room so that when we look out the window of a bus driving down the street, stop the bus, get out and help people in need. There are many people who do not have financial resources either to own a home or have shelter over their heads without this lever or this instrument of national government. I am getting sick and tired of being in the House of Commons with the Reform Party encouraging the bus to go down the street and disregard the people who are crying out for help.

The bill before the House looks after disadvantaged people and the Reform Party should get behind it.

**The Deputy Speaker:** The time has expired for questions and comments.

• (1240)

[*Translation*]

Is the House ready for the question?

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** All those in favour will please say yea.

**Some hon. members:** Yea.

**The Deputy Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the yeas have it.

*And more than five members having risen:*

**The Deputy Speaker:** Call in the members.

[*English*]

*And the bells having rung:*

**The Deputy Speaker:** The chief government whip has indicated that the vote will be deferred until tomorrow at 5 p.m.

\* \* \*

#### DEPARTMENT OF HEALTH ACT

The House resumed from November 6 consideration of the motion that Bill C-95, an act to establish the Department of Health and to amend and repeal certain acts, be read the second time and referred to a committee.

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, I take the opportunity to speak to Bill C-95 and to discuss the health care system.

There are several issues to be talked about. The most important is that the bill is only a name change. It transfers responsibilities and we accept that. However overriding the bill is what we will do with health care.

**Mr. Mills (Broadview—Greenwood):** Scrap it.

**Mr. White (Fraser Valley West):** The hon. member says scrap it. We do not agree with that.

We need the highest quality of health care for all Canadians while not increasing the pressures of finances on the public. If we look at where many people come from today, the health care system in communities is an ever increasing cost. The disappointing part is the federal government has not increased its costs. It has actually decreased its expenditures toward the



health care system over the years, thereby putting pressure on the provinces to come up with more and more money.

I have had occasion in the province of British Columbia to work in one of the municipal organizations. I know full well what rising costs are due to in part. Labour negotiations, for instance, over the years have produced increases that are extraordinarily high. Communities had difficulty trying to pay as the costs of labour increased. We know the cost of equipment in hospitals is high and necessarily so, because it has to be state of the art.

On top of all this we have a government saying that we must have universal health care which it relates to medicare. I will talk about the differences in a moment. The government wants it to be universal but is not prepared to pay 50 per cent or a higher percentage than it is today. It has been ever decreasing.

Many people are not happy with the health care system. They have to wait in line for operations, and services are ever decreasing. There are bed shortages, not enough nurses at times and so on.

• (1245)

I have been attending the Royal Columbian Hospital in Vancouver where my niece has been in neurosurgery for the last nine weeks. She was in a very serious car accident. I must say that I have been totally impressed with the health care system in that regard.

I am sure many people have gone through hospitals, have spoken to doctors and have been completely impressed. However, the fact remains that the services are decreasing. I see it when I visit the hospital. There are not as many nurses as we would like to see on staff and so on. The demands and the expectations which people have for health care today are perhaps more than what the provinces can afford. Therein lies a good part of the battle.

Some myths have been promoted across the country. I believe they are more political myths than reality. We hear from the other side that Canada's health care system is the best in the world and that any changes would be detrimental. I do not subscribe to that thesis. The fact is that the health care system in Canada is very good. I cannot from my experience determine whether it is the best in the world, but I am sure it is very high up there.

The Liberals are saying that any changes would be detrimental. I disagree with that. In this day and age what is truly required, because of the costs and the limitations on the resources, is a core set of services that would be provided throughout Canada on a cost shared basis. It could be called a core medical service. Over and above that, we have to allow the provinces to innovate and provide other services. That only stands to reason unless the federal government is prepared to provide more funding into its shared responsibility.

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The government cannot have it both ways. It cannot say: "The rules are going to go our way, but we are not going to give you enough money to operate". It is unrealistic to think that way.

If you are looking for changes in health care, we have offered a program for change with a core medical service. Organizations such as the Canadian College of Health Service Executives are coming to the conclusion that there has to be some kind of core service. Trying to provide all things to all people within a very limited finite budget will not work.

Some myths about health care are attached to this party. They are political myths. I can understand when we are campaigning or when we are debating in the House that statements are made to promote one side or the other. Some of the myths are that the Reform Party will dismantle medicare; that it wants a U.S. style of medical system; the Reform Party is in favour of a cash register medical system; it favours private insurance; it is in cahoots with insurance companies; it is a proponent of a two-tier health care system.

The fact is that the Reform Party is a lot more realistic than the government. Unless the government is prepared to look at the funding it provides to the provinces, I do not see how the provinces can expect to live by the standards which have been set by the federal government. It is not realistic.

The biggest burden of cost is on the provinces. The government cannot stand by and promote such things as block funding without eventually finding out what the problems are. I have had a lot of experience with block funding. It is just another way of saying: "You have the same amount of money. You can spend it on whatever you like. If you want more money for health care you can spend the bulk of it but that will take away from welfare transfer payments or post-secondary education". It is still the same amount of money. The government has not really resolved anything other than to change the name and provide the money which has been decreasing over the years.

• (1250)

We have to define medicare today. I do not believe medicare and health care are necessarily synonymous. Medicare to me is a comprehensive set of core national health standards, publicly funded, portable across Canada and universally accessible to all. Canadians regardless of ability to pay should be able to use and access the health care system.

If we get to defining the problem we will be better off. However, if the Liberal government merely says: "The rules are this and we are only going to give you a finite set of dollars to live within", the provinces are not going to take that any more. That is what the debate is on constantly in this House.

We have to remove—

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**The Deputy Speaker:** You have one minute left.

**Mr. White (Fraser Valley West):** So soon? I cannot even get into the report from the Canadian College of Health Care Executives but if possible in a minute I would like to read some of the conclusions which illustrate where its members are coming from today.

One of their concerns is with the political concerns of this country. The report says: "With the increased importance of health care to the public, main issues have become campaign issues for many elections. There is concern that pledges to balance budgets will result in reduction in the quality of health care provided".

They are really saying that politics are limiting this, and that politics are part of the problem in the health care system. I agree. The Liberal government has to open up on the issue of health care and get away from the idea that we have a traditional system, there is no other way to do it and that it is finite.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am pleased to speak in support of Bill C-95 because I believe in the importance of a federal department of health. I am among those Canadians who value their health care system as one of those things that tie us together as a nation.

This system for which you and I share responsibility is central to our identity as Canadians. More than any other program of government it reflects our belief that we are mutually responsible for each other's well-being. We exist as a nation and will continue to exist as a nation precisely because we do care for one another.

However, if we are to preserve what we value we must be aware of the changing times. The budget signalled a new era of fiscal responsibility and smaller government. We cannot escape the financial facts of life which mean we will have to abandon some old ways of thinking and some old expectations of government.

I hardly need to emphasize how far we have come together. We know that Canadian health care is second to none in the world. Everyone in Canada has reasonable access to health care. We establish our priorities for treatment based on medical necessity and not on how much money we have. No Canadian need fear now or in the future that a catastrophic illness will result in financial disaster.

As we approach the 21st century there is a new fiscal reality. The government has recognized it and is acting responsibly to deal with it. We are committed to protecting social programs. Indeed, the government's budget was about taking the fiscal steps necessary to do so.

Our national health care system is rooted in our common Canadian values of equity, fairness, compassion and respect for the fundamental dignity of all. The goal of the new Department

of Health is to preserve medicare and put our fiscal house in order.

Many of the values that make up Canada's social fabric are reflected in the five principles of the Canada Health Act. They reflect the Canadian concern for justice and equity in our health care system and they are not going to disappear. Canadians will not allow that to happen. The Canada Health Act and its five principles of universality, accessibility, portability, comprehensiveness and public administration will be maintained. The principles of the Canada Health Act are not just words. Their meaning has stood the test of time. In their totality they assure both the provision of quality health services to all and the containment of costs.

• (1255)

As Canadians, we believe all must have access to services. People cannot be de-insured because they might be too costly for the system to cover. They cannot be turned away at a hospital door because they have not paid their quarterly tax bill or their provincial premium. If we need health care, we will be treated the same as anyone else. That is what Canadians mean by equity. This recognizes our dignity as human beings and thus demonstrates that we are a fair and compassionate people.

Of course, new realities require new thinking about how we will do things. That thinking must be pragmatic and stand the test of both fairness and fiscal reality.

This fiscal year the federal government is transferring \$15.5 billion to the provinces and territories for health services. The total federal health, post-secondary education and social contributions for 1995-96 will be about \$29.7 billion under the established programs financing and the Canada assistance plan.

With the introduction of the Canada health and social transfer in 1996-97, total transfers will be \$26.9 billion. The transfer reduction for 1996-97 represents, and I stress, less than 3 per cent of the estimated provincial-territorial expenditures for health, post-secondary education and social programs. It is also less than 2 per cent of provincial government revenues.

What is important to highlight is that the federal cash contributions under the Canada health and social transfer will not disappear. In fact, when you take into account the economies that provincial governments are putting in place, the federal proportion of funding in most provinces will remain steady or even increase. Make no mistake about it, the federal government is in medicare to stay. There will be stable, ongoing cash in the system to ensure that it is sustained.

Sustaining the health system does not mean spending more; it means spending better. Research demonstrates that there is no direct relationship between increased health spending and improved health outcomes. It is not the amount of money we dedicate to our health care system that will ensure a healthy population. Rather, it is the way we spend it.

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We can do more with less, without in any way jeopardizing universal access to quality health care on uniform terms and conditions for all residents of Canada. In fact, we are doing more with less, as comparisons with the United States continue to demonstrate.

Traditionally, the split between public and private spending has been about 75–25. Currently, the private share is rising and is now over 28 per cent. This is a trend that must be examined as we look at ways to keep health care affordable to all residents.

We are doing this for several reasons. One of the most important is that the threat facility fees pose to the public system's ability to continue to deliver the efficient results that we have come to expect. By billing both the patients and the taxpayers private clinics does not take pressure off the system. They take resources away from the system. Facility fees fracture a system whose greatest strength is cohesion.

Look at the issue from the point of view of efficiencies and economies. Encouraging the growth of private clinics with partial public funding takes all of the strengths and efficiencies of our health system and turns them on their head. It reduces economies of scale. It undermines our bargaining power.

Like the U.S. system, a movement toward publicly funded private clinics could shift more of the Canadian economy's resources to health care at the expense of other areas that could provide greater benefit to the health of Canadians. It could very well end up costing more while providing less. It would be hard to think of a better example of counterproductivity. Moreover, it threatens to create an under supply of services to the majority of Canadians and an over supply to the wealthier minority. It would be difficult to think of a better definition of inefficiency.

• (1300)

Medicare is based on fundamental principles, but they are not abstract principles. They are pragmatic. They were designed to make it possible to provide every Canadian with the level of health care he or she truly needs. We must do so at a cost we can genuinely afford.

I will comment briefly on the Reform Party position on Canada's health care system. It is advocating a two tier system of core services in which Canadians have to pay and in which the rich can jump the lines and get ahead. This demonstrates a lack of vision. It demonstrates a sincere lack of understanding of the fundamental principles of the Canadian health care system.

We will not transfer our Canadian system into a U.S. style system. Canadians know full well the quality of health care in the United States and it certainly is not the kind of health care system Canadians want.

Canadians look on their health care system with pride. We have an overwhelming degree of satisfaction with what we have created. They expect governments to work hard to adapt to changing times and to priorities. They understand the need for cost effectiveness in what we do. They expect governments to work as a team to meet goals they set years ago, goals such as access and universal coverage. They are still valuable and still appropriate.

The new federal Department of Health is ready to take up this challenge. I am proud to add my support to the bill. I indicate most emphatically that the Reform Party is seeking to undermine the fundamental principles of the Canada Health Act, which Canadians have come to rely on and which they deserve.

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, at a time when we are considering the act to establish the Department of Health, the first question we could ask is: Why have a federal Department of Health? The British North America Act says in section 92.7 and section 16 that health and social services are a provincial jurisdiction. So why did the federal government get involved in the health care sector?

To refresh our memory, I may recall that during the Second World War, the federal government obtained the right to collect income tax on a temporary basis, as they said at the time, to pay the country's war debts. However, by the end of the war, since people were now used to it and considering spending powers under the Canadian constitution, the federal government felt it would be useful to continue to be involved in this area.

This led to the creation of several white elephants, to take action in areas for which the federal government had no responsibility. Today, the Department of Health is an interesting case in point. Quebecers and Canadians should know that for 1996–97, the annual cost of the federal Department of Health will be more than one billion dollars, which includes \$347 million in salaries for staff and \$703 million for goods and services, this in addition to administering \$7.4 billion in transfer payments to the provinces.

We can see the insidious effect of what happened at the end of the Second World War, when the federal government, having obtained the right to collect taxes, returned this money to the provinces in the form of transfer payments. On the other hand, if every province had kept the right to look after health care, it would have been able to raise taxes so that citizens would know exactly what amount is spent on the health care sector and whether it is well spent. Unfortunately, that is not the model we developed in Canada. Today, we have a rather extraordinary situation where the federal government, while reducing its contribution to health care from year to year, nevertheless maintains national standards and thus puts the provinces, with

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their responsibility for the day to day administration of health care, in an impossible situation.

The federal government says emphatically: no extra billing, but at the same time it denies the provinces the funding they need, and there is no reduction in the tax points the federal government collects.

• (1305)

The provincial governments are unanimously opposed to this state of affairs and are trying to do something about it. The federal government wants to create a Department of Health that would be a continuation of previous departments, but at the same time the government assumes the right to intervene in a number of sectors, and that is why we think this does not augur well for the future of Canada. In the months and years to come, important budgetary decisions will have to be made.

I repeat that if we have two bureaucracies looking after health care in Canada—and in fact there are not two, there are more, as many as ten or eleven, because each province can have its own department of health—there will be unnecessary spending, unavoidably. When they say: “The government has no more money, where could it cut spending, how will we determine our social options for the future?”, the first place to look is where we have duplication.

Are there not areas in this sector that should not be the responsibility of the federal government? Should the federal government not withdraw and give the provinces the right to take care of a sector that is theirs under the constitution?

I would like to give a few examples of this encroachment. For instance, for the strategy for the integration of persons with disabilities, funding will be \$46 million over five years, \$46 million to be spent on the integration of persons with disabilities. If we consider the situation in Quebec, the province already has its Office des personnes handicapées which does the job, and here we see two governments involved in the same sector. Of course the whole \$46 million will not be wasted. There is money that goes directly to people, to the client. But let us say this amount includes \$5 million for administration costs. If only one intervenor was involved, we could save that much and relieve some of the pressure on the federal budget, while services could be maintained quite adequately.

Another sector is family violence. A program was set up that would cost \$136 million over four years. Again, this is a valid activity and government action is desirable, but the fact that two governments are involved undermines the effectiveness of these programs.

Say that in this case 10 per cent goes to administration costs, we could save \$13 million. In the end, the same taxpayer pays the taxes. Whether he is paying municipally, provincially or federally, he always pays his taxes. So it is not surprising that

those advocating decentralization so areas of jurisdiction may be recognized are critical of this sort of legislation by which the central government wants to impose its decisions on the provinces in areas where it has no responsibility, in areas where the provinces have constitutional responsibility.

Let us continue down the list of programs duplicating the action of the provincial governments. The new horizons program for seniors is another example of duplicate administration and duplicate bureaucracy. Members should see the forms the senior citizens clubs have to fill in to obtain these receipts. Often the administration costs for these programs equal what is paid out to senior citizens' clubs. This sort of thing is unacceptable, and people are rebelling against it. They want elected officials to clarify the situations.

Other examples include the seniors secretariat, the fight against smoking, the anti drug campaign, the national AIDS strategy, the children's bureau and, the best example of all, the national health forum.

Imagine. The federal government gave a team of experts a mandate to look at health management in Canada assessing the relevance of maintaining existing programs and of making change, but without the provinces taking part in the forum on health. This, for me, is the height of federal interventionism. From within an area of federal jurisdiction, a decision is made to interfere in an area of provincial jurisdiction, the provinces do not participate in the forum on health and no one has the patience or wants to do the negotiating necessary to have them there.

• (1310)

This means that, in the end, when the Prime Minister receives the report from the committee responsible for the forum on health, as its chair, he will be also be handed a total rejection by all the provinces of the report's conclusions.

We cannot ask people we have not included in the process to accept the conclusions reached. First of all, a determination should have been made of who ought to take part in the forum—was participation by the federal government really appropriate. Then, steps should have been taken to ensure that the provinces had a strong and appropriate voice that would have allowed them to address actual situations, because all the institutional networks are provincial.

These include hospitals, community health centres, shelters. Practical decisions are needed: reforms in individual provinces, the need to strike a balance between active treatment beds and extended care beds. At the moment, the provincial governments are bearing all the weight of the difficult decisions in this area, while the federal government, washing its hands of it, is reducing the funds it gives to this sector annually.

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I will conclude on this point. When, in upcoming months it is looking for a place to save some money, one of the first could be the federal government bureaucracy enshrined in the Department of Health. How much can it save of the \$347 million used to pay the salaries of officials working in the same area of activity as the provinces?

[*English*]

**Mrs. Jean Payne (St. John's West, Lib.):** Mr. Speaker, I rise today to speak in support of Bill C-95 not only because it provides a framework for Health Canada, not only because Canadians are renowned worldwide because of their health care system, but because today more than ever we need the support of a vigorous health care system.

There are those who condemn the cost of uniform health care to all Canadians. These individuals fear that a changing economy and a fast moving society will make it more difficult to maintain the current system.

As technology improves and surgical breakthroughs evolve, expenses increase. Transplants and bypasses are becoming more common and the therapy and equipment associated with these operations are more costly.

We are moving from an industrial age to an information era. Associated with this transformation are economic and social disruptions which bring greater demands to the system.

Our current system though stressed is simply reflecting the pressures associated with change. We already have a system that has provided a foundation stable enough to support change and we now maintain that system as the cornerstone of our society.

In my riding of St. John's West unemployment rates are some of the highest in the country. Every rise in the unemployment rate brings a greater increase in stress related diseases.

Our country represents a nation united. This could be seen in the strong support that Quebecers received, including support from those in my riding.

As our nation experiences change, we see fluctuations of high and low points in the economy of each province. What we need is stability. We need stable variables to rely on. One variable must be our health care system. This system must serve to maintain stability and unity within and between the provinces, a symbol of what it means to be Canadian.

Increases in stress related diseases produce associated afflictions such as increase in spousal abuse, alcoholism, drug addiction, high blood pressure and cardiac problems. The stress of not having the stability of a uniform health care system to rely on will certainly generate increases in stress and stress related diseases.

Members opposite have from time to time criticized the Department of Health because they say it spends too much money. I say it is money well spent, and not more than its responsibilities require.

The Department of Health is the department of defence against disease, the common enemy of all Canadians. Health allows no fiscal restraint. It is the challenge of the Department of Health to maintain an infrastructure that guarantees quality health care to Canadians in good times and in bad regardless of their economic position.

The health system I see is one that does not represent a net cost to the country, but a benefit. It is not an expense but an investment. Every element of economic and social life in Canada gains from medicare. Canadian patients are freed from the extra burden of health spending when the trauma of illness weighs heavily. Physicians are assured of payment for their services, while retaining professional freedom. Hospitals have more financial security and can better serve Canadians.

• (1315)

Most important and least obvious is the fact that Canadian medicare provides many economic benefits to the country as a whole. To take one example, more than \$7 out of every \$10 that is spent on health care in Canada is paid out of a provincially administered insurance plan. This single payer system in each province has built in efficiencies that allow considerable control over total expenditures. This efficiency is what holds per capita health costs in Canada well below comparable costs in the United States. Because of this control over spending, personal resources are freed for other priorities, of such as education, housing, and nutrition, all of which enhance the well-being of Canadians.

There are aspects of medicare that provide Canadian business with competitive advantages in the global market. Some international firms have established plants here because the cost of providing employee benefits in Canada is significantly lower than in the United States. Medicare enhances labour force mobility, and access to quality health care helps to ensure a healthy and productive workforce.

In St. John's West the labour force mobility is currently essential to long term sustenance, and the maintenance of our health care system is vital to ensuring the people of Newfoundland have a fighting chance in terms of labour mobility. Healthy business means economic growth, which in turn results in jobs, less unemployment, a healthier population, less stress related disease due to undue stress in the workplace, fewer demands on the health care system, and lower health care costs.

Health must be everyone's top priority. We must commit a large percentage of resources to maintaining health. It is our right and responsibility to do so. At the same time, we must be

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vigilant and innovative to ensure that what we are spending is done with economy in mind.

Among the areas the Department of Health is investing in is health intelligence. This initiative, which will include participation in a new global network designed to detect emerging diseases, is endorsed by provincial governments. The provinces know that national leadership in this area is essential if we are to make the most cost effective choices among all available health technologies and options.

Inevitably, there will be an increase in movement toward international standards or international processes. This department on Canada's behalf is very much in the forefront of this trend and will lead, not follow, other countries in establishing health standards.

The minister has spoken about maintaining traditional values and at the same time getting value for money. In St. John's West and throughout Canada tradition is what has made our country so unique. Health Canada promises to work closely with the provinces and territories in order to avoid duplication of programs and services, contrary to the comments made previously by my colleague in the Bloc.

All in all, I have confidence that the department that will be brought formally into being by this bill has its priorities straight. It will serve Canadians. It will guard our health and our health care system. It will do this with regard for efficiency and for getting at least \$1.10 of value for every \$1 it spends. Above all, it will continue to provide assurance that our national life and economy will stay vital at the domestic level and competitive abroad based on a healthy and vigorous Canadian population.

I have no hesitation in supporting the passage of this bill to create the new Department of Health. I urge my colleagues across the floor to do the same.

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, I rise today to try to get a point clarified.

I do not know why we are debating the creation of a Department of Health. Do we not have a Department of Health? Do we not have a Minister of Health? Is this the kind of legislation we should be debating in this House, talking about things that already exist? Did not Kim Campbell set it up two years ago and it has already been operating? Is this the best this government can offer? I cannot believe we are taking up two hours voting for the creation of a Department of Health that already exists.

• (1320)

Why does this government not get on with governing the country and providing the provinces with some leadership? Government members know very well that all the provinces are angry that we almost lost one province and this country almost

broke up. Why do they not do something about the promises they made during the referendum campaign and get on with some serious legislation that would help this country?

Mr. Speaker, do you really think that debating this bill and creating the Department of Health will now make the province of Quebec want to vote to stay in Canada, that it is going to convince the yes voters to vote no because this is exactly what they were looking for from the Government of Canada? The Prime Minister is now off on another trip. I do not understand what this government is all about.

Where does the member for Mississauga South get off attacking the Reform Party on its health care position in an aside from his scripted speech that was written by the department, as if our health care position is out to destroy health care in Canada. Either the member does not understand our platform or the issue, which is more likely the case, or he has nothing better to do.

Our party has put forth some concrete suggestions to reform health care in this country. I find it ironic that this government prides itself in introducing the health care act, that it is proud of the health care act to the degree it keeps preaching about some of the fundamentals, that it will protect health care for Canadians in terms of accessibility, portability, affordability, and equal access to all, unlike the Reform Party which favours a two tier system and would kill health care. What is the government afraid of in terms of the Reform Party?

We also want to preserve all of the items in the Canada Health Act. However, the one element the government conveniently forgets and the one principle the Liberal government conveniently leaves out of this equation is that in the Canada Health Act it promised to pay for 50 per cent of the services, 50 per cent of the cost of the program. It has now reduced it to 27 per cent.

This wonderful new Minister of Finance who cannot balance a budget and this new wonderful Minister of Human Resources Development are now going to further reduce what they give to the provinces for health care; they are going to further reduce what they give the provinces for education. They are saying to the provinces: "You must stick by these principles; you have to retain this level of services and we are going to give you less money to do it".

If by chance the provincial governments decide to be creative enough to come up with a method of delivering the same level of service with less money, of reducing the line ups at no cost to the federal government, they cannot do it because that is the American style. The government says: "Listen to us. We know best because we are the federal government".

This is a stubborn headed type of attitude that is tearing this country apart at the seams. It makes me mad to come here as an

Albertan and see those people sit on that side of the House and not listen to concrete suggestions, to always put them down and say we are destroying everything. We are here to offer constructive alternatives.

When it comes to health care, we want and need to recognize that the level of support and the level of funding for the various social programs we have are of such a high level that we can no longer afford to sustain spending at these levels. Therefore we must all look at ways and means of reducing the costs while delivering an effective service, ways and means of getting people in and through the system who really need attention rather than preventing them from moving forward.

Let me talk about the principle this government will not talk about. It is out of money; it is broke. Yet it still talks about all the wonderful things it can do for the people of Canada. Mr. Speaker, I know we are not supposed to use certain words, so I will try to get the word right. That is a gross misrepresentation and a lack of intellectual honesty in terms of the Canadian public. Here we have people who are supposed to be responsible, who are supposed to be giving Canadians what they need, yet they play politics rather than play with the facts and the reality of the situation.

• (1325)

Why not have a good debate and a discussion about issues like topping up a health care system that badly needs topping up with a system of an insurance policy in place in provinces if a person wants to do that to have access and pay for certain operations? If somebody's life is saved, what is really wrong with that? Why not? Do the rich not deserve as much as the poor?

I do not understand the debate the Liberals always use. Anything that we suggest always favours the rich and is against the poor. We are talking about lives. Anybody in this country who needs attention should get that attention. We are trying to suggest ways and means by which they can get it quicker, so they can get at the point of service in a way that saves them, that reduces the line ups and the pressures, a complete overhaul of the system itself, the inefficiencies in hospitals, the inefficiencies of visiting doctors and how they go through their check-ups.

If this government really wants to do its job and do it well, why does it not just stop collecting money for health care, impose the rules and regulations by which the services must be delivered in all the provinces, and get back to doing what a government should do? Why does it not get into the area of regulations on behalf of all Canadians coast to coast so that it is standard, portable, accessible, all these things, but leave the collection of the funds and cancel this stupid Department of Health and leave the raising of the moneys for the services to the provinces? This government takes \$2 out of every \$5 it collects

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for health care and blows it on a bureaucracy that is ill-prepared to deliver the services in all the regions of Canada.

Let us stop this mismanagement of government programs. The federal government has to get out of certain areas. These guys and gals are too proud to recognize that the federal government is intruding into a lot of people's lives. It is intruding in such a way that its members are imposing their perceived—

**Mr. Mills (Broadview—Greenwood):** What are you going to do with the weaker provinces?

**Mr. Silye:** It is obvious that I have the government listening to me, but those members really do not want to listen, they just want to interject. That is all right, I am used to that.

**Mrs. Brown (Calgary Southeast):** Such a nerve. All they do is babble.

**Mr. Silye:** I am used to that.

**Mr. Mills (Broadview—Greenwood):** Say what you believe.

**Mr. Nault:** Come on. We know you do not believe any of that nonsense. That is Reform rhetoric.

**Mr. Silye:** I know what sexual harassment is, but I have never really felt verbal harassment.

**Mr. White (Fraser Valley West):** We will help.

**Mr. Silye:** I have my troops here now. One for one. You guys go at it and I will just talk to the Speaker.

Seriously, we have a major problem in health care. We have a solution called medicare plus. We have a solution that will allow people to have access to the health care they need at the lowest possible cost and the maximum level of service possible. Unlike this government, which just keeps harping about giving them less and they should do with less, we have something to offer.

If the member for Mississauga South really wants to understand before the next time he gets up and points a finger at the Reform Party and says they want to do this, they want to do that, let me tell him two things.

One, the Reform Party has a plan. He would be well advised to read it, because members in his constituency are going to get a copy of it. He had better be able to answer why it is not good and why it will not work for the people who are sick in his riding and are in line ups and are dying, rather than taking cheap political shots in this House.

Two, let me tell him another thing. The time of putting people down the way he does, as he has done for two years, every time I speak about remuneration, salaries, or any time I talk about health care—

**Mr. Szabo:** Mr. Speaker, I rise on a point of order. I take exception to the indictment that I am putting people down. I am here to speak on behalf of the Canadian health care system.

*Government Orders*

**The Deputy Speaker:** Perhaps the member has a point, but it is certainly not a point of order. It is a point of debate. The hon. member for Calgary Centre will not have that time come out of his time.

**Mr. Silye:** Mr. Speaker, I am sure you have shared this, because with your background as a lawyer you must have met a lot of people in your lifetime who really like to dish it out. They really like to put the knife into people. They just love it. However, when the opportunity comes for them to have to listen for a while, boy, they have a thin shell. They cannot take it. These people were in opposition for so long that they still have that tender shell around them. When they were on this side they said outlandish things. They made promises. To get elected they even promised to quit if the GST was not replaced. It still has not been replaced.

• (1330)

We are debating the organization of the Department of Health as if we do not have one. Canada does not have a Department of Health, ladies and gentlemen. We have to do something about it. We have to pass a bill fast to create a Department of Health. We have to do it quickly because it will bring in efficiencies, it will be effective and it will deliver services. That is important. Give me a break. We have a Department of Health and Canadians know it.

We have a system which is rupturing. It is breaking apart. What we have to do is find a way to help those people who need help in a way which is quick, effective and efficient. That will not be done by reducing the funds and saying to the provinces: "You guys handle it". The way to do it is to say to the provinces: "We know we have a dilemma. We cannot give you as much money as we have been. We have to give you less. Are there ways you can still deliver the services? We will be flexible". The Prime Minister promised flexible federalism and the only things he is flexible about are his travel arrangements.

We have to let the provinces come up with suggestions and work with them. Will we still have the same health minister if there is a new Department of Health?

**Mr. Abbott:** I doubt it.

**Mr. Silye:** My point is the provinces should be listened to and that is not happening. All the Reform Party is trying to do is make recommendations on ways and means by which we can deliver a service which is still effective at a lower cost and which still respects the principles of the health act. That is what the Reform Party is about, not what the hon. member for Mississauga South preaches every time he stands up.

**Mrs. Marlene Cowling (Dauphin—Swan River, Lib.):** Mr. Speaker, I am pleased to speak on Bill C-95. Today I wish to address the leadership role and responsibility which the federal

Department of Health has had in shaping the development and the evolution of Canada's health system.

Our national health system, popularly called medicare, is made up of 12 interlocking health care insurance plans administered by the provinces and territories. The provinces and territories are responsible for the administration, organization and delivery of health care services, including human and financial resource allocation, financing and regulating health professionals.

The system is referred to as a national health care system or program in that all provincial and territorial insurance plans are linked through adherence to the national principles of the Canada Health Act, which comes under the authority of the federal Minister of Health.

The federal health legislation sets out the basic principles and conditions for the payment of federal financial contributions to the operation of the provincial plans. This year the federal government will contribute over \$15.5 billion to the provinces and territories in support of their health programs and services through established programs financing.

The federal Department of Health is also responsible for the promotion and protection of public health, for example through our public health intelligence and awareness initiatives and drug approval regulation activities, providing health services directly to registered Indians.

Canada has an excellent health system and the federal Department of Health has been a key player in its evolution. It was under the leadership of the former minister of health, the Hon. Paul Martin Sr., that the federal government introduced and passed legislation to implement the first component of our national health system.

The passage of the Hospital Insurance and Diagnostic Act in 1957 encouraged the development of hospital insurance programs in all provinces and territories through the offer to cost share hospital and diagnostic services. This legislation allowed the government to share in the cost of provincial hospital insurance plans that met minimum eligibility and coverage standards. By 1961 after all 10 provinces and 2 territories introduced public hospital insurance plans, Canadians no longer had to worry about facing crippling hospital bills if a member of their family became ill.

• (1335)

The Department of Health followed with respect to medical insurance in the 1960s and with the introduction of public insurance for physician services in 1962. The federal government offered a cost shared program to the provinces and territories in 1966 to encourage the development of a national medicare insurance program.



*Government Orders*

The federal medicare act was implemented in 1968 and by 1972 all Canadians enjoyed public medical care insurance in addition to hospital insurance. Leadership was shown again by the Department of Health in 1984 when medicare was re-affirmed by Parliament with the passage of the Canada Health Act.

The minister of health of the day, the Hon. Monique Bégin, detected an erosion of the principles that support medicare. Canadians were telling her their access to necessary health care was being impeded by user fees and she took action to restore medicare.

The Canada Health Act with special provisions to discourage provinces from allowing extra billing by doctors and user charges by hospitals was successful in eliminating user fee medicare. The act provided for an automatic dollar for dollar penalty deducted from the transfer payment. For every dollar a province allowed to be charged in the form of extra billing or hospital user charges, one dollar was deducted from that province's transfer payment for health. Within three years all provinces that had allowed extra billing and user charges eliminated them. Canadians across the country were once again enjoying unfettered access to necessary health care services.

The Canada Health Act is a great symbol for Canadians. It symbolizes the values of our society: equity, compassion and caring. It is also more than a symbol. It embodies the principles which underlie the Canadian medicare system and provides the mechanism for preserving medicare.

The first national principle is universality. Every eligible provincial resident must be entitled to coverage by the provincial health insurance plan. Coverage is linked only to residency in the province and not to jobs and not to the payment of premiums.

The second principle is comprehensiveness. The provincial plans must provide coverage for all medically necessary hospital and medical services.

The third is accessibility. Insured services must be reasonably accessible and without financial barriers. This means in part there can be no point of service charges for medically necessary services, no extra billing by doctors and no user charges in hospitals. Patients do not receive medical or hospital bills for insured services. The province pays the bills directly on their behalf.

The fourth principle is portability. This is vital to a national system. It means that when Canadians travel or move they continue to be covered by provincial plans.

The final principle is public administration. The health insurance plan must be operated on a non-profit basis and must be accountable to the provincial government.

It is adherence to these national principles that gives the provincial systems a set of common features. This commonality is what makes our health care system a national system. The Department of Health monitors provincial and territorial compliance with the principles of the Canada Health Act and informs the Minister of Health of any problems. Where there is non-compliance the act provides the minister with the authority to direct deductions from transfer payments. These deductions are the mechanism by which the Minister of Health enforces the Canada Health Act and protects medicare.

The government is committed to a national health insurance system, to medicare. That is why the Minister of Health has taken action against semi-private clinics that charge user fees in the form of facility fees. Barriers to access must be discouraged.

• (1340)

The government has also shown its commitment to medicare by making sure the new Canada health and social transfer supports medicare. In order to qualify for full cash contributions under the CHST, provinces and territories must comply with the Canada Health Act.

The Department of Health has played a key role in the development, protection and preservation of medicare. Bill C-95 will ensure the Department of Health continues this valuable role.

[*Translation*]

**Mr. Gilbert Fillion (Chicoutimi, BQ):** Mr. Speaker, as luck would have it, this morning I read in the Saguenay—Lac—Saint—Jean daily that, last evening, the health action committee of the chamber of commerce of La Baie and the Lower Saguenay asked elected officials to oppose any cut affecting the health sector in my region, so as to preserve what took so long to obtain.

Incidentally, a document clearly shows, and this has been confirmed, that cuts of over \$131 million have already been made in my region, concerning that sector. Most of these cuts were, of course, made because of overlapping federal and provincial activities in that sector. It goes without saying that, when the federal government makes cuts affecting transfer payments for the health sector, there is an impact in Quebec.

In this bill, the federal government, claiming to be a good government, gives itself the right to act directly or indirectly in the health sector. It could use its spending power to that end. Indeed, a quick look at a few clauses of the bill will tell you that the federal government wants to get involved in that sector.

Contrary to what one might think, the health department has an enormous budget. According to the 1995-96 Estimates, Health Canada's operating budget is \$1.05 billion, that is \$347 million for personnel alone and \$703 million for goods and services, whereas transfer payments amount to \$7.4 billion. These figures immediately tell the story about the costs of overlapping activities.

*Government Orders*

We must ask ourselves what the federal government does with that \$1.05 billion. Under the pretext of developing a strategy, the federal government, to put it bluntly, is once again interfering in a field of provincial jurisdiction.

Let me give you a few examples, starting with the new horizons program. This program used to help our seniors in several ways, for example by allowing them to buy entertainment and recreation equipment and participate in group activities. This program was, at least in my riding, well received by golden age clubs and by associations for the defence of retirees' rights. It gave some clubs and associations the tools to help our seniors, for whom these organizations are often the only resource available. In addition, these tools and activities helped participants stay in good physical and mental health.

• (1345)

After over a year of consultations, of shelving the various demands with respect to the new horizons program, our seniors are being offered a totally new program that is focused on health. The federal government is cutting a service in an area of pressing need and jumping head-first into another area where Quebec was present, where Quebec was already well equipped to deal with the situation. This can only be described as a case of wasteful overlap.

New horizons is but one example among many others. I could also mention programs such as the federal initiative on family violence, the national strategy to reduce tobacco use, and the pregnancy and child development program, which are still in effect in Quebec. Why multiply services? All these contributions show that the federal government has no qualms about going ahead with its own health and welfare initiatives.

They go ahead with these initiatives without considering the fact that, in the past few years, Quebec has focused on areas such as prevention and fitness. Quebec has also shown leadership in occupational health and safety matters.

The federal government is only interested in visibility and is ready to pay the price. One of its latest initiatives is the national forum on health. Again, to achieve visibility, it showed its will to intervene in this area without the consent of provincial authorities. All provinces without exception openly criticized the federal government's attitude in this regard, since it relegated them to a position of secondary importance in matters of health.

Quebec recently spent several months reviewing the measures required to make its system more effective and less costly while keeping medically necessary services free for everyone.

Quebec did not wait for Ottawa to renew its health care system. It took concrete action in this regard. For several months, wide public consultations have been held throughout Quebec so that Quebecers can give their opinions and express

their needs. I had the opportunity to attend these proceedings in my riding last weekend. Again, this is a consultation process; this is how we must proceed, instead of creating parallel structures that are a shameful waste of public funds.

Through Bill C-95, the federal government is quietly trying to convince us that this harmless looking bill is the bill of the century. Quebecers, however, are not fooled; we clearly see what the federal government is trying to hide from us.

I fully agree with my colleague from Drummond that this House should refuse to proceed with Bill C-95 and send the government back to the drawing board.

• (1350)

The time has come for Ottawa to withdraw completely from this area and give Quebec the tax points corresponding to its current transfer payments in all fairness.

[English]

**Mr. Jesse Flis (Parliamentary Secretary to Minister of Foreign Affairs, Lib.):** Mr. Speaker, I am pleased to speak today on Bill C-95, under which the new Department of Health will be established.

I listened carefully to the member for Calgary Centre. It was very clear he had not read the bill. He did not know what he was talking about. He was looking at the old bill instead of the new one. This is why a new bill was brought in, to save taxpayers' money and to have a health system to which all Canadians have access.

The Reform Party boasts about its great plan. The United States has that great plan, the two tier system that Reform advocates. What is happening in the United States system right now? According to figures released yesterday, 40 million Americans are not covered by any kind of health insurance and 29 million are underinsured. Sixty-nine million people do not have proper health care coverage. That is what Reform Party members want to give Canadians. Canadians do not want that system. They can shove it and they know where. Enough is enough.

Reform members want to give everything to the provinces so they can throw more money at it. We do not think throwing more money at the problem is the answer. It is using the money we have more efficiently for the modern technology that has come into our hospitals and our clinics.

When I lived in Saskatchewan I had an operation. Because of complications I was a whole month in hospital. Now an appendix can be removed and the patient is sent home. How many people have triple bypasses? Before they were told to lie in bed and not to move for weeks on end. Now they get them up walking the next day and they soon send them home. Look at the savings. If we send a patient home, we have to send proper care to the

home with them. However it is a heck of a lot cheaper than having the patient lie in a hospital bed for weeks on end.

Canada spends 9.4 per cent of its GDP on health care, far less than the U.S., yet every Canadian is covered well by health care. Japan spends only 6 per cent of GDP on health care. How can that country do it so cheaply? I think it is good management. It is done efficiently but Japan also harnesses the modern technology that has crept into the health system.

We do not need any lessons from the Reform Party. Polls show that Canadians are very pleased with our health system. The polls also show that the Reform Party is going down and this is why it is going down.

Yesterday I intervened on the bill briefly when the Bloc Quebecois complained that the federal government has no jurisdiction in the area of health care. I hope to assure the Bloc Quebecois that the government fully appreciates that provinces are responsible for all aspects of health care delivery, generally defined as hospital and medical services. However, the opinion poll indicates that Canadians recognize there remains a need for a federal presence in health, just as we have a federal presence in other jurisdictions. If changes are made to the Criminal Code, the provinces then implement the legislation and the laws that we change.

This morning the foreign affairs standing committee met and the CCC was before us. That is the Canadian corporation which does trade with countries. These countries want a federal government presence in a deal, otherwise we would not get a deal for a lot of these things. So let us not throw the federal government out completely.

I was very interested in the media conference the former Prime Minister of Canada, Pierre Elliott Trudeau had yesterday. He cautioned not to decentralize all of the powers because that is when this country will fall apart. He advocated a strong central government. Here is someone from Quebec who is giving us advice that we should heed.

• (1355)

Public opinion, the media, the members of this House have one thing in common: They have a legitimate concern about the future health system and the need for continued access to high quality services. By defending the Canada Health Act from attack by those who advocate user fees and private clinics, as the Reform does, the Department of Health protects this country's publicly funded universal medicare system.

Health care is only one of many factors contributing to health. There are also those factors that make and keep people healthy, known as the determinants of health. These include the social

and physical environment, human biology, genetic endowment, economic status and individual behaviour.

In a recent discussion paper entitled "Strategies for Population Health: Investing in the Health of Canadians" federal, provincial and territorial health ministers provided a framework for action on the major determinants of health. It offers a solid basis for setting priorities to continue to improve the health of Canadians.

The paper recommends three strategic directions. First, it recommends strengthening public and government understanding of the determinants of health by demonstrating the links between social status, economic development, income distribution, education and health. Second, it recommends building understanding and support among government partners in sectors outside of health. Third, it suggests priority initiatives which will have a significant impact on population health.

I urge all members to put their party politics aside. When we have something good, something Canadian, something that will keep this country together, something that will provide health care service to every Canadian, rich or poor, regardless of where he or she lives, let us all get behind it and pass it today.

**The Speaker:** Colleagues, it being 2 p.m., we will now proceed to Statements by Members.

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## STATEMENTS BY MEMBERS

[English]

### THE ENVIRONMENT

**Mr. John Finlay (Oxford, Lib.):** Mr. Speaker, last December the government amended the Canadian Environmental Assessment Act and recognized the value of participant funding in the environmental assessment process. MPs from all sides of the House supported this effort to give the public greater access to government decision making.

Higher levels of public access and consultation allow the environmental assessment process to be more representative of the Canadian people. As the Minister of the Environment said during debate on the Canadian Environmental Assessment Act, it is one thing to say that people have a say, it is another to give them the tools to exercise their right.

I agree wholeheartedly with the minister and believe that my Bill C-339 will extend this level of access and participation in the decision making process without increasing government expenditures.

I would ask all members of the House to support Bill C-339 when it comes to the House for a vote in the near future.

*S. O. 31*

### THE CANADA COUNCIL

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, David Craven, New York, New York, \$39,500; Jennifer Weeks, Cleveland, Ohio, \$18,000; Nathan Berg, London, England, \$18,000. No, these are not winners from the Publisher's Clearing House sweepstakes. These are the lucky recipients of tax dollars wrenched from the pockets of hard working Canadians and distributed through the Canada Council.

That is right. You do not even have to live in Canada to receive a grant from the Canada Council. No, sir, if you do not like the winners here, no problem. You too can receive \$18,000 to live in sunny Los Angeles, California, just like John Friesen, or \$18,000 to live in gay Paree just like Shonagh Adelman.

If you want to write a book, ponder poetry or paint pictures, come on down because the price is right in the Canada Council \$87 million grant giveaway. Remember, you cannot win if you do not enter.

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### GURU NANAK DEV JI

**Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.):** Mr. Speaker, today is the 526th birthday of Guru Nanak Dev Ji, the first Guru of the Sikh religion.

Guru Nanak evolved a completely new faith. He presented to the people his vision of an ideal faith of spiritual deliverance, human equality and justice.

The basic ethical beliefs that Sikhism holds dearly are democracy, non-violence, peace, religious identity, family life, hard work, advancement and human rights. Sikhism teaches truthful living with emphasis on selfless service, tolerance, compassion, love, contentment, humility, equality, humbleness and well-being for all.

The goal of a Sikh is not only a spiritual uplift of the individual through selfless service but the advancement of all humanity.

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### MISSING CHILDREN

**Mr. Gary Pillitteri (Niagara Falls, Lib.):** Mr. Speaker, the city of Niagara Falls has proclaimed November 6 as a day celebrating the recovery of missing children.

In a ceremony on the Rainbow Bridge I accepted a plaque on behalf of the Minister of National Revenue and his staff at Canada Customs by the Independent Order of Foresters child print program. The non-profit organization accounts for over one million members in Canada, the United States and the

United Kingdom. Its involvement comprises a great number of projects geared to help families.

I congratulate publicly the IOF and the revenue department for their devotion to the protection of children. As parents, as community leaders and as concerned citizens, we understand that nothing causes more pain and anguish than a missing child.

The minister of revenue has committed his department to the cause, but when it comes to missing children, one is too many.

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### THE LATE YITZHAK RABIN

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, on behalf of my leader, the member for Sherbrooke, and Progressive Conservative Party colleagues I wish to pay tribute to Yitzhak Rabin, the late Prime Minister of Israel.

Mr. Rabin's life mirrored the history of his country. He fought for its creation, its survival and its peace. It has been said that only soldiers can make peace for they know all too well the price of war.

Mr. Rabin recognized the only guarantee of Israel's survival was to make peace with those who had once vowed to destroy it. For the next generation of Israelis and all generations after them he wanted to ensure a future free of bloodshed. He made peace with the enemies of Israel, he said to save lives. Now that he has given his life for that worthiest of causes, let us honour him by embracing and supporting his courageous work.

My colleagues and I extend our condolences to Mr. Rabin's family and the people of Israel. The world has lost a great leader and one of its noblest spirits.

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### THE LATE YITZHAK RABIN

**Mr. Maurizio Bevilacqua (York North, Lib.):** Mr. Speaker, last night I attended a memorial service in Toronto to honour the life of Israeli Prime Minister Yitzhak Rabin. It was an emotional evening. Over 6,000 members of our community joined together to recognize the gifts Mr. Rabin had bestowed upon the people of Israel and upon all of us through his endless pursuit of peace.

Mr. Rabin dedicated his life to his country. As a soldier he fought for Israel's survival. As a prime minister he fought for peace.

Saturday, November 3, perhaps marked the pinnacle of Mr. Rabin's quest when he spoke and sang of peace in front of more than 100,000 people in Tel Aviv. How tragic for this to be the end. How tragic for him not to be able to see the results of his life's work. How tragic for the murderer to have been in the crowd, to have heard Rabin's words of peace and not to have heeded them.

As members of the global community we must all join together to ensure that Mr. Rabin's dream of lasting peace will never die.

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### CANADIAN ARMED FORCES

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, as we approach another Remembrance Day when all Canadians celebrate the courageous sacrifice of our war veterans, we should be focusing on the way that our troops from coast to coast fought for democracy and freedom in a united Canada.

• (1405)

Unfortunately on October 26 the Bloc member for Charlebourg issued a press release calling for Quebec members of the military to desert their posts and join a new Quebec army the day after a yes vote. This has infuriated many veterans as well as other Canadians, including many constituents in my riding of Red Deer.

The action is so reprehensible that the government must take immediate corrective action. Inciting mutiny in the Canadian forces cannot be tolerated and the government's response to this outrage should make it perfectly clear.

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[Translation]

### NATIONAL CITIZENS COALITION

**Mr. Jean-Guy Chrétién (Frontenac, BQ):** Mr. Speaker, just ten days after our Canadian neighbours rallied in Montreal on the eve of the Quebec referendum, the true face of English Canada is already emerging. The National Citizens Coalition is launching an ad campaign to express its deep-seated opposition to the concept of distinct society status for Quebec.

After the provincial premiers backed off last week, the NCC's 40,000 members are now clearly opposed to what they consider as unfair preferential treatment for Quebec. This is a bitter disappointment for Quebecers, who were deeply touched by English Canada's show of affection at Canada Place, three days before the referendum. Where have all our friends gone?

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[English]

### MERCHANT NAVY

**Mr. Bill Blaikie (Winnipeg Transcona, NDP):** Mr. Speaker, veterans of the merchant navy who served during wartime provided a vital function in situations where the death rate was as high or higher than in the armed services and where like other veterans they were captured and imprisoned as prisoners of war.

*S. O. 31*

Yet for many decades they were treated as second class veterans deprived of many benefits.

Even with the belated passage of the Merchant Navy Veterans Act in 1992, merchant navy veterans were not granted fully equal status with other veterans. The act contains definitions of service in the merchant navy that are more restrictive than for veterans in the other services and therefore denies benefits to some veterans who are clearly entitled to them.

As we approach November 11, the NDP calls on the government to treat veterans of the merchant navy in exactly the same way as it treats other veterans by including them in the War Veterans Allowances Act.

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[Translation]

### YITZHAK RABIN

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Mr. Speaker, Israeli Prime Minister Yitzhak Rabin was cut down by an assassin's bullets minutes after making a speech at a huge peace rally. Mr. Rabin's assassination is first and foremost an attempt to derail the peace process in the Middle East. His murderer thought that, by killing the messenger, he would quash all the efforts made in the past several years to find a peaceful solution to the problems in this troubled area.

However, the demise of this great man will not succeed in crushing the hope for peace that inspires the people of Israel. There is no doubt that peace will come to the Middle East, and no crime, however repugnant, will prevent this. At this time of great sorrow, Israelis can count on the support and sympathy of Canadians. We, too, are resolutely committed to peace.

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### VETERANS

**Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.):** Mr. Speaker, the Prime Minister has declared the week of November 4 to 12 national veteran's week. As you know, traditionally, since the end of the first world war, Canadians from all over the country gather at their local war memorial on the morning of November 11 to pay tribute, in various ceremonies, to their fellow Canadians who died in combat.

This year, as we celebrate the 50th anniversary of the end of the second world war, Canadians have planned special commemorative activities for the entire week leading up to Remembrance Day. We will be paying tribute to the veterans of both world wars, the Korean War and UN peacekeeping operations. These veterans served their country with courage and distinction. We are proud of them and pleased that the government designated a week in their honour.

*S. O. 31*

• (1410)

**JOB CREATION**

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, after two years in office, the Liberal government, for all intents and purposes, still has not done anything about unemployment. A series of nice documents on employment and growth were released, but Canadians are still waiting for the concrete actions and results expected from a government.

Unable to make the necessary budget decisions, the Liberal government's only job creation initiative was to force the unemployed to join the welfare rolls, thus triggering an increase in provincial deficits.

We all know the consequences of that lack of vision. Hardly any new jobs were created in the past year, and economic growth has suddenly come to a halt this year, with no reaction from the Bank of Canada and the Minister of Finance.

This government must fulfil the promises it made to Canadians two years ago. Its laissez faire attitude can definitely not be considered an effective job creation policy.

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[English]

**VETERANS WEEK**

**Mrs. Jean Payne (St. John's West, Lib.):** Mr. Speaker, I rise today to make mention of the fact that the Prime Minister has declared a special period of commemoration which will run from November 4 to 12 to be known throughout Canada as Veterans Week.

Veterans Week will increase awareness among Canadians of the contribution of those who served during wartime and in peacekeeping activities throughout the world.

One of the activities designated for Veterans Week was the national spirit of peace run that took place in St. John's, Newfoundland on November 5. The run was arranged to create a link between the 50th anniversary of the end of the second world war and that of the founding of the United Nations. It took place in designated cities across the country and represented a nationwide gesture of commemoration and support of Canada's ongoing peace efforts.

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**YOUNG OFFENDERS ACT**

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, 19-year old Allen Wayne from Langley, British Columbia in my riding was seriously injured on August 26 by a stolen vehicle driven by a repeat young offender.

The young offender faced eight charges. Five of the serious ones were plea bargained out, including breach of probation, possession of stolen property and criminal negligence causing bodily harm.

Allen's parents, Allen and Debbie Wayne, did not even know plea bargaining happened. Further, Allen's parents asked crown counsel to raise the case to adult court but that was not done. So much for the Young Offenders Act.

Today Allen is fighting for his life with two broken legs, a broken left hip, a broken pelvis, a broken arm and his face crushed to pieces.

What of the poor young offender? He got 15 months in open custody, a three-year driving prohibition and one day concurrent for driving while prohibited.

The Young Offenders Act is an embarrassment and the government is a disgrace to Canadian victims.

\* \* \*

[Translation]

**CANADIAN ARMED FORCES**

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, Canadians are still in shock following new revelations concerning the despicable actions of Petawawa's airborne regiment. The parties organized by Canadian army soldiers in honour of the Polytechnique tragedy are absolutely shameful. One wonders about the army's ability to recruit people who are trustworthy and who can protect the values of our society.

These accounts revive the terrible pain and grief suffered by the families and friends of the victims of the Polytechnique massacre. The parents of Geneviève Bergeron, one of the 14 victims who died on December 6, 1989, wrote me a letter in which they say they are still mourning the loss of their daughter. On their behalf, I urge the government to make sure that those who organized such parties for the Petawawa regiment, and those who participated in them, be court martialled and discharged from the armed forces.

We must take action to put an end to the violence against women, and all those responsible for these incidents must be held accountable for their actions.

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**NATIONAL UNITY**

**Mr. Denis Paradis (Brome—Missisquoi, Lib.):** Mr. Speaker, the day after the referendum, 23 spokespersons for the federalist side in the region around Saint-Hyacinthe had a meeting to analyse their contribution to the campaign and decide what their future action should be.

They decided unanimously that it was advisable to continue their action within a group without any political affiliation and that they would concentrate for the time being on two main objectives.

This group wants to foster the message for change that was apparent from the results of the referendum; it also wants to promote the national pride of Canadians, as its members did throughout the referendum campaign.

Tomorrow, they expect to introduce their group at the national level to create a snowball effect across Quebec, and perhaps across Canada. There is a very clear demand for profound and rapid change today in this country.

To Jacques Sylvestre from Saint-Hyacinthe, André Gauthier from Sept-Îles, Yves Mailhot from Saint-Lambert, to my friends in the Bloc who believe in sweeping changes and in the Canada of the future, I say: "Do not give up, things are starting to move".

\* \* \*

• (1415)

#### CANADIAN FEDERATION

**Mr. Nick Discepola (Vaudreuil, Lib.):** Mr. Speaker, all Quebecers who voted no and more than 35 per cent who voted yes in the last referendum are looking for change within the Canadian federation.

The people have decided. Canadians from coast to coast have massively demonstrated their affection and their support for Quebec's aspirations. It is now up to the politicians to deliver the goods and work on implementing these changes. However, when Quebecers hear what the Bloc leader said about these changes, and I quote: "Sterile debate, nonsense, misleading verbal overkill—", they are not amused.

In Quebec, the people are sovereign, and they have spoken. If the leader of the Bloc Québécois cannot accept the people's verdict and refuses to help improve Canada, he should have the decency to resign.

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### ORAL QUESTION PERIOD

[Translation]

#### THE CONSTITUTION

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, Quebecers are beginning to get used to playing cat and mouse with the federal government. I will explain. Initially, the Prime Minister told everyone very clearly that there was no question of discussing the constitution, even during the Quebec referendum. Then he changed his mind and talked of possible administrative changes in order to decentralize Canadian confederation. Then

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he spoke of legislative changes for doing so, and, most recently, he has said nothing more about it at all.

The government is not responding any more. We did, however, learn today at about 12.30 p.m. that a ministerial committee on national unity had been set up with a mandate to consider possible changes to confederation.

My question is for the Minister of Intergovernmental Affairs or for the Deputy Prime Minister, whoever wants to respond. What is the mandate of this committee, exactly? Is it preparing to propose constitutional changes or just administrative ones, or both?

**Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.):** Mr. Speaker, the committee in question is a group of ministers in the federal cabinet, who are going to look at all options for change—both administratively and constitutionally.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, will the Minister of Intergovernmental Affairs be heading the new committee that follows in a long series of committees, including the Charest, Beaudoin, Dobbie, Castonguay, Edwards and other committees? Can the minister tell us whether this is not a simply a strategy on the part of the government to play for time, because it is unable to reach a consensus with its other partners in Canada? Is this not simply a snow job?

**Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.):** Mr. Speaker, when we set up the program review committee last year, the opposition thought it was not going to produce results either. The result was the best budget in 50 years, which changed the structure of the federal budget and enabled us to recover our fiscal responsibility.

Why should we not hope for as much from a committee that is vital to the survival of the federation?

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, given the government's unenviable record in constitutional matters, the many changes in its position toward Quebecers in the past month and a half and its inability to reach a consensus with its partners in order to meet Quebec's demands, should the Minister of Intergovernmental Affairs, rather than bust his suspenders over some vague committee that has yet to produce any results, not reassure people and explain the exact mandate and the reporting procedures of the committee?

• (1420)

**Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.):** Mr. Speaker, the member for Roberval is clearly not weighing his words. How could a committee only mentioned today have produced results?

*Oral Questions*

So, it is clear. In the past two years, we have succeeded in creating nearly 500,000 new jobs. This is what Canadians wanted, and we have maintained industrial harmony, while improving our budget. These are perfectly respectable results. I would have preferred the official opposition to have done a much better job of defending the rights of Quebecers—something we have done.

\* \* \*

**JOB CREATION**

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, recently, very recently, we heard about the real problem that all Canadians are facing and that—we can say it—more than 49 per cent of Quebecers have identified as one of their major problems and one that they wanted to resolve through sovereignty. I am talking about employment. According to the Canadian Labour Congress, the government has abandoned the job creation strategy that got it elected, in favour of right wing policies that will contribute to making the middle class grow poorer and poorer and create disparities across Canada.

Will the government recognize that, apart from its infrastructure program, whose benefits are now coming to an end, no concrete steps have been taken for more than two years with regard to job creation?

[English]

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, I respectfully submit to the hon. member that she should look at the facts. That may be an unusual experience for her but it would be very helpful under the circumstances.

The reality is that last week a Statistics Canada report indicated that since the election of the government in the fall of 1993 over half a billion full time permanent jobs have been created.

That is not something to be ignored. It shows there is a growing strength in the economy. In Quebec a substantial reduction by almost 2 percentage points in the unemployment rate has taken place.

Rather than relying on the somewhat dubious claims of the Canadian Labour Congress, the member should look at the hard reality of facts as presented by Statistics Canada.

[Translation]

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, the truth of the matter is that the minister does not take into account population growth when he boasts about such things. The Quebec government, on the other hand, has every reason to be proud of its performance because, despite this government's

failure to act, it has managed, through Minister Paillé's plan, to promote job creation.

How can this government boast about its performance, when we have 20,000 more people on welfare in Quebec this year, when the unemployment rate is 11.2 per cent, and when the number of people who are out of work exceeds 400,000? How can this government be proud of its performance, when it has nothing to offer and when everyone can see—as more than 49 per cent of Quebecers did on October 30—that deep changes are urgently needed?

[English]

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, surely the hon. member recognizes that one of the major difficulties with helping to create jobs has been the uncertainty that has come about as a result of efforts to separate Canada. It is very difficult to attract investments, to provide for new job development when employers are not sure what the economic circumstances will be.

In spite of the real problems created by that uncertainty which the hon. member and her colleagues have caused over the past year, in the past three months 33,000 new jobs have been created in the province of Quebec.

In the hon. member's riding alone the unemployment rate has dropped from 12.8 per cent when we came into office to 8.6 per cent. The hon. member should take pride in this.

\* \* \*

● (1425)

**NATIONAL UNITY**

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, there are competing visions in the country of where Canada should be headed after the Quebec referendum.

One side represented by the government wants to go back to elements of the failed Meech Lake and Charlottetown accords. The other side represented by Reform and some provincial governments wants to move forward to decentralize certain key social functions of the federal government while strengthening the economic union at the same time.

Now a special committee of cabinet has been set up to design a post-referendum strategy. My question for the Minister of Intergovernmental Affairs is: What is the national unity committee of cabinet doing to ensure this alternative federalist vision is being considered, and what minister in the cabinet represents that position?

**Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.):** Mr. Speaker, on the second question, the solidarity of cabinet prevents me from answering. The leader of the third party should know that.



On the first question, we have been able to put together a package of measures that so far has united the country because we have tried to create jobs, we have tried to increase economic growth and we have tried to increase investment.

In terms of decentralization, we must recognize that decentralization is not a panacea to all the ills of the federation. Decentralization is justified only when it means that services are given by the levels of government best equipped to give them.

In terms of decentralization we want to serve Canadians, and Canadians once again are not served by applying an ideology of decentralization. They are served by levels of government that decide on the powers that each level should exercise according to how efficiently it can deliver services to Canadians.

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, despite the polls and the lessons of Meech and Charlottetown the government is still favouring a distinct society clause and constitutional veto for Quebec. Both of these concepts are the products of a top down, legalistic approach to national unity which has not worked for 30 years.

Recognizing distinctiveness in Canada is not the problem; it is how to do it. The alternative bottom up approach would be to give each province the practical tools to protect and nurture its own distinctiveness, and real control over resources, social services, language and culture.

Is the national unity committee of cabinet giving serious consideration to this alternative approach to achieve provincial distinctiveness? If so, who is the spokesperson on that committee for that alternative approach?

**Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.):** Mr. Speaker, all the ministers in cabinet, including those on the cabinet committee, want Canada to continue as the country with the best quality of life in the world. Therefore none of them will be the advocate of one side or another. All together we will try to create a consensus on the package of measures that will solve the present constitutional problems.

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, the biggest mistake the federal politicians made with respect to Charlottetown and Meech was that they tried to draft unity proposals themselves behind closed doors, by ministerial committees and by ministerial conferences. The Canadian people were shut out of the building process.

If we have learned anything from this referendum campaign it is that the federal government does not have a monopoly on brains or on patriotism. The Canadian people saved the referen-

dum campaign and their voices should be heard in this post-referendum strategy.

Instead of following the traditional closed door approach to developing unity proposals, what is the government doing to bring the Canadian people into the development of its post-referendum strategy?

**Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.):** Mr. Speaker, as I said, that group of ministers will get together and look at all the ways, all the possibilities for change in the federation.

• (1430)

I am not going to pre-judge the results by indicating what they could be before we start working.

\* \* \*

[Translation]

#### INTEREST RATES

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, yesterday, the Governor of the Bank of Canada candidly said that the lack of economic growth during the first six months of 1995 was largely due to the fact that interest rates rose too sharply last winter, a situation created by the governor himself.

My question is for the Minister of Finance.

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

**Mr. Loubier:** Mr. Speaker, could you please ask hon. members to keep quiet?

**The Speaker:** Put your question, please.

**Mr. Loubier:** Will the Minister of Finance recognize that the Bank of Canada misjudged the situation of the Canadian economy and should have started lowering interest rates much sooner than it did, so as to help create, not eliminate, jobs?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, the Governor of the Bank of Canada said there were several reasons explaining high real interest rates, and he mentioned two of them. One is the need to put our fiscal house in order. In that regard, he said that the federal government and the provinces, except for one, had already started that process.

Second, the governor clearly mentioned the political uncertainty for which the BQ and the PQ are responsible.

*Oral Questions*

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the minister was careful not to mention that the governor gave, as the primary and most important factor, the situation of the Canadian debt, which is the responsibility of the finance minister.

Earlier, I listened to the minister when he was discussing what he had accomplished so far. Do you know what the Liberals have accomplished in the last two years? They have managed to maintain the number of unemployed and to increase the number of welfare recipients. This is what they have actually managed to do.

Considering that, throughout the referendum campaign, the Minister of Finance kept repeating that he had a real influence on Canadian monetary policy, are we to understand that he wilfully let interest rates go up, so as to eliminate thousands of jobs for Canadians?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, I think that Quebecers made a decision that will result in lower interest rates. Indeed, the day after the referendum, interest rates fell by 147 basis points, which is almost a record.

\* \* \*

[English]

**SOCIAL PROGRAMS**

**Mrs. Jan Brown (Calgary Southeast, Ref.):** Mr. Speaker, the Reform Party has a new Canadian agenda for change which would give more powers to the provinces for social programs. Incredibly, the Minister of Human Resources Development has threatened to cut transfer payments to British Columbia for its changes to welfare.

After having already cut transfer payments, why is the minister breaking the Liberal promise for change given at Verdun by the Prime Minister by threatening British Columbia?

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, it is not so incredible that a minister of the crown upholds the laws of Canada. The laws of Canada under the Canada assistance plan state very clearly that individual provinces should not cut transfer payments for those from out of province. That protects a basic right enshrined in the Constitution, the right of mobility. All Canadians should be treated equally. Even though they may be poor Canadians, they should still get equal treatment.

I would like to clarify one important point for the hon. member. I have not been threatening British Columbia. I have said very clearly that there are many opportunities for us to try to resolve these problems. Some very serious conditions should be addressed. The provinces have set up a forum called the

Council of Social Ministers. They are supposed to be meeting to arrive at a common approach to these issues.

It would be unfortunate for one province to take unilateral action when all the provinces have tried to come together to find a co-operative approach. I am quite prepared to meet with them and deal with it.

It would be much more important for the hon. member to be directing her concerns to the ministers of the B.C. government who seem to be thwarting or short circuiting a very effective and co-operative federal-provincial process.

• (1435)

**Mrs. Jan Brown (Calgary Southeast, Ref.):** Mr. Speaker, the welfare reforms in B.C. are not illegal. In fact, if the minister was familiar with the charter he would know that section 6(4) clearly demonstrates that B.C.'s changes are legal.

Canadians are demanding fundamental change to government. The provinces are demanding more freedom. The minister is jeopardizing national unity by threatening the provinces, especially when his legal facts are wrong.

The minister is meddling in provincial jurisdiction where he has no legal right. Why will the minister not admit that his empty grandstanding is nothing more than another federal government power grab?

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, this is a time in the history of the country when all regions should be building bridges, not walls and barriers.

The hon. member, as a federal member of Parliament, is endorsing actions which are clearly contrary to the law under the Canada assistance plan. All of a sudden the hon. member seems to have acquired great powers of legal judgment.

I would simply refer the hon. member to the Finlay case in the federal court, which clearly substantiates the responsibility of the federal government to uphold the basic conditions under the Canada assistance plan. I would recommend that before the hon. member starts to lecture people on the law that she should first read the law.

\* \* \*

[Translation]

**CANADIAN ARMED FORCES**

**Mrs. Monique Guay (Laurentides, BQ):** Mr. Speaker, my question is for the Minister of National Defence.

Last week, we learned that, in addition to the racist and degrading behaviour of members of the former airborne regiment in Petawawa, some of them even organized, on two occasions, parties to celebrate the anniversary of the tragedy which occurred at Montreal's École polytechnique, in which 14 innocent victims lost their lives.

*Oral Questions*

Given the behaviour of these soldiers, will the Minister of National Defence admit that, at this point in time, the least he can do is to immediately suspend the promotions granted to those involved?

[English]

**Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, first I would like to welcome the hon. member, as she has obviously been appointed as the new defence critic. That is quite appropriate, given the inflammatory remarks of the hon. member for Charlesbourg in a press release two days before the referendum.

With respect to the question, it was posed yesterday and it was answered yesterday.

[Translation]

**Mrs. Monique Guay (Laurentides, BQ):** Mr. Speaker, it is absolutely appalling to make light of such an important issue.

I would like to know why the government disbanded Petawawa's airborne regiment before the inquiry had even begun, but must now wait until the end of the inquiry before suspending the promotions granted to some who were directly involved in such despicable acts?

[English]

**Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, these matters were dealt with earlier this year with the disbanding of the airborne regiment and some comments which I made in the House some weeks ago about various promotions.

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#### INDIAN AFFAIRS

**Mr. John Duncan (North Island—Powell River, Ref.):** Mr. Speaker, the Minister of Industry has been aware of the abuse of his department's aboriginal business development programs and specifically the role played by Mr. Henry Wetelainen, president of the Ontario Metis and Aboriginal Association, based in Sault Ste. Marie.

This individual has misappropriated millions of dollars of taxpayers' money, most of it on companies which are now bankrupt or inactive.

In June the minister promised to investigate and act. Why has he failed to clear up this misappropriation of funds?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, the hon. member makes very serious allegations of a criminal nature. He knows that these matters, if they are true, will be dealt with by the appropriate law enforcement agencies.

**Mr. John Duncan (North Island—Powell River, Ref.):** Mr. Speaker, I would like a commitment from the minister that he has indeed launched an investigation.

The Ontario Metis and Aboriginal Association has been a haven for patronage, cronyism and grossly irresponsible spending. The real losers in this scenario are the aboriginal people who have lost access to capital for improving their quality of life.

• (1440)

Can the aboriginal people of Canada expect anything more than platitudes from the red book when it comes to righting wrongs of the type perpetrated on them by the Henry Wetelains of this country?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, I think the answer to the first question stands.

I would say this to the hon. member. I do not think we need lessons from the Reform Party on how to help the aboriginal people establish themselves in ways that are going to promote their self-sufficiency and their entry into the real markets of the world.

That is what the aboriginal business program has been doing. We have been providing opportunity to entrepreneurs in aboriginal communities to build businesses that are enabling them to be part of the real economy.

\* \* \*

[Translation]

#### CANADIAN ARMED FORCES

**Mr. Jean H. Leroux (Shefford, BQ):** Mr. Speaker, my question is for the Minister of National Defence.

Despite the totally unacceptable behaviour of a number of soldiers and officers of the former airborne regiment from Petawawa, the Minister of National Defence is still refusing to review or suspend the promotions given those involved in this matter.

Is it not shameful that the Minister of National Defence allows the Canadian army to promote individuals involved in the events at Petawawa, that the army even decorated the commander of the former regiment and that the minister himself is today refusing to suspend the promotions?

**Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, I appreciate the hon. member's comment, because the sovereignists' opinion on racism is well known.

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

**Mr. Collette:** Mr. Speaker, I have already answered this question.

**Mr. Jean H. Leroux (Shefford, BQ):** Mr. Speaker, how dare the minister respond in this way? I asked him a question through you and I think I am entitled to an answer.

*Oral Questions*

Here is my supplementary. Is the minister not behaving totally unacceptably by refusing to suspend the promotions of the soldiers involved in the events in Petawawa? How would he react if the Solicitor General suddenly decided to promote those responsible for security at 24 Sussex?

[English]

**Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the hon. member says that he is entitled to an answer.

I would say so are the thousands of Quebecers who were maligned by the sovereignists on the night of the referendum because of their ethnic origin and their participation in the vote entitled to an answer.

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**INFRASTRUCTURE PROGRAM**

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, my question is for the minister responsible for the national infrastructure program.

In Mississauga South we have benefited from the Canada–Ontario infrastructure program. As a number of infrastructure projects are nearing completion, Peel region municipalities want to know if further funds are available for additional work?

**Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, I have good news for the House.

In the less than two years since we launched this program we have already allocated 95 per cent of the original \$6 billion that the three levels of government put into this program. These over 11,000 projects have put more than 100,000 Canadians back to work. In the member's constituency, some 22 projects have put some 1,000 people back to work.

To answer specifically the question of the member, we are currently evaluating the program to determine where we go from here. This program has been very successful. It has been successful also in bringing three levels of government together which proves that governments can work in partnership quite successfully.

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**INDIAN AFFAIRS**

**Mr. Jim Abbott (Kootenay East, Ref.):** Mr. Speaker, my question is for the Minister of Industry. He just finished speaking about the episode with the OMAA and said if these matters are true they will be investigated.

• (1445)

The House should know that the minister made a commitment on June 22 in public on Goldhawk that he was going to be investigating this issue. Has he investigated the issue, and what are the present results?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, as I explained earlier, if there is evidence of the allegations that were made by the member posing the question previously, the action will be taken by the appropriate law enforcement officers. I am not going to comment on the status of investigations bearing on criminal matters.

With respect to the program itself, the hon. member will know that the incident arose under the aboriginal capital corporations part of the aboriginal business program, an area which has not received additional funding since the 1994 budget.

**Mr. Jim Abbott (Kootenay East, Ref.):** Mr. Speaker, the minister may know that Mr. Wetelainen's father received \$100,000 as part of this program. It is alleged that it came back to Mr. Wetelainen. This is a very serious matter.

I ask the minister one more time: Is he going to make a commitment today or can he inform the House that in fact there has been a criminal investigation of this matter commenced? If not, why not?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, the hon. member describes this as a serious matter and he is right. He should treat it as such and let the police do their work.

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[Translation]

**THE CRTC**

**Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ):** Mr. Speaker, my question is for the Minister of Industry. After reviewing its decision at the government's request, last week, the CRTC approved again a \$2 per month increase in local phone rates. This increase will come into effect on January 1, 1996, and will be followed by another \$2 per month increase on January 1, 1997. A third increase is scheduled for sometime in 1998.

Could the minister tell us if he endorses the CRTC's latest decision, after having rejected its September 1994 decision?

[English]

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, it would be premature to give a substantive response to the hon. member's question. She will know that there is a period for petitions to be received by the governor in council in response to the CRTC decision. Those may be made by any interested citizen, including the hon. member, if she has specific views on what should be the response to the decision of the CRTC.

*Oral Questions*

We will take all these petitions into consideration before cabinet makes any determination, if one in fact is called for by petition.

[*Translation*]

**Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ):** Mr. Speaker, what I would like the minister to tell us if he personally justify an increase of up to 50 per cent in some cases. Can he tell us if he really intends to intercede with the CRTC as he did in September 1994?

[*English*]

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, my personal opinion is not of importance in this matter. What will be important is that we will review the decision of the CRTC that was taken after the receipt of considerable evidence, as well as argument made by counsel. We will consider any petitions that may be received by the governor in council in response to the CRTC's decision. With that information before us, we will endeavour to make a decision that is in the best interests of the people of Canada.

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#### FOREIGN AFFAIRS

**Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.):** Mr. Speaker, my question is for the Minister of Foreign Affairs.

There appears to be yet another scandal growing in his department, namely, foreign service officers who believe that their shipping privileges entitle them to practise fraud and tax evasion. Over at Canada Customs it is well known that returning foreign service personnel often attempt to smuggle wine and spirits into Canada, not only tax free but with shipping costs paid for by the Canadian taxpayer.

• (1450)

Is the minister aware of this practice? If so, what does he propose to do about it?

**Hon. André Ouellet (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I would like to suggest to the hon. member that if he has evidence in this regard and if he is serious with his allegation, he should go outside, make that accusation, stand for it, explain it, and give all the details.

**Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.):** Mr. Speaker, I would suggest the hon. minister request a briefing from his colleague, the Minister of National Revenue.

Foreign service officers have been nailed for declaring 200 to 300 bottles of wine when customs officers have found from 600 to 800 bottles, whole wine cellars. Unfortunately, there is no

little form for customs officers to fill out to let DFAIT know what its employees have been up to. Other than having their shipments confiscated, these civil servants are not penalized in any way.

I ask the minister: Is a diplomatic passport a membership card to the elite so they can put themselves above the laws of Canada?

**Hon. David Anderson (Minister of National Revenue, Lib.):** Mr. Speaker, foreign service officers returning from overseas are treated just like any other Canadian when it comes to customs examination of their possessions. Any infractions that are found will be prosecuted or treated as appropriate, just as other Canadians are treated.

If the hon. member has any evidence of any particular individual or indeed any organization that is evading the law, I would appreciate that information. Until such time, to come into this House and insult a group of dedicated public servants who work for Canada overseas in our trade and diplomatic missions appears to me to be totally irresponsible and quite uncalled for.

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#### FISHERIES

**Mrs. Anna Terrana (Vancouver East, Lib.):** Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

The health minister of British Columbia is quoted as saying that until the hon. minister accepts his constitutional responsibility for protecting salmon there cannot be a workable responsible public consultation process on the cancellation of the Kemano project.

Is the minister aware of what the province has done concerning the cancellation of Kemano? How is the minister fulfilling his constitutional obligations?

**Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I thank the member for giving notice of this question, important as it is to the people of British Columbia.

The suggestion of the minister of health in British Columbia to the Government of Canada that it is holding up or is stopping a public consultation process is absolutely false. It is an absolute red herring.

The people of British Columbia should know that the Government of British Columbia and Alcan have engaged in secret negotiations. They have prepared a secret report on the outcome of these negotiations. They have refused to give that report to the Government of Canada or to any other interested stakeholder.

I would say to the Government of British Columbia that managing the salmon resource is not a bingo game, it is not a game of chance. It has to be done properly and it should be done openly.

*Oral Questions**[Translation]***SOCIAL HOUSING**

**Mr. Jean-Paul Marchand (Québec-Est, BQ):** Mr. Speaker, Quebec accounts for 25 per cent of the total population of Canada and is home to 29 per cent of those living in inadequate housing in Canada. Yet, in the past five years, it has been allocated only 19 per cent of the Canadian Mortgage and Housing Corporation's budget.

My question is for the minister of public works. How can the minister justify the fact that less money is available to the poor in Quebec than in the other provinces and what new way does he have to meet the glaring need for social housing in Quebec?

*[English]*

**Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.):** Mr. Speaker, the hon. member raises an important question, but I think the record ought to be cleared.

The Government of Quebec chose not to participate in various housing programs over a period of a number of years. For the benefit of the House, it should be noted that the first public housing program was available across the country from 1950 to 1985. Quebec chose not to participate. The second public housing program was available from 1964 to 1985. Quebec chose not to participate until 1968. Despite four lost years, the province still secured almost 25 per cent of the national units. The first rent supplement program was available from 1971 to 1985. Quebec chose not to participate until 1978.

• (1455)

The facts are very clear. The Government of Quebec chose not to participate in these national programs. As a result, the figures to which the hon. member refers are somewhat bogus in view of those facts.

*[Translation]*

**Mr. Jean-Paul Marchand (Québec-Est, BQ):** Mr. Speaker, the minister's remarks are very hypocritical because, in the last federal budget, there was a \$300 million cut in social housing. This department and its minister are heartless. Quebec has lost \$950 million over the past five years, yet they have nothing to offer, nothing new to offer in terms of social housing, except for—

**Some hon. members:** Hear, hear.

**An hon. member:** And they call themselves Liberals?

**Mr. Marchand:** Exactly, the Liberal government is responsible for these misunderstandings with respect to social housing in Quebec.

In light of the minister's comments and of repeated cuts in social housing, are we to understand that the federal government is officially withdrawing from this area and planning to shift to the provinces and municipalities the responsibility for meeting ever increasing social housing needs?

*[English]*

**Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.):** Mr. Speaker, I appreciate the question. It seems that the facts have struck a rather sensitive nerve in the hon. member.

The House should also be aware that since we have come to office, this terrible minister of housing and the Minister of Finance, it should be clearly stated: \$4 million was provided for the Creeson initiative in Montreal; \$5 million was paid out for Réparation programs for 950 households; \$5 million for rooming house RRAP; \$15 million cost shared for households under Maisons lézardées; private-public partnerships, 13 projects in Quebec. We extended the first home loan insurance program; almost 24 per cent of the take up is in Quebec.

**Some hon. members:** Hear, hear.

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**YOUNG OFFENDERS ACT**

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, we have been told by CAVEAT of the details surrounding the brutal murder and rape of Ann Marie Bloskie. Her murderer was six weeks from his 18th birthday when he beat Ann Marie to death with a rock, sexually assaulted her corpse, left her, returned the next day and sexually assaulted her again.

Why did the justice system not demand that this murderer be tried in adult court, since his actions are not actions of a young offender?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, the Young Offenders Act provided at the time of that offence and since then that young people, age 16 and 17, can be transferred to adult court for a trial on such charges. If transferred to adult court they face adult sentences.

The fact is that the Young Offenders Act contains those provisions. As the hon. member well knows, it is the provinces' responsibility to administer them. It is up to the courts and the prosecutors to apply them.

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, if he is referring to Bill C-37, the social engineering that has been done on that Young Offenders Act will change nothing.

At the trial in youth court, learned professionals stated that the murderer's favourite form of entertainment was watching violent non-consensual sex videos and he would require life-long treatment and counselling. In our new Canada, this murderer would get lifelong treatment while he is in prison.

Since the solicitor general has allowed this murderer to be released, what assurances can he give Canadians that this killer will not jeopardize more Canadian women? Why has the solicitor general not allowed publication of his name so that Canadian women can be protected?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, steps were taken pursuant to the law, which provides for the names of potentially violent people being released to be provided to police authorities.

• (1500)

It is up to the local police authorities, in light of local privacy laws, to make decisions with respect to the releasing of names. We are encouraging provinces to work out protocols for the releasing of that information. We hope there will be a national system across the country before too long.

\* \* \*

#### CRIMINAL CODE

**Mr. Svend J. Robinson (Burnaby—Kingsway, NDP):** Mr. Speaker, my question is for the Minister of Justice.

Over 20 months ago the Prime Minister and the Minister of Justice promised that there would be a free vote in the House on the issue of physician assisted suicide and changes to the inhumane provisions of section 241 of the Criminal Code.

Will the minister now tell the House and Canadians, since the Senate has ended its study of the issue, what action he will take to keep his promise and to ensure that this elected House will have an opportunity to fully review and to vote on this profoundly important issue?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I acknowledge the hon. member's interest in the subject and I am grateful for the question.

As the hon. member has pointed out, some months have now passed since we have received the report of the Senate committee which discloses how difficult members of that committee found the issues. There was difficulty achieving consensus on some of the most fundamental questions that arose. It is now up to the government to determine where we go from here and how. It is also up to this caucus to discuss how the issue should be approached.

#### Privilege

That having been said, I have long since expressed my preference for providing a process within which elected members of Parliament can bring their judgment to bear, as the Prime Minister has said, in a free vote on these questions.

My response to the hon. member is that this caucus in due course will consider how best to proceed from here so that these important issues can be brought forward for consideration.

\* \* \*

#### DEVELOPMENT AID

**Mr. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, my question is for the Minister of Foreign Affairs.

Last night CBC *NewsWorld* aired a program entitled "The Sceptics Journey". It showed four Canadians who began opposed to foreign development aid but after visiting a number of projects in less developed countries changed their minds.

What is the government doing to make more Canadians aware of the value and success stories of Canadian development aid?

**Hon. André Ouellet (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I hope a lot of Canadians will see the film. I certainly appreciate the question of the hon. member that highlighted one aspect of the foreign aid program, the development assistance program that helps tremendously to resolve the problem of poverty in the world.

\* \* \*

[Translation]

#### PRIVILEGE

##### ORAL QUESTION PERIOD

**The Speaker:** I would ask the hon. member for Roberval if his question of privilege relates to question period.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, during question period, when we asked the Minister of National Defence about his complicity with and tolerance for those who celebrated Marc Lépine, the École polytechnique killer, the minister accused the whole Bloc Québécois political formation and all Quebec sovereignists of being racist.

I would respectfully point out to you that this term is totally unparliamentary, unjustified and unacceptable, and I demand an apology.

**Some hon. members:** Hear, hear.

**The Speaker:** My dear colleagues, if you want, I will check what was said in *Hansard*, but at this time I do not see this as a question of privilege. I will review what was said and reported in *Hansard*, and I will get back to the House if necessary.

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• (1505)

*[English]***DEPARTMENT OF HEALTH ACT**

The House resumed consideration of the motion that Bill C-95, an act to establish the Department of Health and to amend and repeal certain other acts, be read the second time and referred to a committee.

**Mr. Jesse Flis (Parliamentary Secretary to Minister of Foreign Affairs, Lib.):** Madam Speaker, I am glad to have a few more minutes. Before being cut off I was responding to Bloc Quebecois members yesterday when they stated that the federal government had no right dabbling in health care. They failed to realize that a country must have certain standards. Hopefully the act will provide the standards.

I had experience with the health services of the province many years ago when it brought in a universal health care system. Line ups were so long that patients started paying doctors under the table to jump the queue. We do not want that. It demonstrates that people who have money get the care prior to the ones who do not have money. That is not the Liberal way of doing things and it is not the Canadian way of doing things.

We have heard the Prime Minister and the Minister of Health repeat over and over in the House that whether we are rich or poor we get the same health care, the same health services.

The bill hopes to save taxpayers money by doing things more efficiently, by co-operating with the provinces, the municipalities and the federal government. How can we best deliver health services taking into account today's technologies? People are sent home almost the same day they are operated on or the next day. By using these technologies hopefully we will be able to do things more efficiently.

This morning the Reform Party was jumping up, shouting and saying that there was nothing new in the bill. Its members offered their proposal. Their proposal is the American proposal where over 69 million Americans do not have proper health care. The polls show very clearly that Canadians do not want that.

My daughter just graduated from university and is now working. In the time of budget cuts when we had to reduce our deficit and our public debt I asked her as a young Canadian going out into the workforce who could pay for her health care, et cetera, what she would like the federal government to protect. Her answer was very interesting. Of all things the federal government is involved in she chose health care. She asked us not to touch health care. This is a Canadian starting out in the workforce, having graduated from university.

• (1510)

We are not building Canada for ourselves. We are building Canada for future generations, for our children and for their children. This is why the federal government has to take leadership. We cannot turn it over to jurisdictions where there will be no national standards. We cannot turn it over to a system where in one province we have to pay a lot more for an operation than in another province. Then people start flocking to the province where services are more available.

A personal friend of mine flew in from Florida for an operation in a Toronto hospital. He was a Canadian on vacation in Florida. Unfortunately there was not a bed for him. He had to fly to a Saskatoon hospital but did not make it. Is that the kind of health care we want, or do we want the kind of health care that when I need a triple bypass I get it right away because otherwise it may be too late?

Let us build a country wherein it will not be too late to have an operation. Let us build a country where everyone has equal access when they need it.

*[Translation]*

**Mrs. Maud Debien (Laval East, BQ):** Madam Speaker, I will start with some general comments on Bill C-95 before the House today. I quite agree with the Reform Party's concern about the meagreness of our legislative menu, but our positions converge so far and no further.

This government has made a habit of using ostensibly harmless bills to introduce provisions in which it assumes more and more powers. That is the case with Bill C-95. This bill establishes the Department of Health and amends and repeals certain acts. The purpose of this legislation is first of all to change the name of the department. What could be more ordinary?

After a closer look, however, we see that this bill contains provisions that are quite the opposite of the changes we were promised during the referendum campaign. It is this aspect of the bill, these new measures that are supposed to clarify the mandate of the federal Department of Health and will in fact increase its importance, which are revealing. Clause 4(2)(a) and (b) is particularly disturbing.

This clause provides, and I quote:

—the minister's powers, duties and functions relating to health include the following matters:

(a) the promotion and preservation of the physical, mental and social well-being of the people of Canada;

(b) the protection of the people of Canada against risks to health and the spreading of diseases;

On the pretext of intervening on behalf of the well-being of the people of Canada, Ottawa could outflank the provinces in an area that is a provincial responsibility. These two clauses in Bill



C-95 give an indication of the very broad application this bill might have. It may have serious repercussions.

Need we recall that the Canadian Constitution of 1867 specifically recognizes health as an exclusive responsibility of the provinces? I know this government would rather not hear about the Constitution. That is just too bad. As long as this government keeps violating the Constitution, it will hear about it from Quebec, at any rate.

The federal government's intrusion in this provincial jurisdiction flies in the face of the very principles of Canadian federalism. And then they wonder why it does not work. They are trying to use the power of disallowance, based on considerations such as national interest, peace and good government, and of course the government's spending powers, to again restrict the prerogatives of the provinces.

However, as the federal government tries to encroach on jurisdictions that are exclusive to the provinces, its financial contribution decreases steadily.

• (1515)

In less than 20 years, the federal government's contribution to health care funding dropped from 45.9 per cent in 1977 to an expected 28 per cent in 1997. Finally, to divert attention from its financial withdrawal, the federal government proposed in its last budget a more flexible transfer payment formula under which all the money goes into a single envelope called the Canada social transfer. The federal government announced in the same breath that it would withdraw unilaterally and cut payments to Quebec by \$308 million in 1995-96 and by more than \$587 million in 1997-98.

The provinces were given the choice of cutting in either education, health or welfare. What a great example of decentralization and co-operation. Talk about flexible federalism. When a government can no longer afford to pay, it must have the basic decency not to try to impose its national standards and objectives more vigorously at the same time.

Since coming to power, the Liberal government has chosen to keep its deficit from growing by attacking social programs and going after the most vulnerable in our society. Yet, it is still trying to pursue Trudeau's old dream of controlling the provincial health care systems through national standards.

The federal government is now getting ready to invade the provinces' jurisdiction through the back door. For example, subclause 4(2)(c) of the bill gives the federal Department of Health the power to conduct investigations and research into public health. You may think that this is a noble objective. But how will the federal government conduct these investigations and this research?

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Even though it is not mentioned in the bill, should the federal government have access to all the information needed to carry out its mission? Most of this information is often held by health organizations subject to provincial legislation.

This whole debate may appear pretty technical, but it may lead to many futile squabbles and discussions simply because the federal government does not respect its own fundamental law.

Of course, Bill C-95 shows our federal big brother's commitment to look after the health of all Canadians. It does not, however, tell us what steps the federal Department of Health will take to fulfil these noble ambitions. This is no accident. It is not in the federal government's interests to remind us once again that it is continuing its attempt to encroach on our jurisdiction over health matters.

In fact, on November 2, in the debate on second reading of bill C-95, the hon. parliamentary secretary to the Minister of Health plainly admitted that "its renewed commitment to a long and glorious tradition has inspired Liberal governments, politicians of every party and Canadian people over many years, indeed over many decades". Later, her Liberal colleague, the hon. member for Pierrefonds—Dollard, added that the Minister of Health had, and I quote: "strongly and successfully defended the principles championed for half a century by the Liberal Party, while developing Canada's health care system".

It is obvious that, through Bill C-95 in particular, the Minister of Health is carrying on the work that Marc Lalonde and Monique Bégin started. And after that, we wonder what is wrong with the federal system. Upholding a long and glorious tradition of duplication, overlap and encroachment, now I have seen it all. Just days ago, the Prime Minister promised major changes to accommodate the provinces, and Quebec in particular.

But today, we have before us yet another bill put forward by the federal government, which is doing everything it can to centralize and once again intrude on provincial areas of jurisdiction.

• (1520)

To paraphrase no committee chairman Michel Bélanger, this is the beauty of it. If the government is really committed to reducing the deficit, it should start by eliminating duplication and overlap with respect to health matters. But, on the contrary, Trudeau's followers are carrying on his work. I could mention, among others things, the fact that the department allocates important budgets for programs and projects that already exist in Quebec. Here are some examples: the strategy for the integration of handicapped people, the fight against family violence, the new horizons program, the seniors secretariat, the fight against tobacco, the anti-drug strategy, the strategy

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against AIDS, the program on pregnancy and child development, the forum on health, and so on.

What happened to the commitment made barely fifteen days ago by the Prime Minister, who promised that changes would be made?

You will understand that, as an elected member representing Quebec, I simply cannot support Bill C-95.

**Mr. Raymond Bonin (Nickel Belt, Lib.):** Madam Speaker, I would like to express my support for Bill C-95.

In this connection, I would like to discuss what Health Canada has accomplished and recall that our country is very proud, and rightly so, of its health care system.

In fact, there is no other system like it in the world. We also have the Canada Health Act, which contains the five basic principles of our system: universality, accessibility, comprehensiveness, portability, and public administration.

Our health system has contributed enormously to our excellent quality of life. Furthermore, co-operation at the international level helps us stay abreast of new advances in health care in many other countries. Thanks to this co-operation, users and providers are informed of what is being done in the rest of the world. All industrialized countries exchange information and, as a result, are able to act efficiently and effectively.

Canada has already introduced a number of measures to help achieve its goal of renewing the health care system. We are reinforcing the community aspect of health care, improving the role of consumers with respect to health care and seeking a more integrated approach to health which goes beyond health care. A large proportion of our present and future interventions is focused on the principal factors that determine our health. A fundamental truth has transpired, and it is that health is more than just care. This is an incentive to understand the complex set of factors that create a society whose members are all in the best possible health.

Governments and communities are examining social, economic, physical and psychological aspects as well as other factors. The work being done in these areas supports and complements the services provided by the regular health care system.

We are beginning to understand the close and complex connections between factors that determine our health, and our decision-making is aimed at improving the quality of health care services. The national forum on health plays an important role in this respect.

In fact, the forum's role is to project a model of health care for the twenty-first century. The forum's team consists of 24

Canadian men and women: health professionals, volunteers and consumers who have come from across the country.

[English]

While our appreciation of the complexity of the interrelated factors that contribute to overall health has grown, so too have the challenges in making effective choices about how to allocate increasingly limited resources.

The federal government has taken a leadership role in communicating with all stakeholders, including the public, in terms of the kind of future systems we want and can afford. The national forum on health will play an important role in this regard.

If we are to preserve and improve our health care system we must first decide what is essential. In this regard the national forum on health and other bodies will provide important advice to the government.

• (1525)

[Translation]

One of the jobs of the members of the forum is to engage in honest and open discussions with Canadians about influences on our health and on our health care system in the coming years.

Four working groups have already been set up and are responsible for various aspects: decisions based on convincing evidence, health determiners, values and achieving a balance.

The forum was set up in response to Canadians' concerns, and Canadians are justifiably proud of their health system.

The forum is trying to find ways to improve both the health of Canadians and the effectiveness and efficiency of health care services, and public participation is vital to the fulfilment of its mandate.

Through a range of activities, the members of the forum are informing the public about the problems and the options for improvement of health and health care services in Canada.

The forum's broad public consultation will enable all Canadians to help develop recommendations.

Every Canadian will have an opportunity to express his or her values and convictions.

[English]

The federal government is also working in concert with its provincial and territorial counterparts through the conference of ministers of health. One of our common priorities in order to enhance the appropriateness and quality of health care has been to promote and strengthen the use of clinical practise guidelines. We want to orient health care on which practices work best for different groups at risk.

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[*Translation*]

I would also like to point out that Canada is renowned worldwide as a centre for research, treatment and pharmaceutical developments.

Specifically, our country is a leader in the area of chemotherapy. Throughout the world, researchers and practitioners are investing in work of great significance to the millions of Canadians suffering from cancer or an infectious disease, and to those who are at their side in their struggle. The work done so far has had tangible results.

[*English*]

In 1990 approximately 413,000 Canadians who had been diagnosed with cancer within the previous decade were still alive. More than one-third of these people had lived more than five years since their initial diagnosis. Many of them had chemotherapy to thank for their success in fighting cancer. This year alone a further 125,000 Canadians will be diagnosed with cancer. They will look to advances in treatment such as chemotherapy for answers and hope.

In addition to chemotherapy, vaccines play another important role in our public health efforts. For example, while the hepatitis B vaccine is used successfully in the prevention of infection it also prevents the development of cancer of the liver. Another example is the BCG vaccine which is accepted as a therapeutic agent for treating cancer of the bladder and is also known to be used in the prevention of tuberculosis especially in countries where the incidence of tuberculosis is high.

[*Translation*]

We also know that the appearance of resistant strains in the case of tuberculosis, for instance, is a cause of grave concern among public health authorities.

In a world in which international travel has become commonplace, experience has shown that the progress we have made in fighting infectious diseases within our borders is no longer enough.

These factors are so many reasons why Canada puts such emphasis on health issues. Many of our health care priorities centre on the use of chemotherapy.

Health Canada is both a partner and a facilitator in medical research and efforts deployed in the public health sector in Canada.

This is an indication of the importance of progress achieved thanks to research and the government's resolve to continue this work.

[*English*]

The federal role in research has been generally well accepted in this country. Provincial research programs have frequently developed their own provincial research councils around the

federal council to avoid overlap while ensuring their own research goals are met.

• (1530)

One of the best examples of the provincial research model is that of Quebec. Some hon. members may not be aware that one of the chief architects of the conseil de recherches, now the fonds de recherches, is the present Quebec minister of health, Jean Rochon. Mr. Rochon is a former dean of medicine at the University of Laval as well as the chair of the external advisory committee for Health Canada's national health research development program. He is also the author of the Rochon report and has worked for the World Health Organization. I suppose it is not surprising that research in Mr. Rochon's province is so well organized.

[*Translation*]

Contacts at the international level play a key role in the process. These contacts are long established, and we now have many mechanisms to help us overcome the barriers of time and space and work as a team to conquer disease.

Madam Speaker, just think what Pasteur would have accomplished with the help of Internet! Whether we are talking about cancer or infectious diseases, the entire population of this planet benefits from the co-operation of Health Canada with all concerned. I believe that together we will be able to make the requisite changes in our cherished health care system and bring it into the next century. I think we are on the right track.

I would now like to quote an old Arab saying: "He who has health has hope; he who has hope lacks nothing". With the help of all concerned, Canadians will keep both health and hope.

[*English*]

**Mr. Jim Abbott (Kootenay East, Ref.):** Madam Speaker, I was particularly touched by the comments of the member for Parkdale—High Park about his friend who on coming back from Florida was not able to find suitable medical treatment in Toronto. He had to go to Saskatoon and unfortunately it was too late.

Few issues treat all of us the same but the issue of health is one of them. All of us are concerned about health not only for ourselves but also for our families, friends and neighbours.

The hon. member for Nickel Belt, who just spoke, said that our country is very proud of its health system. I agree with that. He also said our health service has greatly contributed to our wonderful quality of life. I also agree with that.

The problem, I suggest, is the fact that the Liberals seem to think that they have a corner on wisdom when it comes to health care, that only they have the answers. This is really unfortunate.

I have also listened to the posturing of the Bloc Quebecois during this debate. This is the official opposition that the Liberals choose to have in this House of Commons, contrary to anything else they may say. All the Bloc can do is posture about

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the whole situation with respect to Quebec in this country. It seems to me a shame when we are actually dealing with an issue that has something to do with all of us.

The member for Parkdale—High Park said we must build a health care system before it is too late. Unfortunately, with the greatest respect to that member and to the Liberals, I say that the status quo as it pertains to medicare as it is presently constructed is not an option and that is the whole problem. The status quo is not an option.

Someone earlier in the debate today said that the Liberals were committed to medicare and to seeing that there are no barriers to access. I suggest that one of the greatest barriers to access is the \$7 billion that the Liberals are pulling out of this part of the program.

Let us take a look at health care. The health minister threatens the provincial governments if they choose to try and come up with some new solutions or some different ways of looking at things in the same envelope from which they are taking \$7 billion over two years.

• (1535)

The province of British Columbia has decided that it has to take some action because it is being cut back so drastically by the federal government that it again is responded to by the HRD minister with threats.

All of us in the House have times when we have to sit in front of students who are saying, what about the funding for education? We have to say we are sorry but that is part of the \$7 billion package that is being cut back.

I suggest that this is not an honest policy. The Liberals are saying they are committed to medicare and yet at the same time they are taking \$7 billion out of health, CAP and education. It is just not honest.

The member for Nickel Belt brought up the issue of the forum. He speaks about having a frank and open dialogue with Canadians. What I am speaking to here specifically is that words can become walls because they can create a caricature.

It is the desire of the majority of the Liberal members to create a caricature. They are saying the Reform Party is opposed to medicare, is opposed to saving what the member for Nickel Belt has already said, that our health service has greatly contributed our wonderful quality of life. The status quo cannot be maintained and we are the only party in this House prepared to say that. Let us take a look at what the options are, as opposed to simply rolling back and pulling in the amount of money that is presently available.

The member for Nickel Belt asked the question, let us determine what is essential. What is essential? Are all medical services essential? In what situation is cosmetic surgery essen-

tial? In what situation is liposuction essential? In what situation is sex change surgery essential? There has to be a list saying what medical procedures are essential. What is going to be covered by the contributions of people paying taxes in Canada?

I would suggest with the greatest respect and honestly in honour of what the member for Parkdale—High Park had to say about his friend, we must bill before it is too late. I ask him and I ask all Liberals in the House to realize that they do not have a corner on wisdom. They do not have a corner on a desire to see health care maintained and enhanced. In fact, the Reform Party has a plan called medicare plus which opens up a whole new way of being able to get to the root problem. The status quo cannot be maintained. We must make changes and we are prepared to make suggestions for changes.

In summary, I respectfully request that the Liberals within the hearing of my voice today reconsider and realize that they do not have a corner on wisdom. Perhaps we, in the Reform Party, have a couple of ideas that are at least worthwhile considering.

Why will they not co-operate with us in getting into an open dialogue so that Canadians can have an opportunity to have input into this process so that truly we can build a sustainable health care system in Canada.

**Mr. Andy Scott (Fredericton—York—Sunbury, Lib.):** Madam Speaker, I am pleased to have the opportunity to speak in support of Bill C-95.

In creating the Department of Health, this bill not only makes good administrative sense, it also makes good economic sense. The concepts of health and economics are intertwined. The health of the Canadian people is vital to the health of the Canadian economy and the health of the Canadian economy is vital to the health of Canadian people.

Our medicare system is based on sound economic principles, the same kind investors look for in evaluating a private sector enterprise. There are four main reasons for the success of this system.

First, our publicly funded system has enormous economies of scale. We have only one insurer in each province that provides standard health insurance coverage to all residents. No risk rating is needed. Payments to providers are simple. Financing the system is streamlined.

Second, our system results in lower overhead costs. Researchers at Harvard have found that Canada spends only 1.1 per cent of gross domestic product on health care administration. The United States with its private health insurance scheme spends about two and a half times that much. If we spent as much as the Americans do on administration, health care expenditures in Canada would increase by \$18.5 billion a year. That is more than the entire health care budget for the province of Ontario.

• (1540)

Third, a publicly financed system can ensure universal coverage. That is an important element to a healthy workforce which contributes to a more competitive economy and economic growth. When there are fewer work days lost to illness productivity increases. Healthier people make fewer demands on the system. They live longer and they contribute more to the overall wealth of the nation.

The fourth factor that makes public health insurance more efficient is government's tremendous bargaining power in negotiating the cost of service by setting and enforcing global budgets for hospitals and physicians' fees. This gives government powerful levers to keep health care costs under control. In fact real per capita public health expenditures in this country have been declining since 1993. Estimates for 1994 suggest public spending on health declined in real terms by about 3.4 per cent.

Economic analysis makes it clear that Canada's health system provides major economic benefits. These benefits stem from efficiencies and cost savings associated with public funding.

Our health system attracts investment to Canada and it helps business to compete from Canada. Enormous economies of scale, lower overhead costs, improved worker productivity, tremendous bargaining power and proven results; if you heard, Madam Speaker, of a private company that could point to those attributes you would be rushing off to call your broker.

Our public health insurance system is a major asset to business. It is not a subsidy. It is an efficiency. We have entered an era when the public sector's role is quite appropriately being re-examined. Valid questions are being asked about government's place and the values of public funding versus private funding.

Health care is one area where government is not just as efficient, it is more efficient. It is not by accident that the United Nations rates Canada number one in the human development index. It has taken effort, and the development of the medicare system has been an important part of that.

It is also not surprising that an Environics survey in late 1993 concluded that 79 per cent of Canadians believe it is very important for the federal government to sustain the health system. Medicare, as we know, is an insurance program. In effect we have used our ingenuity, our foresight and tax dollars to create a giant insurance pool covering all Canadians. Health care needs and the related costs that medicare covers would generally exist no matter what system we have in place to pay and as we know health services are never free. Public or private, somebody must pay.

All we have to do is look at the auto industry. For every car that rolls off the assembly lines of Detroit the cost includes an average of more than \$700 U.S. for privately funded health

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insurance. Is it any wonder that the big three automakers have consistently been among the strongest voices for a comprehensive public health insurance plan in the United States? Universal coverage is much more difficult, if not impossible, in a system based on private insurance schemes. We have evidence of that in the United States where fully 15 per cent of Americans are without any health insurance at all.

One fact will put this in perspective. We spend only 1.1 per cent of our GDP on health care administration. That is about \$272 per person. The U.S. spends about two and a half times that much, about \$615 U.S. per person and not one of those billions of additional dollars goes to patient services.

There is no direct relationship between increased health care spending and health outcomes. Health is determined by a number of factors of which health care is only one. The environment within which we are raised and live in is another. We do not necessarily gain better health from extra health care spending.

With those two facts it is clear that controlling health costs makes sense for both the public and the private sector. The need is to spend money wisely. Our medicare system, through federal-provincial funding, covers 72 per cent of total health spending in Canada, but some costs add nothing to positive outcomes.

• (1545)

The first economic benefit of our medicare system is that we have administrative overhead costs under control. We have one organization in each province that provides insurance coverage, not dozens or hundreds, as in an American state. We do not have the elaborate and costly processes that private insurers need to rate the risk of people or groups.

Think for a moment about private car insurance and the different premium structures for young, old, men, women, experienced and accident-prone drivers. We do not require the intensive control systems private insurers use to monitor premiums and set payment schedules. Simply put, we do not spend as much on overhead.

The relative difference in spending between us and our neighbour to the south saves our economy \$30 billion a year. That is why we have large employers, seniors, working people, and health activists warning against the erosion of medicare. They know that costs will increase significantly with a two-tier system. They know another thing: we will all foot the bill.

Hon. members might be interested in another related economic benefit of Canada's medicare system; that is, a better record of controlling costs. Each provincial and territorial government is the predominant buyer of health care in their jurisdiction. This gives them enormous leverage to give the most service at the best price to taxpayers. They can negotiate fee structures and service costs in a way no private insurer could ever hope to.

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They can shift spending to achieve more cost-effective outcomes.

In comparison with the public sector record, the private health sector has had little success in cost control. It accounts for more than a quarter of all health spending, and its costs have been growing at more than 6 per cent per year since 1990. Individuals and insurers in the private sector have found little leverage to bring these costs under control.

Canadians understand this difference. We have agreed as a country to pool our risk across society. We have agreed to let governments work out fair prices as the buyer on our behalf. The economic benefits of our medicare system are something all Canadians can share. We win in the quality of our health care system, which is second to none in the world. We also win in economic terms.

I am proud to support the passage of Bill C-95, which gives a new name to a department that has been working hard and well for all Canadians.

**Hon. Ethel Blondin-Andrew (Secretary of State (Training and Youth), Lib.):** Madam Speaker, today I rise to speak in support of Bill C-95. It is with great pleasure that I do so.

To me the bill symbolizes a fundamental feature of our federation: the ability to achieve an appropriate level of the decentralization of powers between the federal government and the provinces. This is illustrated by our system of federal-provincial transfer payments for health. The system embodies a balance between the powers of the federal government and the powers of provincial governments, which is serving our country well. It provides for the national character of our health system while at the same time recognizing the constitutional jurisdiction of the provinces and territories over health care.

Our system of transfer payments for health has gone through an evolution over the last 30 years, an evolution that parallels the evolution of our health system as overseen by the Department of Health and the evolution of our federation.

In the 1950s, in an effort to foster the development of a national hospital insurance plan, the government passed legislation enabling it to cost share health programs. The passage of the Hospital Insurance and Diagnostic Act in 1957 encouraged the development of hospital insurance programs in all provinces and territories. Through the offer to cost-share hospital and diagnostic services on roughly a 50-50 basis, the HID legislation allowed the government to share in the cost of provincial hospital insurance plans that met a minimum eligibility and coverage standard.

• (1550)

By 1961 all 10 provinces and two territories had public insurance plans that provided comprehensive coverage for in-hospital care for all residents. Then in the 1960s came legislation enabling the federal government to cost share medical care insurance programs. In 1966 a federal offer to pay about one half of the cost of physician services insurance programs operated by the provinces became law in the medical care act. The act was actually implemented in 1968.

At this point I would like to digress and perhaps bring a more human and local tone to the piece of legislation we are dealing with today. I would like to inject just how important this piece of legislation is to the territory I come from. I could probably exemplify that by using the particular issue of tuberculosis.

In the Northwest Territories tuberculosis is still a major problem, as it is among the aboriginal population throughout Canada. In fact, I am an individual of the aboriginal population who spent 14 months in a sanatorium for tuberculosis, which was the treatment in the early 1960s. There were many other people who also did. It became almost routine that families had members who were afflicted or died from tuberculosis or were treated for an extended period of time.

The rate of tuberculosis among Canadian natives is 43 times higher than among non-natives. According to Statistics Canada, the rate of TB among status natives was 47 per 100,000 in 1993. By contrast, Bangladesh has a TB rate of 43.6 per 100,000. The rate for non-native Canadians across the country was 6.9 per 100,000.

One big problem that has an effect on these numbers is the accessibility to the health system and proper testing facilities. The availability in the north is difficult, often as the result of a lack of proper equipment. Many of the communities where people are afflicted are very remote and very hard to reach.

Lack of accessibility is also a problem for other communicable diseases, such as sexually transmitted diseases. In the north the STD rates are estimated by the Government of the Northwest Territories Department of Health and Social Services at 10 to 12 times higher than the national average.

Life expectancy numbers are another indicator of the general health levels of a population. Earlier this year the National Advisory Council on Aging, NACA, released its report, which contained more distressing numbers for the aboriginal population. A highlight of the report is that life expectancy for native women and men is 47 and 46 years, respectively, compared to 75 and 68 for the non-native population. The median age of the native population is 10 years younger than that of the Canadian population. The native elderly often experience premature aging, leading to death due to high rates of degenerative diseases.

Native people use much more informal care, family and friends, for certain dimensions of life—meals, shopping, et cetera—than non-native people.

The needs of older native persons for core services, for example adult care services, exceed the needs of the comparable non-native population. Aboriginal seniors residing off reserves are frequently excluded from the communities in which they live and the native communities from which they come.

It is also important to note that the Northwest Territories has the second highest alcohol consumption rate in Canada; five to six times the national average in reported violent assaults; and a suicide rate that is two to three times the national average. These are all symptoms, perhaps not directly related to health, but they have a huge impact on the wellness of a community and as a result have a huge impact on the health care system, either directly or indirectly.

• (1555)

The approach in relating this to the whole health care system is to look at preventive health measures. That is the innovation all levels of government are looking at. Organizations, aboriginal, non-aboriginal, those who live in the north are looking at ways of cutting costs, looking at ways of taking preventive measures and innovative measures that are going to help provide a more efficient and effective system that will serve their people.

One difficulty in the north that is taken for granted in southern Canada is interpreters. In many cases, without them a proper diagnosis cannot be made. Follow-up for major surgery is often difficult because patients have long distances to travel, often to the south. Often the follow-up does not take place for three to six months.

Accessibility is often difficult. As mentioned earlier, people often have to travel long distances away from their families, their primary support system, to receive care. Also, accessibility to medicine and prescription drugs is a problem.

We also have another important issue that aboriginal people and non-aboriginal people in the remote regions really take seriously, and that is nutrition. Nutrition and sustenance for those people are very important. The principal objective, for instance, of the food mail subsidy program is to improve nutrition and health in northern communities, which do not have year-round surface transportation. They are mostly isolated. There is usually air service and prices are from 30 per cent to 60 per cent higher.

Thank God for the country food chain that the aboriginal people have sustained for themselves. This is very important. Last year the government extended the program for one year with a budget of \$17.1 million pending a review of the program. The north experiences the highest levels of unemployment,

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poverty, and child malnutrition. This subsidy only applies to nutritious foods that require refrigeration or have a short shelf life, as well as infant formula, infant foods, and non-carbonated water. The cost of living in the north is currently 30 per cent to 40 per cent higher than anywhere else in Canada, and in some areas it is even higher.

We have a great health system in Canada, and we would like to support it and continue it and make it even better, especially for me in my riding in the Northwest Territories as part of Canada.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Madam Speaker, I would like to commend the hon. member from across the way for so eloquently describing the plight of the people in her land. Truly, one of the profound tragedies in this country is to see the plight of the aboriginal people, a society that has been wracked in many cases by terrible levels of substance abuse, sexual abuse, interpersonal violence. Health care parameters, whichever way you wish to measure them, are some of the worst in our country.

If we look at the reasons behind this, one of the things one cannot help but look at is employment and being gainfully employed and being able to provide for yourself and your family. The ability to have gainful employment is integral to an individual's self-respect and self-pride. In turn, that imparts a pride and self-respect on the community at large.

A community and an individual cannot have self-pride and self-respect if it is given from somewhere else. They have to take it themselves. It cannot be given by a plethora of social programs from the federal government. These programs, while necessary, are not the answer.

The reason I say that is if you look at the terrible statistics the hon. member from the Northwest Territories has mentioned, you will find that these are mere symptoms of programs and an approach to the aboriginal people in this country that has failed and failed dismally.

• (1600)

We have to work with aboriginal people to enable them to take care of themselves, to provide them with skills training and skills programs that will enable them to be gainfully employed. If we are able to do that, aboriginal people can stand on their own two feet and provide for themselves and their communities. Then, as we just mentioned, the incidence of sexual abuse, violence, STDs and infant mortality would come down.

We have to change our approach, change the direction in which we are looking. This would not be a replacement of essential social programs. Usually we do not have gainful employment in areas that are far removed and very desolate. Sometimes it is possible through the forestry and fishing industries but usually it is not the case.

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It is important that aboriginal people be allowed to develop infrastructures and industries that can be self-sustaining in areas appropriate for them. Many northern and remote areas cannot develop sustainable industries that will provide for the needs and demands of people whether they are aboriginal or non-aboriginal.

We are pouring in money to provide for people to live in areas far removed from where they can take care of themselves and their families. This approach must stop because it simply cannot work. Again the duty of the federal government will be to provide aboriginal people with the skills training necessary for them to stand on their own two feet. It is absolutely integral to anybody's ability to have pride and self-respect and to society's ability to have pride and self-respect.

I hope the government does not pursue the same course it and previous governments have been taking for decades. The politically correct thing to say is that we will merely pour more money into social programs and social schemes for aboriginal people, but this will simply not work because it does not address the root causes of why the individuals were there in the first place.

I hope the government takes a very careful look at its programs in the future to try to bring down the terrible parameters among aboriginal people and provide them with the ability to stand on their own two feet in the future.

**Ms. Roseanne Skoke (Central Nova, Lib.):** Madam Speaker, I welcome the opportunity to speak in support of Bill C-95, an act to create the Department of Health, because it is through the Department of Health that Canadians express the values that underlie the Canadian health system. I speak of the values embodied in the Canada Health Act, an act which is the responsibility of the Minister of Health and through her the Department of Health.

The Department of Health is instrumental in protecting and preserving the Canada Health Act and with it the values that underlie Canadian society. The principles of the Canada Health Act, universality, accessibility, comprehensiveness, portability and public administration, are rooted in our common values. These Canadian values are equity, fairness, compassion and respect for the fundamental dignity of all. Canadian society has cherished these values for many years and the concern shown recently by those who feel the health system is threatened clearly indicates those values remain strong.

The Canadian concern for the preservation of our health system is heightened when we hear the Reform Party's position on medicare throughout this debate. The Reform Party's position is simplistic and in reality is an attempt to undermine and destroy the five fundamental principles of the Canada Health Act.

The Reform Party's promotion of user fees will not be tolerated by Canadians. The user fee system advanced by the Reform Party will lead to a United States health care system. This is unacceptable for Canadians. User fees will affect accessibility and universality. Universality is not based on insurability criteria or the number of pre-existing medical conditions that exist in a person. All Canadians are entitled to medically required health services.

• (1605)

The first and fundamental principle in our Canada Health Act is universality. All Canadians should benefit on uniform terms and conditions from medicare. Universality really means that we as Canadians believe we are all the same when it comes to health care needs. It does not matter what our health status is or how big our wallet is or where we happen to live in the country. Everyone who needs health care will be treated the same. This is equity. It recognizes our dignity as human beings and shows we are fair and compassionate people.

Accessibility is the second principle. What does it mean? It means that we should not face any barriers in receiving health care, no point of service charges such as extra billing or user charges. Underneath it means that we practise in Canada what we preach. We say that all Canadians are to be treated equitably and we ensure that they will be. The accessibility principle makes sure that no discriminatory measures can be put in place that would result in Canadians being treated differently. All are to have reasonable access to necessary health care services based solely on need.

I call upon the Minister of Health to enforce vigorously the provisions of the Canada Health Act, to ensure that user fees or service charges are not implemented in any riding in any province in Canada. I wish to go on record today as supporting the Minister of Health in her initiatives to protect and defend the principles set forth in the Canada Health Act.

The principle of comprehensiveness recognizes that Canadians have a range of health care needs and those needs should be met. Delve deeper, however, and we see that comprehensiveness means we practise fairness. It would not be fair to ensure only some medically necessary services and not others. For example, it would not be fair to cover only services that cost catastrophic amounts, while leaving other just as necessary services uninsured. Immunization of a child against measles is just as necessary as a coronary bypass operation. Indeed immunization has society-wide benefits.

Throughout the debate the Bloc Quebecois continuously refers to the intrusiveness of the bill into provincial jurisdiction and reminds us of the exclusive jurisdiction of the provinces regarding administration and management of the health care system. The Bloc Quebecois has failed to advise the House of the flexibility that the Canada Health Act provides. Eighty-nine



per cent of Canadians including the Quebecois support the Canada Health Act and the medicare system.

The delivery of health care is a provincial responsibility. Canadians respect this and the diversity that it brings. In the end we will all benefit from diversity because a successful innovation developed in one province can be borrowed and adapted by others. For example, let us look at the CLSCs developed in Quebec, the extra-mural hospital in New Brunswick and the quick response teams in British Columbia.

Innovation has never been as important as it is today. During these difficult fiscal times the health system must adapt and change. It must do this at a faster rate than ever before. Innovation is needed to make sure that the health system continues to adapt to changing circumstances. Pressures on the health system are always changing: changing demographics, changing technologies, changing fiscal situations. The comprehensiveness principle recognizes that health systems must be adaptable and allows for innovation.

The Reformers' approach to medicare simply implies that there is not enough money in the system to afford health care in Canada. They address the issue by compromising fundamental and basic values and principles set forth in the Canada Health Act. This is unacceptable. The user fee approach will lead to a United States health care system that is not to be supported in Canada.

Money cannot be the determining factor of success in a health care system. If money were the major criteria the United States would have the best health care system in the world as it spends 14 per cent of its GDP on health.

• (1610)

Based on OECD statistics United States ranks 14th in the world among developing countries. Japan spends the least amount of money in the world on its health care system and Canada spends 9.4 per cent of its gross domestic product on health care. Managing the system, protecting our values and fundamental principles will allow us to save money and to administer health care more efficiently and effectively.

The fifth and final principle is that of public administration. Our health insurance plans must be operated by provincial governments on a non-profit basis. Public administration is the means by which we ensure all other principles. When health insurance is operated and funded through governments we can easily make sure that health care is universal, accessible, comprehensive and portable because we have direct control over it.

After having heard the debate and comments of the member for Calgary Centre I urge him to read carefully Bill C-95. I draw to the hon. member's attention the words health and welfare. For the information of the House, welfare is now to be correctly

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directed to the jurisdiction of the department of human resources. Human resources is responsible for employment, training and creating opportunity for unemployed Canadians.

On the other hand, health is to remain within the Department of Health. Through Bill C-95, the creation of the Department of Health, the department responsible for the Canada Health Act, we are affirming the principles and values that we hold dear as Canadians. I urge all members of the House to do the same.

**The Acting Speaker (Mrs. Maheu):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Mrs. Maheu):** The question is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

**The Acting Speaker (Mrs. Maheu):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mrs. Maheu):** In my opinion the yeas have it.

*And more than five members having risen:*

**The Acting Speaker (Mrs. Maheu):** Call in the members.

[*Translation*]

*And the bells having rung:*

**The Acting Speaker (Mrs. Maheu):** Pursuant to Standing Order 45(5), the recorded division on the question stands deferred until tomorrow at 5 p.m., at which time the bells to call in the members will sound for not more than 15 minutes.

It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Québec—child poverty; the hon. member for Kamouraska—Rivière-du-Loup—manpower training.

\* \* \*

[*English*]

### **MANGANESE BASED FUEL ADDITIVES ACT**

The House resumed from November 6 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 third time and passed.

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**The Acting Speaker (Mrs. Maheu):** When Bill C-94 was last before the House, the hon. member for Athabasca had 34 minutes remaining in debate.

**Mr. David Chatters (Athabasca, Ref.):** Madam Speaker, in resuming my presentation on this topic I should like to briefly review where I was yesterday when I was interrupted by the vote. As I was saying, when thanking the witnesses who appeared before the committee to discuss in all sincerity and earnestness the topic before us, trying to influence the government's position on Bill C-94, it was very apparent the members of the committee and the government were not prepared or interested in listening to anything the witnesses had to say simply because their minds had long since been made up to support the minister's political commitment which had long since been bought and paid for.

• (1615)

We went on to talk about the issues the minister had raised in support of her bill. Yesterday the member for York—Simcoe had been babbling on about the Reform Party's being in the pockets of Ethyl Corporation, this evil corporation with its head offices in the U.S. That was absolute rubbish.

Right from the beginning as I met with both sides on this issue and discussed their positions, which was more than the minister was willing to do, it became very clear someone was distorting the facts on the issue. Over the summer months I spent a tremendous amount of time researching the information available and judging the information before us. The more I did that the more I came to believe that the positions of the Canadian Petroleum Producers Institute and Ethyl Corporation were correct and that the motor vehicle manufacturers' position was very flawed.

That was brought to my attention through endless studies done in Canada and the U.S. on the subject. It certainly was the judgment of the Environmental Protection Agency, two courts in the U.S., and a lot of independent testing done on the subject.

I went on yesterday to talk about some of the positions and the flaws in those positions put forward by the government, one of which is that MMT causes damage to the OBD II technology in 1996 cars. The evidence brought forward in the U.S. and Canada in the most extensive series of tests ever done on a fuel additive in the world failed to verify the motor vehicle manufacturers' position on that interference of the OBD II systems.

The issue of sparkplug failure was a favourite issue of the minister in that sparkplugs were failing up to 17 times higher in fuel with MMT than in fuel without MMT. We referred to very extensive testing in the U.S. on the subject, independent testing that failed to find any connection whatsoever between MMT in gasoline and the failure of those sparkplugs. The failure of the sparkplugs was an inherent flaw in that particular brand of sparkplug and had little to do with MMT.

When we were in committee and we asked for evidence to be brought forward from the MVMA to show us where this failure of the sparkplugs was proven, it brought forward a number of pictures of sparkplugs. The first was a picture of a sparkplug that looked almost brand new, which aroused some suspicion. Any sparkplug that has ran 50,000 kilometres or more has some discolouring on the porcelain section and does not look like the sparkplug in the picture.

The other picture was of a sparkplug that was very fouled and in terrible condition. The representative from the MVMA pointed out these two sparkplugs were identical sparkplugs used in identical vehicles, one run with MMT fuel and one without. When we took a closer look at the pictures clearly they were not even the same type of sparkplug. They were different sparkplugs.

Immediately we began to doubt the validity of the evidence being presented when presented as one thing when even laymen like ourselves on the committee could very easily see the evidence was flawed, manipulated and not correct. I do not think the claim of the sparkplug failure had much validity, which raises doubts about the entire evidence.

• (1620)

Then we went on to the issue of tailpipe emissions from the vehicles and how they would affect our environment. In the process of the Environmental Protection Agency study and to satisfy the U.S. clean air act requirements for the reintroduction of MMT in unleaded gasoline in the United States, Ethyl Corporation conducted the most extensive series of tests ever undertaken on a gasoline additive. The testing program was designed with the assistance of the U.S. Environmental Protection Agency and U.S. automakers to evaluate and document the effects of MMT performance additives on automobile tailpipe emissions and to determine the implications for air quality if the MMT additives were used in gasoline.

The initial MMT emission test program involved 48 cars, representing a broad cross-section of automobiles driven in North America, operated for a total of more than three million miles. Half of the 1988 cars used a test fuel with additives and the other half used the same fuel without additives. Tailpipe emissions were checked every 5,000 miles.

In committee various witnesses put forward a lot of very technical evidence. I pointed out earlier that the validity of the evidence concerning sparkplug misfiring was suspect and there was also that same suspicion regarding the data concerning tailpipe emissions. I will give the House another example of that suspect evidence.

In committee the hon. member for Hamilton—Wentworth, a member of the government, raised these concerns regarding the data presented concerning tailpipe emissions. From the blues of the Standing Committee on Environment and Sustainable Development of October 24, 1995 he said: "What interests me is

that this chart shows very clearly that Canadian cars using MMT have a significantly lower NOx emission than those used in the United States not using MMT. Am I not seeing improvements with MMT as opposed to the opposite?"

The witness responded by saying: "I think you are seeing a false improvement as a result of MMT".

The hon. member for Hamilton—Wentworth responded by saying: "It is your chart. If that data is false then surely the other data that shows improvements in the emissions of hydrocarbons and CO2s and carbon dioxide, then these other two charts are also suspect. What I am trying to get at is what does any of this data mean? If you say that one is false, are these two therefore right or are they all false?"

In spite of his serious suspicions of the evidence before him this member failed to raise any concerns with the content or validity of the bill in the clause by clause review or at report stage and here we are at third reading. Will the hon. member for Hamilton—Wentworth now vote to hold the bill until further independent research is done to verify that suspect evidence?

We studied this matter over the summer. The Environmental Protection Agency participated in this test program in determining the test protocols and the definitions involved. Also many independent testing facilities were used to analyse the data using similar protocols and procedures to those laid out by the EPA.

The data were subjected to rigorous, independent statistical analyses to evaluate the impact of the additive over 75,000 miles of vehicle operation.

An additional test fleet of 44 cars of 1992 and 1993 models were tested and yielded similar results to the 1988 fleet. Four models of the 1992–93 test fleet were driven 100,000 miles without any catalytic system problems due to MMT. All the MMT cars met exhaust emission standards at 100,000 miles. Two other 1988 models were also run to 100,000 miles without exhaust failure due to MMT.

These programs took nearly five years and cost millions of dollars. It is the most extensive series of tests ever performed in support of a fuel additive waiver. The evidence is pretty strong as to the effect on tailpipe emissions of MMT.

• (1625)

The next issue in question which has been raised by the minister in the House is health. In committee we heard experts from Health Canada's monitoring and criteria division who presented their conclusions from a December 6, 1994 risk assessment which focused on new epidemiological studies and a Canadian exposure data entitled "Risk Assessment for the

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Combustion Products of MMT in Gasoline". The study concluded that the use of MMT in gasoline does not represent a health risk to any segment of the Canadian population.

Specifically the report states: "Airborne manganese resulting from the combustion of MMT in gasoline powered vehicles is not entering the Canadian environment in quantities or under conditions that may constitute a health risk". The study also concludes there is no connection between levels of ambient respirable manganese and MMT sales or use in unleaded gasoline, whether examined by geographic area or by season.

The last and probably most important issue in the whole debate in the House and in committee was based on the uniformity of gasoline in the North American market. On April 25 of this year the hon. Minister of Industry stated: "It is crucial that we have uniformity standards". The hon. minister is referring to the fact that at the time MMT was not used in the U.S.A. but was in Canada, and for that reason it was important to have the same gasoline in the North American market.

I would like to know now if the minister still agrees with this statement because the U.S. court of appeals has now ordered the U.S. EPA to grant Ethyl Corporation's application for a waiver, paving the way for the use of MMT in unleaded gasoline in the United States. The EPA has until early December to appeal. Our sources say that is unlikely.

Several U.S. refiners have provided written notice of their intention to use MMT. Ethyl has received orders pending the appeal date from not only the U.S.A. but from Mexico, Argentina, Russia, Bulgaria, Indonesia and Peru. Most of the rest of the countries of the world are still using leaded gasoline, which makes the issue irrelevant for them.

The uniformity of gasoline additives within North America would now require Canada to maintain rather than restrict the use of MMT. If the Minister of Industry still stands by his statement, I hope to see him vote against the bill in the House on third reading. If he no longer stands by his statement, the House would really like to know why he now believes that uniformity in the North American market is no longer crucial.

With this question of uniformity in mind, why do we not hold the bill on the Order Paper until after the appeal period has expired, particularly now since the American automakers have approached Ethyl to do independent testing in the U.S.? Does the government believe the uniformity of gasoline is no longer crucial in North American markets?

The refineries were among the groups that appeared before the committee to discuss this bill and to lobby in opposition to the bill simply because of the increased costs to the refineries in the event of banning MMT. For the benefit of members opposite

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who seem to be in a great frenzy to promote the use of ethanol in gasolines, the refineries clearly stated that should MMT be banned in Canada, ethanol would not be used as a substitute for MMT. Economics would simply dictate that instead of using MMT a much enhanced refining process would be required which would cause greater volumes of crude oil and greater emissions from the refining process of a number of undesirable elements, including carbon monoxide and sulphur dioxide.

Also concerning environmental pollution, there were a number of studies by Calgary based T.J. McCann and Associates Limited and Environ International Limited of California—MMT is banned by name in California—showing that the likely range of increase in nitrous oxide emissions if MMT were to be banned would be equivalent of adding 32,000 to 50,000 tonnes per year to the environment, the equivalent of putting over a million additional cars on the road by the year 2000.

• (1630)

Last May Environ of California concluded that Environment Canada in the McCann study underestimated the annual increase in tonnes of nitrous oxide emissions that would result from the removal of MMT, saying it would result in between 49,000 and 62,000 tonnes more nitrous oxide into the environment.

Putting these studies into a non-technical format, removing MMT would increase nitrous oxide levels from automobiles by up to 20 per cent, an action which contradicts Environment Canada's environmental management plan and Canada's signing of a 1998 international treaty promising to freeze nitrous oxide emissions at 1988 levels.

Canada's major cities are faced with increased pollution levels. I find it hard to believe the Minister of the Environment is pushing legislation that would increase pollution. She knows nitrous oxide emissions are the cause of urban smog. Therefore she should be supporting any means to reduce nitrous oxide. Now she will probably tell the House that the new OBDs will reduce pollution and therefore will counteract the increased levels of nitrous oxide.

I remind the minister the OBD systems in no way affect the emission or pollution levels. They are simply a monitoring system and will not therefore affect the emission control systems in the amount of pollution they allow into the environment.

I note there is no support for this bill from the provinces, specifically my province of Alberta as well as Saskatchewan, Nova Scotia, New Brunswick and Manitoba. I have also in my possession a copy of a letter from the minister of natural resources from Quebec urging the government to reconsider its position on MMT considering recent events in the U.S.A.

Also, what is truly amazing is the complete turnaround of the official opposition, which supported the government's initiative

on second reading. Despite the fact that its members were a rare sight at the committee hearings, on third reading they appear to be supporting our position on the bill and opposing the government.

I and other members of the committee who studied the bill, if open minded, would have to come to these conclusions. The evidence presented as to the effects of MMT on OBD II is at best inconclusive. The use of MMT in gasoline has no detrimental health effect on Canadians, as confirmed by Health Canada. If the use of MMT has any measurable impact on the environment, it would be a positive impact due to the reduction of the smog producing nitrous oxide.

If fuel harmonization in the North American market is crucial, as the Ministry of Industry stated in the House on April 25, in view of recent events in the U.S.A. the bill will not aid in the harmonization but will provide the opposite result.

The bill sets a dangerous precedent for the future of the Canadian environment. If we are to continue the great progress in the reduction of automobile emissions we have seen in the last number of years, we must have a harmonization or a co-operative effort between the auto manufacturing industry and the manufacturers of automobile fuels. If the bill is any indication of the way the auto manufacturers plan to co-operate with the fuel manufacturers, it certainly does not bode well for the future progress in the technology of automobile emissions.

We must postpone passage of the bill while independent testing is conducted on the effects of MMT on OBD II and also to give us time to assess the situation in the U.S.A. after the time expires of the appeal court decision.

Therefore I will be voting against the bill at third reading. I certainly will be watching to see how Alberta's only representative in cabinet and the representative for Alberta's resource industries will be voting, as well as the member for Sarnia—Lambton, who has been amazingly silent on this whole issue, considering he represents the constituency where the Ethyl plant is located and where the resulting layoffs from the government's decision will no doubt occur. I will be watching this very closely.

**Mr. Peter Adams (Peterborough, Lib.):** Madam Speaker, it is a pleasure for me to rise again to speak to Bill C-94, the manganese based fuel additives act.

We have heard all kinds of arguments for and against the legislation now before the House but it is clear there are still misconceptions on the other side.

• (1635)

I will focus on the crucial reasons we seek to ban the use of manganese based fuel additives in Canada. We are doing this

because it is good for the environment, good for Canadian consumers and good for Canadian business and workers.

The ban benefits the environment by supporting the latest development in technology for reducing emissions from motor vehicles. That is significant because vehicles are still the largest single factor contributing to air pollution. In recent decades we have seen major improvements made by vehicle manufacturers and fuel producers. These have certainly lowered the amounts of pollutants released by individual vehicles.

During the same time the number of cars and trucks on the road has grown considerably. As a result, gasoline and diesel powered vehicles are still responsible for 60 per cent of the carbon monoxide emissions in Canada. They are responsible for 35 per cent of the nitrogen oxide emissions. They are responsible for 25 per cent of the hydrocarbon emissions and they are responsible for 20 per cent of the carbon dioxide emissions. Given those numbers we must make every effort to lower vehicle emissions for the sake of air quality in Canada.

Certainly we have seen progress since the 1970s. One decisive step was the phase out of lead from Canadian gasoline starting in 1977. Another has been the improvement in fuel efficiency of cars and trucks. Still another has been the introduction of emissions control equipment.

Now we are in the midst of taking another major step, the introduction into our cars and trucks of onboard diagnostic systems. These systems are designed to monitor the performance of pollution control systems in our cars, in particular to monitor the catalyst, and to alert the driver to malfunctions in those emission control systems.

In essence a properly functioning onboard diagnostic system is a built in inspection and maintenance tool. As we know, inspection and maintenance of a vehicle can greatly reduce vehicle emissions. For proof of this we need only look at programs that require vehicles to be emissions tested from time to time.

For example, the Vancouver area has the air care inspection and maintenance program which is conducted on an annual basis. In the tested fleet of cars the programmers reduced hydrocarbon emissions by 20 per cent, carbon monoxide emissions by 24 per cent, nitrogen oxide emissions by 2.7 per cent and fuel consumption by 5 per cent. That is a municipal, metropolitan emissions monitoring system.

The new onboard diagnostic systems which we will have in our vehicles could allow all Canadians to benefit from such emissions reductions. As I said, they are built in emissions monitoring systems. However, there is one obstacle to this: the continued presence of MMT, an octane enhancer currently used in unleaded gasoline.

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The automotive industry is convinced that MMT adversely affects the sophisticated new onboard diagnostic systems. It affects the effectiveness with which those systems can monitor the emissions and warn us when emissions are increasing.

This is not an isolated statement or an assertion on my part but the conclusion of Ford, Chrysler, General Motors, Toyota, Honda, Subaru, Nissan, Mazda, Mercedes, BMW, Volkswagen, Volvo, Saab, Lada, Jaguar, Land Rover and Hyundai.

General Motors is a major employer in my riding of Peterborough, employing approximately 8,000 people. General Motors employees are concerned that the investment in the new modern onboard diagnostic systems in the 1996 models not be wasted.

• (1640 )

The list of supporters I have just cited includes virtually all of Canada's automakers and importers and all of their workers. When they speak with such unanimity, we need to listen to their message carefully. Their opinion is based on hundreds of thousands of vehicles running millions and millions of kilometres on MMT gasoline in Canada, not on 48 vehicles running a few million kilometres in the United States. This opinion is based on the experience of the producers and users of the vehicles of an entire nation, not of a few cars selected by the EPA in the United States.

Suppose the efficiency of the catalyst in our vehicles' pollution control system is reduced by 50 per cent due to abnormal wear or a manufacturing deficiency. The catalyst is one of the key controls of emissions by our vehicles. The result of this reduction of 50 per cent in its efficiency would be a twofold increase in emissions compared with a properly functioning vehicle.

However, at the present time drivers would be unaware of the increase in pollutants as a result of the decline in efficiency of the catalyst in their cars. They would be unaware of the increase of pollutants if MMT interferes with the proper functioning of onboard diagnostic systems, the systems which monitor emissions from vehicle.

The member opposite mentioned the case of sparkplugs. There are real indications that the use of fuel containing MMT causes sparkplug failures. GM Canada, the automotive corporation which is closest to my riding, reports that sparkplug failures for one particular Canadian model are 17 times higher than a comparable U.S. model. Again this is not some laboratory experiment, not some engines running on a bench in a factory or a few vehicles driving around California being monitored by technicians. This is the opinion of one of the major Canadian automobile producers. It is one of the largest employers in the country.

As I mentioned in my previous speech on this legislation, the federal government gave the petroleum and automotive industries a considerable period of time to get together to sort out this

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problem. I suggest the federal government has now waited long enough for the fuel producers and the automakers to resolve this dispute between themselves. If we do not act now the federal government's vehicle emissions reduction program will be in jeopardy. We risk missing out on major reductions in smog, carbon monoxide and hydrocarbons.

The time has come to make a decision. Bill C-94 is a decision in favour of Canada's environment.

Members will note the bill helps the environment by improving onboard diagnostic systems and the efficiency of our vehicles. We do not base our argument on environmental improvements simply on the reduction in emissions of MMT. We base them on the effect of MMT on the emission monitoring systems in new models of cars and trucks.

Therefore Bill C-94 is the decision in favour of the environment. It is also a decision in favour of Canadian consumers because it ensures they will have access to state of the art emission reduction technologies. Unless we act now we could face a situation in which automakers will be forced to turn off the onboard diagnostic systems in new models because of the damage MMT causes.

In fact, one manufacturer is already bringing models off the assembly line with the onboard diagnostic systems partially disconnected. Some manufacturers are no longer prepared to pay the substantial warranty costs for damage caused to pollution control equipment. In the end, it is we, the Canadian motorists, who have to pay more to have our cars maintained because of this kind of industry action. The government will not allow the buck to be passed to Canadian consumers. For their sake we need to move now and pass Bill C-94.

• (1645)

Solving the MMT issue signals the government's desire to ensure that Canadians have access to fuel formulations that will not impede the performance of the vehicle emission control systems. We know that this is only a small step in the process of reducing vehicle pollution.

The petroleum industry needs to keep making improvements in the composition and properties of the fuels that automobile engines burn. The auto industry needs to keep making improvements in vehicle emissions control technologies such as those offered through the onboard diagnostic systems that I have just been discussing.

The government, for its share, must act now to reduce pollution by vehicles. Very recently in Whitehorse the Canadian Council of Ministers of the Environment which includes our own minister of the environment and sustainable development endorsed a report on cleaner vehicles and fuels. The report calls

for reducing pollution from automobiles by means of tougher national for vehicle emissions and fuels.

It also calls for actions to improve fuel efficiency and to promote advanced technology as well as vehicles running on alternative fuels. Further, the CCM report recognizes the importance of inspection and maintenance programs to ensure that emission control systems are in good working order. I have addressed that matter and the way MMT relates to it.

By acting on the report Canada will have a new program for low emission vehicles no later than the year 2001 with an earlier phase-in, in harmony with the United States if feasible. There will be new standards for cleaner gasoline and diesel fuel. The result should be significant health benefits.

This Whitehorse report was prepared through a consultation process involving representatives from industry, environmental groups and other stakeholders. What we are doing here today will help achieve the aims of that report. We need to act now. We cannot, as the member opposite keeps suggesting, afford to wait or delay.

In the past year we have heard a great deal about a much wider atmospheric issue, that of global warming triggered by the greenhouse effect. Scientists have concluded we cannot wait for hard and fast proof that human activities are causing an unprecedented climb in global temperatures because by the time we have the proof, we will be overtaken by climate change of possibly catastrophic dimensions. Instead we need to act now on the precautionary principle. There is sufficient evidence to indicate a danger and action now will be beneficial in any case.

The actions we should take to avoid possible climate changes are actions which we should be taking anyway to make this planet a healthier place to live.

Of course, and I accept the member's arguments on this point, MMT use in gasoline is not specifically a global warming issue but the same principle applies. There is plenty of evidence to show the danger MMT presents and if we eliminate its use now there are sure to be benefits to Canada's environment, Canadian consumers, Canadian industry and workers.

That is why Bill C-94 makes such eminent sense. That is why I am going to support this legislation and why I urge all members of the House to support it.

**Hon. Charles Caccia (Davenport, Lib.):** Madam Speaker, in congratulating the member for Peterborough for his lucid intervention I would like to ask him the following question.

• (1650)

In his view are the interests of consumers, car users and car buyers, in the riding of Athabasca, in the riding of Laurentides or in any other riding of members of Parliament who have

expressed opposition or doubts about the necessity of removing manganese from gasoline, well served by those who oppose this bill?

**Mr. Adams:** Madam Speaker, I thank my colleague for his question. He draws attention to the fact that this legislation affects virtually every Canadian. In addition to its improvement of the environment, it affects the health of us all.

Every person who has a car or a truck is affected by this legislation. These onboard diagnostic systems which we are discussing and which manufacturers tell us are directly affected by MMT in gasoline add a great deal to the cost of a car.

If the manufacturers fail to hook up the systems, the cost of the car will be the same but Canadian drivers will not have the benefit of those expensive systems although they have paid for them. Even more, they will not have the benefits of the improvement in the environment which will result from proper monitoring throughout the year, day in, day out, every driving hour, the emissions from their vehicle.

I find it unfortunate, given that the federal government allowed the petroleum industry and the automobile industry a very considerable time to come together and discuss this matter. It is very unfortunate that the member opposite reduces this argument to a battle between the petroleum industry which this government supports and Canadians. This is simply not the case.

The petroleum industry in the United States adapted to the ban on MMT very quickly. It has the technology to do that. The larger part of the petroleum industry on this continent has been producing gasoline without MMT in it.

It is extremely unfortunate that the member opposite makes this argument on the basis of these large petroleum corporations that already have the technology to take the MMT out and simply bring Canada in line with what has been the norm on this continent for many years.

**Mr. Chuck Strahl (Fraser Valley East, Ref.):** Madam Speaker, I have a couple of questions for the speaker.

He mentioned that one of the rationales behind banning MMT in Canada is that the North American market, which is much bigger than the Canadian market alone, has been MMT free. The Americans have been MMT free for some time, based on a decision in the United States that prohibited the use of the product.

Now the court decision appears to be allowing MMT to be used in the greater North American market and by far the bigger market will be having MMT starting almost immediately. The EPA has decided not to appeal the decision to allow MMT. Therefore it looks as if the Americans are going to have MMT soon.

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None of the quotes from Saab, Honda, GM or other car maker has been tabled in this House. The government will not table them. Rather than forcing this bill, which has no scientific backing, through, would it not be wiser, based on that uncertainty about this greater gasoline market, to hold off on banning MMT in Canada if it is going to be allowed in the United States? I would like the member's opinion on that.

**Mr. Adams:** Madam Speaker, I thank the member for his question. I know he has been following this debate very seriously.

First I want to pick up his remark about lack of scientific evidence. His colleague, in the speech which preceded mine, referred to rigorous statistical analysis and phrases of that sort.

• (1655 )

Members opposite know that an experiment based on the opinion of 27 million automobile owners is based on a very solid scientific foundation. How much better a foundation scientifically than 48 vehicles that have driven three million miles, which is approximately five million kilometres. On the scientific evidence side, I urge the member to bear in that in mind. We are talking here about manufacturers who have been monitoring hundreds of thousands of vehicles.

Going back to the member's remark and the Reform Party's point that the decision has been made in the United States, we know that the United States has a very legalistic system. All sorts of groups, particularly large corporations, can take advantage of the system to fight decisions they do not like.

I would remind members opposite that MMT is banned in the United States at present. We will see if it is going to come in. The great state of California, which is comparable in population and has more vehicles than our whole country, has enormous automobile problems. It has been trying to tackle them with many of the most stringent regulations in the world. The state of California has banned MMT.

If and when we see the state of California, which is progressive in this regard, acting the way the Reform Party expects then I think the member will have a stronger base to stand on.

In general, I do not think that Canadians should follow the lowest common denominator. We should aim for the highest standards and try to achieve them where we can. That is what we are doing in this case.

**Mr. Harold Culbert (Carleton—Charlotte, Lib.):** Madam Speaker, I listened very intently to the excellent presentation by hon. member. I have just a quick question.

He mentioned a number of varieties of automobiles. I believe he stated that all automakers in Canada and many of the foreign automakers were supporting this initiative.

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Is this something that just evolved in the last month, or two or three months? Or have these studies been ongoing for several months or perhaps years, as the automakers make their plans and directives for new equipment and machinery that will go into their automobiles for future generations?

I wonder if the member could perhaps address that.

**Mr. Adams:** Madam Speaker, I have to compliment my colleague for the best question I have received.

First, this is based on the many years of experience of our auto manufacturers and importers running vehicles on Canadian gasoline with MMT in it. The sparkplug point is based on experience over that period of time. However they have been forced to do this by the development of the new onboard diagnostic systems. In the same way we monitor the speed of the vehicle or how much gasoline there is in the tank, we can now monitor what emissions are going from the exhaust pipe. Those onboard diagnostic systems are a new, very expensive, exciting innovation in the automobile industry. They have been coming along for some years but in the 1996 models they are particularly sophisticated and expensive and that is what is forcing the issue at the present time.

**Mr. Breitreuz (Yorkton—Melville):** Madam Speaker, a point of order.

The hon. member referred to some studies that included all vehicles in Canada. I wonder if he is willing to table those studies so we can all take a look at them. I am not aware of them and it is very important for the House to have that material available so we can examine the evidence.

• (1700)

**Mr. Adams:** Madam Speaker, I suspect technically the question is out of order, but I am glad to reply.

I was referring to the experience of Canadian manufacturers over many years and to their monitoring of vehicles. That information is readily available from manufacturers.

**Mr. Chatters:** You said scientific tests.

**The Acting Speaker (Mrs. Maheu):** For a member to deposit papers with the Chair there must be unanimous consent.

**Mr. Strahl:** Madam Speaker, I rise on a point of order. The member for Peterborough mentioned prior to the last intervention that he thought the previous question was the best one of the day. I thought mine was the best one of the day.

**The Acting Speaker (Mrs. Maheu):** I am sorry but that is not a point of order and the time has expired.

[*Translation*]

**Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ):** Madam Speaker, I welcome this second opportunity to speak to Bill C-94, a bill that as you can see is extremely technical and extremely controversial.

Perhaps I may remind our listeners that the purpose of this bill is to prohibit the use of the product MMT in the production of gasoline. Technically, MMT is currently used to shorten the refining process and the time it takes to reach the octane level the oil companies want. Removing MMT will mean the oil companies will have to use a longer refining cycle. The product is a manganese-based additive that has been used in practically all unleaded gasoline in Canada since 1977.

There are a number of issues at stake here which we should examine very closely. First of all, we have the automobile manufacturers' lobby which, as was pointed out earlier—and most of our colleagues did so—supports the minister's bill. They claim that the MMT in gasoline will clog and cause malfunctions in the so-called OBD II anti-pollution devices that will be installed in cars very shortly, and this is already the case for 1996 models. MMT would be indirectly harmful to the environment, because if the OBD II anti-pollution device does not work properly, cars will pollute more than they should, since with this device they would otherwise run very efficiently.

So MMT is not in itself harmful but, according to automobile manufacturers, it would indirectly harm the environment by impeding the effectiveness of a device installed in automobiles to control pollution.

According to a press release issued by the Canadian Automobile Association on June 12 this year, in 1996 all cars sold in the United States will have to be fitted with a new kind of detection device. This "green" mechanism will ensure that the vehicle's anti-pollution devices remain fully effective over the years. However, if gasoline sold in Canada still contains MMT, these new devices will not function properly, as tests have proven.

I will continue this text later on, but I just want to say that like my Reform Party friends, I also more or less joined in the demonstration given by automobile manufacturers of the tests they had done. I thought it was rather inconclusive, and I have the same reservations as the Reform member for Athabasca who referred to the spark plugs he had examined. I was not convinced by this demonstration.

Second, we asked, and my Reform colleagues are now asking for more serious tests to be tabled in the House, and they have a very good reason for doing so, because we have seen no serious tests to prove these allegations, and I do not think we will.

According to the text provided by the automobile manufacturers, they have decided not to make this new equipment available



to Canadians if we continue to add MMT to gasoline. In the final analysis, Canadians will be the ones to suffer, both economically and environmentally, because their vehicles will pollute more than anyone else's.

• (1705)

On the other hand, last spring, I demonstrated to this House that it would be in the interest of the major oil companies primarily if this bill were not passed. They in fact allege that MMT permits gasoline to be produced with a significant reduction in environmental costs at the refining stage. We can readily imagine this: longer refining without the MMT additive means more pollution from the process.

If we believe the figures given my office by the Canadian Petroleum Products Institute, these environmental costs should go up by at least \$50 million at the refining stage for these companies.

According to representatives from the oil industry as well, MMT requires less intensive treatment, which means less carbon dioxide, nitrous oxide, carbon monoxide and sulphur dioxide from the stacks of plants producing gasoline. Furthermore, MMT allows refineries to reduce the aromatic cycles of gasolines and thus benzene emissions.

The Canadian Petroleum Products Institute also mentioned that, according to its members, the decision to prohibit the addition of MMT to gasoline must be made on a sound scientific basis, and this is the request being made. They therefore examined MMT from three standpoints: the environment, health and its actual effect on car emission systems.

From an environmental standpoint, according to the companies, the addition of MMT clearly protects the environment. It cuts nitrous oxide emissions by between 15 and 20 per cent, thus cutting smog in cities. There is complete agreement on this point in both Canada and the United States.

From a health standpoint, here in Canada, Health and Welfare Canada has published two reports indicating that MMT in gasoline represents no health risk for Canadians. In the United States, a very decisive decision by the court of appeal confirms it.

Thirdly, from a vehicle emission control standpoint, the United States environmental protection agency has always maintained there was not the slightest evidence that MMT had any damaging effect on the equipment.

So we can understand, when we contemplate the issue before us, in connection with Bill C-94, that, regardless of the fate of the bill, Canada's pollution levels will inevitably increase. We are therefore not faced with a choice between good and evil, we really have to choose between two evils, if I may put it that way. If we remove MMT, the production of gasoline will cause more

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pollution; if we keep MMT, and if indeed it does inhibit the functioning of vehicle anti pollution devices, we will also increase pollution.

So we are faced with two cases of increased pollution. The question is to decide logically and scientifically which is the better choice. It seems to me that the Minister of the Environment is not usually supposed to choose solutions that increase pollution; it should be the other way around.

Under the circumstances, what is leading the Minister of the Environment to actually decide which of the two solutions is less polluting? The answer to that is: nothing. When you really look at the issue, it does not matter whether you are the petroleum industry, the members of the Reform Party or the Bloc, it is clear that there are no basically independent and scientific data to provide the proof.

We only have to look at what happened with this in the United States to be convinced. On October 20, the United States appeal court for the District of Columbia—we quoted from the text in second reading, I think—decided to oblige the United States environmental protection agency to register MMT as an additive for unleaded gasoline. To date, the EPA has refused. In its decision, the court stated:

*[English]*

“On November 30, 1993 the EPA found that MMT had no adverse effects on automobile emission control systems”.

*[Translation]*

Of course, we looked at what we had before us at the time. It does not mean that more detailed studies would not prove the opposite, but studies showed that MMT had no real effect. The EPA recognized de facto that MMT did not have a harmful effect on antipollution systems according to the tests which were done before them at the time.

• (1710)

I submit to this House that the Minister of the Environment is supposed to be aware of these facts since—as her Quebec counterpart and our friends from the Reform Party pointed out earlier—several provinces, including Quebec, are now moving in the direction advocated by Reform members. As my colleague from the Reform Party mentioned, the Government of Quebec did send the minister a letter clearly explaining in detail its position on this matter.

The ruling by the U.S. Court of Appeal I just referred to goes on to say, and I quote:

*[English]*

“For purposes of the resubmitted application EPA determined Ethyl had demonstrated that use of MMT at the specified concentration will not cause or contribute to a failure of any

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emission control device or system to achieve compliance with the emission standards”.

[*Translation*]

The few tests that were done and submitted to the court show no effects. And we have not heard of any tests that would point to a different conclusion.

It is therefore increasingly evident that MMT will be reintroduced in the making of gas in the U.S.; in any case, there is a chance that it will be. Yet, the Minister of the Environment spends her time in this House talking about harmonizing Canada's environmental decisions with those made in the U.S. and elsewhere in the world. Under the circumstances, by proposing and defending Bill C-94, the Minister of the Environment is contradicting herself somewhat because if we ban MMT and if the U.S. approves this additive within a year, we will then have to reharmonize all these decisions.

The bottom line is that if independent scientific tests showed conclusively that MMT is harmful, I think the House would vote unanimously to ban MMT. But not enough tests have been done.

Given these facts, we have a right to question the environment minister's real motives in introducing this bill and trying to ram it through.

On the one hand, it is obvious that the minister is trying to accommodate the interests of the powerful Canadian automobile manufacturers' lobby which happen to be located for the most part in her riding. On the other hand, the hike in gasoline prices resulting from this legislation, if passed, might prompt many consumers to try alternative fuels, such as ethanol, whose major producers also happen to be in the Hamilton area.

If this interpretation is not accurate, then there is only one explanation. Quite simply, the minister is doing, with respect to the MMT issue, the same thing she did about the *Irving Whale*: she is improvising. Members will recall that, on many occasions in dealing with the latter issue—and I will not dwell on this either—the minister has shown that she was not qualified to deal with the situation.

I suggest that, then too, the minister claimed to have at hand a load of studies which enabled her to send all other stakeholders about their business, at the risk of causing an environmental disaster. We know what this led to: \$12 million were spent for absolutely nothing, to refloat a ship that is still sitting on the bottom of the river. And these \$12 million are coming out of the taxpayers' pockets, and not the Irving's pockets. The problem still remains unsolved as we speak. This ship is leaking and Greenpeace is about to get involved. Nothing has been settled. The whole thing will have to be done all over again. What we are requesting are studies to tell us what is the best way of going about this.

We are confronted with a similar situation in Bill C-94. In order to avoid an environmental disaster, you have to do a minimum of scientific studies to assess the environmental impact of the contemplated measures. Otherwise, you are merely improvising.

As regards the environmental impact studies on MMT, it is increasingly obvious that the rigour of these studies leaves something to be desired. Under the circumstances, I agree with the hon. member for Laurentides, who spoke on this issue yesterday and asked that the bill be deferred to a later date, when more comprehensive studies can establish beyond a reasonable doubt whether or not the addition of MMT to gas creates a dangerous source of pollution.

• (1715)

The provinces pretty well agree that we should wait a little and do the required studies before making a final decision. I am talking here about independent scientific studies which would be public in nature.

Oil companies also support that position. They have been telling us from the beginning: “If there is conclusive evidence that the use of MMT in automobiles is harmful, we will change our whole system”. We should wait, as pointed out by our Reform Party colleagues, for the results of the tests being conducted in the United States, before making a decision.

For all these reasons, we feel that we do not have all the required information to make an informed decision. Consequently, we will not support this bill.

[*English*]

**Mr. Ovid L. Jackson (Bruce—Grey, Lib.):** Mr. Speaker, my good friend from the Bloc made some good points. The jury is still out and the evolution of fuels will continue. We have taken lead out of fuels. We can look at the MMT situation. We have to look at our colleagues in California. The member for Peterborough was right. They are leaders in this field.

I will be speaking to this bill and directly concerning the onboard diagnostic equipment. Vehicles have new onboard diagnostic equipment systems. They are monitoring devices which feed back to the engine to make the engine control the emissions. Coming out of the tailpipe are oxides of nitrogen, unburned hydrocarbons, oil, carbon and water. Every time one gallon of gasoline is burned it produces one gallon of water. If we look at the tailpipe of any vehicle we will see water coming out of it. The use of a three way catalytic converter can control a lot of these things.

**The Deputy Speaker:** The hon. member is the next speaker. He is certainly entitled to use up the time for questions or comments if he wishes, but he is the next speaker on debate.

**Mr. Jackson:** Mr. Speaker, I have more of a comment than a question. I understand what the hon. member is saying but there is a point to be made about the onboard diagnostic equipment

systems in cars because they could counteract the effects of what comes out of the tailpipe.

[*Translation*]

**Mr. Pomerleau:** Mr. Speaker, how appropriate. I went to California during the summer break and I was able to see, as the Liberal member pointed out, how terrible the smog situation is in that state, whose population is as large as the whole population of Canada.

What we are saying is that, to the best of our knowledge, there is no scientific evidence to back up what is implied in this bill, which is that MMT will in fact damage the pollution control system. If indeed California has made its choices a long time ago, it must have relied on some kind of test, and not only on vague ideas. If we could have access to these tests, we would readily admit that we have to ban the use of MMT in gasoline. Passing this bill is not a matter of principle, but a matter of pollution.

If the use of MMT is banned, I know some people believe that it will be replaced by ethanol, but the oil companies have clearly stated that they would not use ethanol as a substitute for MMT. Instead of using MMT, they would require a more enhanced and a longer refining process.

This would automatically lead to an increase in pollution. We are faced with two options: if we ban the use of MMT, we increase pollution due to the gasoline refining process, but, according to the auto industry, if we do not ban the use of MMT, we will damage the pollution control equipment, which will also lead to an increase in pollution.

If we could have some concrete evidence, we would be in a better position to make up our minds and vote immediately on this issue. But we do not have any scientific data, which is why we stand by the position we have taken.

[*English*]

**Mr. Ovid L. Jackson (Bruce—Grey, Lib.):** Mr. Speaker, it is a pleasure to speak about the environment. In the natural environment everything is related to everything else. Looking at the hydrostatic cycle for instance, when water evaporates and goes up in the atmosphere, it mixes with all kinds of contaminants and then comes back to earth.

• (1720)

Photochemical smog is caused by the reaction of sunlight with nitrogen oxide, particularly in Los Angeles which is in a valley. Los Angeles is a good example because it has more cars than any other place. I am not sure exactly why it does not have any mass transit systems. I have visited Los Angeles quite often and I know the damage to the environment is bad. It is broadcast

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over the radio every day that there is eye irritation from smog, or that people with respiratory problems should stay off the streets.

I am going to address the onboard diagnostic equipment. Most members probably do not have the technical knowledge I have. I understand what they are saying about MMT, that an infinitesimal amount of nitrogen oxide will be emitted. However, I make the case that it could be controlled by installing devices on the vehicles.

I will begin by speaking about what happens in a car. A person gets in a car which uses gasoline and turns it on. Gasoline has potential energy of 19,000 British thermal units per pound or per pint, depending on the kind it is. The gasoline is control burned in a vehicle resulting in pressure, forcing a piston down, turning the crankshaft, making a circular motion to the power take-off to drive the wheels which propel the vehicle along the road.

In a four stroke cycle engine the air comes into the engine through an intake manifold with the intake valve and opens the piston moving down to the bottom of the cylinder, causing a vacuum in the cylinder. Injectors in this case, or if it is a carburetted engine a venturi effect would cause aspirated air in a stoichiometric ratio, which is about 14 parts of air to one part of gasoline by weight, or 9,000 parts of air to one part of gasoline by volume. That is what the computer will try to monitor by what is called a map sensor. Placed somewhere in the intake system of the vehicle is a piece of foil which takes a certain amount of temperature. That foil knows exactly the volume of air which is going into the engine. The injectors are monitored by a computer which says: "I have this amount of cubic feet of air. Give me this amount of gasoline".

During deceleration periods, for instance on old carburetted engines coming down the hill with the throttle closed, a very large vacuum is created and the gasoline gets very rich. Those kinds of cars create a lot of pollution. On a modern car the system shuts off completely because of the onboard diagnostic system. There is absolutely no gasoline getting in, so it works quite well.

On the intake stroke, the piston moves down and the cylinder is charged. The next stroke is the compression stroke. Both valves are closed, the piston moves up and it compresses the thing to about a tenth of its value. Because we are trying to get rid of nitrogen oxide, we have had to lower the compression ratio of engines. By lowering the compression ratio and bringing the temperature up, we can control nitrogen oxide as well.

The piston comes up and compresses the gas to 10 per cent of its original volume. A sparkplug triggers it at a particular time. The timing is changed depending on the rate of speed in order to ensure that when the actual expansion of the gasoline occurs, when the pressure builds up, it reaches a certain angle on the crank. If it happens before or after, the engine fights against

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itself and it actually loses its power. The sparkplug is triggered to fire at a precise time, again by a computer.

The process takes place very quickly. An engine running at 4,000 RPM has 2,000 power strokes per RPM. If we divide that by 60, we will get about 33 sparks per second. The process would last for maybe one-thirtieth of a second. We can see the process happening very quickly. What happens is that all of that stuff escapes and goes into the exhaust system. It has to be monitored by a three-way muffler, which I will talk about in a minute.

The last stroke is the exhaust stroke. The piston moves from the bottom to the centre, coming up with the intake valve closed and the exhaust valve open. The piston pushes the exhaust gases out of the tailpipe.

In the tailpipe there is a catalytic converter. In that catalytic converter is rhodium. Rhodium actually removes oxygen. There is platinum and palladium. Palladium actually adds oxygen. If we had H<sub>2</sub> coming out and we wanted to change it to something else, we would add O. We could add O by using an air pump, which is seen on some cars, or we could add O by using a computer triggered diverter to pass the exhaust gases over the platinum, adding oxygen, and now we would have H<sub>2</sub>O. We have two sets of oxygen instead of one, which changes it into water. If we have CO, for instance, which is carbon monoxide and we want to change it to harmless carbon dioxide, we add O and get CO<sub>2</sub>. We have two Os.

• (1725)

This is what the diagnostic pieces of equipment are doing. These speak in hertz. They go back and forth and report to the computer exactly what is happening. If there is a knock in the engine, then the computer knows and it will trigger the spark and retard or advance the spark.

If the contaminants coming from the tailpipe are one thing or another, the oxygen sensor in this particular case will pick it up, tell the computer it is getting too many hydrocarbons and the computer will tell the injector to shut off. That is what we are talking about when we talk about onboard diagnostics.

In the onboard diagnostics, there are things like an EGR valve. An EGR valve is used particularly to control nitrogen oxide. As I have said before, nitrogen oxide is the thing we talk about a lot. We say it is the main smog producer.

One of the ways manufacturers get rid of nitrogen oxide is by using exhaust gas recirculation. The unburned gas out of the engine is recycled back through some mechanisms inside the engine and is burned again. The effect of burning it with the rest of the fuel that is in the engine drops the combustion chamber temperature. By dropping the combustion chamber temperature, it reduces the oxides of nitrogen.

The NO<sub>x</sub> is also reduced from earlier emissions by using a heat stove. You might have seen on cars where there is an intake manifold and there is actually a heat stove. The heat stove allows either hot air to come off the exhaust pipe directly into the engine or it may mix. At some point in time hot air comes up past the exhaust pipe because it gets some heat off of it and some of it comes in through the snorkel. The two are mixed before the air gets into the engine. On a cold engine it makes the engine warm up very quickly.

On modern cars, the onboard diagnostics trigger what is called an open loop system. Most everyone knows that when you get in a car, you do not pump the gas and do all those kinds of things we did with older cars which had carburetors on them. The reason we do not do that is that the computer and the onboard diagnostics monitor everything. It monitors the temperature. It knows if the engine is cold. If you come out and it is minus 20 degrees, it knows that the crankshaft is not turning because it is not picking up any RPM due to a magnetic device which is triggering it.

The oxygen sensor indicates it has oxygen and the computer reports back in hertz very quickly, the same as brand new computers here, where the speed gets quicker. On these cars the onboard diagnostics are getting very, very quick in corresponding with one another. That is why there is talk about the effects of this onboard diagnostics system.

Imagine an exhaust sensor for instance in the exhaust system. If certain kinds of additives are used in the gasoline and it catches and interferes with the way it records or sends the information back to the computer, it would affect the way the car works. Of course, if it affects it then it triggers other things. What would happen is we would actually get more pollution than if we were using MMT because the thing is not working right.

The onboard diagnostic equipment is very important to us. Onboard diagnostic equipment must be added to cars.

I recently purchased a new car and I have a book here to monitor it. We have to closely monitor the new equipment. Instead of miles per gallon we are getting litres per kilometre. We have to get the amount of kilometres and divide it by 100. For instance, on my new car I am getting about 10.5 litres per 100 kilometres, which is about 27 miles to the gallon. If I am getting 8.5 litres per 100 kilometres, I am getting something like 33 miles per gallon.

We will find that the new vehicles are more fuel efficient than the old ones. The consumer will benefit with onboard diagnostic equipment. Canadians need to have the onboard diagnostic equipment. We do have this argument with fuels, but that argument should be between the automotive manufacturers and the fuel companies, and not this House.

[Translation]

**The Deputy Speaker:** It being 5.30 p.m., the House will now proceed to consideration of Private Members' Business as listed on today's Order Paper.

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## PRIVATE MEMBERS' BUSINESS

[Translation]

### INTERVENOR FUNDING ACT

The House resumed consideration from November 1 of the motion that Bill C-339, an act to provide for funding of intervenors in hearings before certain boards and agencies, be now read the second time and referred to a committee.

**Mrs. Monique Guay (Laurentides, BQ):** Mr. Speaker, I am pleased to participate in the debate on second reading of Bill C-339, standing in the name of the hon. member for Oxford.

This bill, which is quite straightforward, establishes the principle that a proponent of a project that requires review and approval should assist with funding for intervenors who would like to be heard. The hon. member for Oxford suggests adopting the principle that the proponent pays.

On the face of it, we would support the principle of funding groups that want to participate in public hearings, because often, groups that represent less advantaged people in our society cannot afford to go and put forward their views and their interests or pay for scientific studies or even for the transportation to get to the hearings.

Consider the studies required in the far North, for instance, where intervenors lack the financial resources to travel, pay for accommodations, and so forth, when defending the interests of the people they represent.

We have seen in the past citizens who were at a distinct disadvantage because they did not have the same resources as large businesses or developers to defend their interests. In fact, these businesses and developers can afford to pay lobbyists on a regular basis to push their projects ahead, while small groups that are not as organized and are not supported by the big guys are always looking for financial support.

In other words, we do support the principle that proponents pay for the administrative costs related to the reviews. However, after examining this bill more thoroughly, we realize it has a much broader scope than it purports and offers few guarantees for the arm's length nature of the process it proposes.

First of all, we should realize that this bill will create funding committees. Some public organizations already have a funding option. One example is the Environmental Assessment Agency established by Bill C-56, which provides for a sort of funding from the government.

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How will the new funding panel work with the assessment agency? Naturally the government could save money by having the proponents pay, but why not simply amend Bill C-56 to include the concept of "funding proponent"?

We have to ask ourselves whether the panels proposed in Bill C-339 are not another layer of administrative structures and duplication within the federal system. We can also see in this bill the danger of federal interference in provincial jurisdiction. For example, in Bill C-56, the Environmental Assessment Act, the federal government is clearly meddling in provincial affairs. We could therefore end up with projects assessed by both levels of government with proponents having to pay twice to fund various intervenors.

I do not suppose proponents are interested in this costly duplication, which, moreover, delays the whole process of project approval. It is an obvious hinderance and has an impact on our economy and on job creation.

I would now like to consider the independence of the funding panels. According to subclause 4(2), a review authority that receives an application from an intervenor for intervenor funding shall appoint a funding panel from its membership.

To my mind, this provision reveals that the funding panel is clearly not independent of the review authority. Indeed, what happens when the authority assigned to review a project comes under the authority of a department that is the project promoter?

The best example is doubtless the case of the refloating of the *Irving Whale*. Do you think that SVP, the Société pour vaincre la pollution and RMPG, the Regroupement madelinot pour la protection du golfe, could get funding through this bill? I have very strong doubts.

● (1735)

People who will be appointed to the funding panel under the authority of the Minister of the Environment will certainly be under pressure from that same minister not to give groups such as the SVP and the RMPG, which are strongly opposed to her project, an opportunity to be heard.

In other words, I believe that the government will have the power to choose which groups it is willing to listen to, and it will be able to reject those groups that do not share its views.

Transparency and independence are lacking in this bill. The concept of funding proponent is good, but the process proposed in this bill is flawed. Therefore, the bill does not achieve its ultimate goal.

About this process, it is worth noting that it appears to be rather cumbersome and complicated. For one thing, the funding panel will have to determine if the intervenor is eligible for funding, and from what we can read in clause 4, the least we can say is that intervenors will be scrutinized. Also, the bill provides for an appeal process to the review authority and ultimately to

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the Federal Court of Canada if the proponents and the interveners are not satisfied with the funding panel's decisions.

Knowing full well how slow bureaucracy can be, I am sure that some interveners will be left high and dry. Projects will be completed and interveners will still be waiting for the outcome of the appeal process. The same goes for the proponent. In fact, I wonder if projects will be allowed to proceed during the appeal process. I would like the member for Oxford to answer this question.

Finally, we think that this bill contains good ideas and that the principle on which it is based is innovative, but it has serious flaws.

Bill C-339 is off the mark.

[English]

**Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.):** Mr. Speaker, I am pleased to rise today in support of Bill C-339, an act to provide for funding for intervenors in hearings before certain boards and agencies.

I think we all know that politicians at all levels of government are suffering from a serious lack of credibility right now. People feel politicians are not listening to what they have to say and are refusing to tackle the very real concerns that touch their daily lives. They have the perception that government is selling out to the interests of big business. It may well be they are right, but for the wrong reasons. It may well be that the voices of the people are not being heard in many instances because they just do not have the funds to travel across the country to make their views known. They just do not have the money to hire lawyers, experts, researchers, and writers to present their point of view. The interests of the little guy are in fact getting lost in the shuffle.

Over and over people have been saying that they want to have an input into government decision making. We, as a government, have told them that we agree. However, as the Minister of the Environment said during the debate on the Canadian Environmental Assessment Act, "It is one thing to say that people have a say; it is another thing to give them the tools to exercise their right."

Bill C-339 addresses this problem in a concrete way. By ensuring funding, it provides the tools necessary for the average citizen, regardless of his or her financial assets, to be heard in the decision-making process. Intervenor funding will assure the public that those with a valid interest will be heard at future hearings and that the public will have input into government decisions.

It is important to note that in drafting this excellent piece of legislation the member for Oxford was able to draw upon legislation that already exists in the province of Ontario. He was not reinventing the wheel. The Ontario government proclaimed the Intervenor Funding Project Act in 1989 as a three-year pilot project. In 1992 the province of Ontario conducted a review of the Intervenor Funding Project Act. This review, entitled "Access and Impact: An Evaluation of the Intervenor Funding Project Act, 1988", showed broad support for the objectives of the legislation. The project was extended to the spring of 1996. I would like to quote from this report, as I think the experience in the province of Ontario is very close to that in the entire country:

The manner in which many administrative decisions were made in the 1960s and 1970s excluded members of the public, even though many decisions were required to be made in the public interest.

• (1740)

Too often, agencies and tribunals were only presented with the view of the regulated industry or the applicant for an approval. As agencies are now faced with a bewildering array of social, economic and moral questions, a critical view is that excluding diverse interests is no longer appropriate.

Increasing public access to administrative decision making is important for several reasons, first of which is fairness. Decisions regulating the conduct of businesses affect small or large segments of the public. Sometimes individuals are financially affected, each to a small degree, as with telephone or utility rates. Sometimes an individual's health and well-being are affected, as with environmental and food and drug regulation. In principle, if people are affected by decisions they should have the right to be heard.

Second is quality of decisions. Where regulatory decisions affect the public and are required to be made in the public interest the quality of those decisions is improved when members of the affected public participate. They apprise the tribunal of facts that might not otherwise come to its attention. They assert different perspectives and opinions about the consequences of the decision to counter the assertions of the regulated industry. In this way the tribunal gains a better understanding of the range of dimensions of the public interest it is charged with serving. Better decisions result.

Third is accountability. When members of the public participate in administrative decisions they gain an understanding of the balance that is struck between competing interests in reaching a decision. This process improves the accountability of the decision-maker and legitimizes the decisions for those who participate.

I believe these statements fairly sum up the reasons in favour of the bill.

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During earlier debate there was some question of the fairness of requiring a private company to finance the group that may kill its application as well as some question of what would happen if the company were financially unable to fund the interveners. Again I would like to quote from the access and impact study:

We believe that more effective monitoring of the costs and benefits of the process will be achieved if those who are the focus of these decisions, the proponents, are made to bear the costs. It is they who are the centrepiece of the regulated activity. A critical aspect of that role requires effective participation by other interests while ensuring that participation is responsible.

I think it is obvious that a proponent who has to pay for this intervention will suddenly realize that consultation and co-operation and compromise are in his or her best interest, thus reducing or even eliminating the need for the intervention and confrontation.

I urge all members to support this legislation.

**Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, it gives me pleasure to speak today on Bill C-339, an act to provide for the funding of interveners in hearings before certain boards and agencies.

The bill introduced by the member for Oxford raises an issue of extreme importance to the House. The issue of intervenor funding is of great interest to all elected officials. Parliamentarians are the first to recognize that public participation is fundamental to any meaningful consultative process. I believe that organizations that represent a relevant public interest should be able to participate in review processes.

The question that does need to be answered is how do we fund citizens whose views should be brought forth.

• (1745)

It would be useful to the debate to look at an intervenor funding program at work today. I will take a slightly different approach from other speakers on this subject and refer to the federal environmental assessment process which has included a participant funding program since 1991. The need for such a program was identified many years before.

The 1987 white paper on the reform of the federal environmental review process addressed the need and proposed the establishment of a participant funding program. In national consultations carried out as part of the above reform some funding was made available by the previous government. The funds were administered by the federal environmental assessment review office and were provided to participants in the activities of federal or joint panels reviewing such projects as the Sainte-Marguerite hydroelectric development project and the Vancouver airport.

The environmental assessment of large projects subject to public hearings is very complex and often results in several volumes of technical information. We therefore cannot expect informed public participation unless the groups representing the citizens directly affected by the projects have access to

funding. Participation in the environmental assessment process requires staff and technical resources for analysing reports, drafting the response, preparing briefs and presenting these views at public hearings.

The participant funding program established in 1991 did not guarantee intervenor funding for all environmental assessments. This was not considered to be fair so the government recognized the flaw and created a statutory obligation to do so as promised in the Liberal Party's red book. Our government listened carefully to many Canadians who indicated that intervenor funding if carefully administered adds value to the environmental assessment process.

Accordingly the Minister of the Environment in Bill C-56, an act to amend the Canadian Environmental Assessment Act, put forward as a key amendment a legally entrenched participant funding program that ensures interested individuals and groups have the resources they require to participate effectively in the process. As a result the Canadian Environmental Assessment Act now recognizes intervenor funding as an integral component of the assessment process and creates a statutory obligation to establish a funding program for that purpose.

The Minister of the Environment deserves much credit for making this amendment among others to the Canadian Environmental Assessment Act. The legal provision for intervenor funding goes hand in hand with other elements of the environmental assessment process which recognize the importance of public participation. These include the provision of numerous opportunities for public involvement at various stages of the assessment process and the creation of a public registry through which interested persons can have access to documents relating to all current assessments of the environment, both federal and joint federal-provincial.

The participant funding program presently administered by the Canadian Environmental Assessment Agency has many different uses and criteria because public input is crucial and should not be frivolous. The present program makes funds available for different stages of the environmental assessment process. It outlines exactly who is eligible and it describes what kind of activities will be funded. The program is funded over a six-year period and is made up of funds allocated by the federal government.

Bill C-339 brings forward an aspect of intervenor funding that is of increasing importance: who should pay for public participation in environmental assessment. The debate on the issue is diverse in its opinions. There are those who support the proponent pays principle. Others suggest that any more cost to development would be the straw that breaks the camel's back. Others point to the ability to pay based on small versus large size businesses. Many will point out it is unthinkable that taxpayers foot the bill for those who will reap profits. There are diverse opinions in the harmonization of federal-provincial environmental assessment processes. It is certain there is no simple answer or easy direction.

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• (1750)

The government has recognized the need to look carefully at process efficiency as well as at all related expenditures. The Minister of the Environment is responding to this need. In last year's budget the Minister of Finance announced a special initiative:

The Minister of the Environment will develop, in consultation with concerned ministers, provinces and stakeholders, proposals for recovering costs attributable to environmental assessment as well as options for streamlining procedures and time lines for the environmental assessment process.

That is very clear. Since then the Canadian Environmental Assessment Agency has been developing the options in consultation with stakeholders.

What I have just said is a fair mouthful with respect to an environmental assessment process. It has brought in some of the factors that have to be considered in looking at a bill of this import, of this initiative and of this way of looking at how we do things with respect to public intervention, public interest and public hearings.

It has always been a policy of the Liberal government to involve the public. The best example I could give of that is the recent special standing committee on Canada's defence policy where policy was formed from the bottom up. Previously, to my knowledge, it was always done from the top down. The public process in formulating the white paper on defence was very important to this party and is why we did it that way.

Returning to the subject at hand in Bill C-339, if we are looking at cost recovery with respect to public participation, it is obvious that any successful initiative will have to contain certain process efficiency elements. If we are to ask proponents to assume certain costs we must be able to commit to efficiency of process. If individuals or organizations are to pay the cost of public participation surely they must receive some guarantee that there will be a certainty of process.

I have spoken long enough to make the point I wanted to make on the bill. I have used the example of a recent system that is in operation. There are still some questions to be answered. However in looking at Bill C-339 some of the proposals put forward and some of the examples used could be used in the model. The concerns are being addressed and we look forward to the options that will be presented.

Bill C-339 contributes very positively to the debate on public participation by recognizing these concerns. However I caution that we should wait for the completion of the government process I have just described before we proceed, as we say in the navy, at full speed ahead.

**Mr. Pat O'Brien (London—Middlesex, Lib.):** Mr. Speaker, it is a pleasure to rise in the House in support of Bill C-339 sponsored by the hon. member for Oxford.

In so doing I need to address the question of exactly what is meant by intervenor funding. I would characterize intervenor funding as up front funding to assist Canadians before they participate in a process to assist Canadians who have real interests in matters of public concern before a board, commission or an agency.

One needs to reflect on the question of who should receive such intervenor funding. The strongest argument can be made that such funds should be available to landowners first and foremost, to people whose properties are impacted by a decision of government and who have every right and responsibility on behalf of their families to participate in a decision by this government or by any government. They have the right to participate to make sure the best possible decision is made and that their rights as property owners and as Canadians are respected.

• (1755)

My colleague has previously spoken about making sure we do not fund frivolous objections. I would certainly support that. All too often people are quick to make frivolous objections and want to intervene in the process. I would not support funding for those kinds of objectors, but certainly there are many legitimate concerns that need to be raised by Canadians and we ought to fund such individuals.

The funding needs to be up front. People need to know they will have an opportunity to hire counsel and various other experts to assist them in their presentations. They need to know that before the fact and not after the fact. To me it really is not legitimate intervenor funding and proper if it is not guaranteed to people up front.

In supporting the bill I do so with some firsthand involvement in the process. As the member of Parliament for London—Middlesex and as the chair of the southwestern Ontario Liberal caucus, and as my colleague for Oxford well knows, I have been directly involved along with him and other members in our region in issues of this type in southwestern Ontario.

We have had several instances of the building of interprovincial pipelines through our region which have involved the public in protracted disputes, the most recent one before the National Energy Board. Landowners are laying out thousands of dollars of their own money having to organize themselves without the help of counsel unless they pay for such counsel. Why? It is because a company wishes to use their lands supposedly for the public good but certainly for the good of the company. Yet the people involved have to make sure their rights are respected.



In the latest example the people went before the National Energy Board some months ago and won the argument they put forward. They made a very good case. Yet the whole question of funding is up in the air for these people and we need to address that.

Perhaps the biggest inequity is that in Ontario there are two sets of rules where landowners are concerned. The first set of rules comes under the provincial government. If a pipeline comes under provincial jurisdiction such landowners are guaranteed that they will have funding provided to them under the provincial rules. However, if the pipeline involved comes under federal jurisdiction there is no such guarantee. It is a very clear and obvious inequity.

In the case of some of my constituents, farmers have two pipelines on their land barely feet apart, one coming under provincial jurisdiction and one coming under federal jurisdiction. When they are involved in hearings before the National Energy Board or other agencies or commissions, they are funded when they go to provincial hearings but are not funded when they go to federal hearings. This seems patently unfair and certainly an inequitable situation that our government needs to address.

I fully support my colleague from Oxford and his Bill C-339. As a Liberal I believe it is the role of government to ensure the little guy has full opportunity to participate on a level playing field with big corporations in society. We have to do everything possible to facilitate that.

It is not enough to say to people that they can appear before the National Energy Board and argue for their rights as citizens. It is simply not enough to do that if they do not have the means to do so, if they do not have the wherewithal to make that presentation. That means funding and that is why I fully support the bill. I think the member is on the right track. The government needs to make sure the playing field is level, that this inequity is addressed and that a landowner, particularly in the province of Ontario, does not have to play under two different sets of rules. The only way we can ensure that is to have meaningful, up front, intervenor funding available to serious Canadians, certainly landowners, who have a legitimate concern and who want to argue that concern before whatever board, commission or agency.

• (1800)

I fully support the bill and applaud my colleague for bringing it forward. I hope the bill will pass.

**Mr. Gar Knutson (Elgin—Norfolk, Lib.):** Mr. Speaker, it is my privilege to speak on Bill C-339 as introduced by my colleague representing the riding of Oxford. I take this opportunity to congratulate and thank my colleague for the great amount

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of work and research he has put into Bill C-339. He truly has done a marvellous job.

The primary objective of this legislation is to give all of those who speak in the public interest the opportunity to be heard before federal boards and agencies. Federal boards and agencies will make better decisions with a higher level of public input, consultation and participation. Bill C-339 is designed to assist those with bona fide concerns. It is not meant to provide funding for special interest groups. It is in the interest of each of us for the public interest to be heard. Bill C-339 will ensure the public interest is heard.

Bill C-339 is modelled after the intervenor funding act in the province of Ontario. The bill establishes the principle that a proponent of a project that requires approval by a federal board or agency should financially assist those who are intervening in the public interest before the board. The bill allows intervenors to put forward their perspective in a way which would allow the board to make a decision having the best information available.

This intervenor funding act will be a significant step forward for groups speaking in the public interest that do not have funds available to make an adequate representation in a highly technical age.

Before receiving funding, intervenors will need to meet the following criteria. First, that the intervenor represents a clearly ascertainable interest that is relevant to the issue before the review authority and that should be represented at the hearing. Second, that the intervenor does not have sufficient financial resources to make a representation without funding. Third, that the intervenor has made reasonable efforts to obtain funding from other sources.

Fourth, that the intervenor has established a record of concern for a commitment to the interest. Fifth, that the intervenor has made reasonable efforts to co-operate with other intervenors who represent similar interests. Sixth, the absence of funding would adversely affect the representation of that interest.

Seventh, the intervenor has a proposal that specifies the use to which funding would be put, has the ability to record the expenditure of the funding and has agreed to submit an accounting to the panel for the expenditure and allow the panel to examine its records to verify the accounting. In other words, the funding would be used to help balance the playing field between those with money, with resources, and those without. It would add an element of accountability for government funds.

Intervenor funding is not a new concept in our country. The province of Ontario currently has an intervenor funding project act which has served as the model for this legislation. The Ontario act was in turn modelled on the funding provided for the intervenors before the Mackenzie Valley pipeline inquiry, known as the Berger commission, in the mid-1970s.

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This commission, charged with the duty of investigating the appropriateness of a pipeline through the Mackenzie valley in the Northwest Territories, determined that many diverse interests in the region should be represented at the hearing. In order to compete with the finances available to the proponents of the pipeline, money had to be provided to the citizens groups.

Environmental groups and native representatives obtained funding in order to present their views on how the pipeline would affect their interests. Without funding it would have been difficult for the intervenors to retain technical and legal experts for the purposes of putting forward testimony on how the public would affect environmental and native interests in the north.

The commission made clear that intervenors would have to show that absence of funding would adversely affect the quality of their presentations. This burden is placed on intervenors in this legislation who must appear before a funding panel for approval.

While funding from the Berger commission was provided by the federal government, Bill C-339 does not call on the Canadian taxpayer to provide funding for intervenors. Instead, the proponent of the project will provide the funding. Clearly if the proponent is required to bear the cost of interventions they are more likely to work with potential intervenors to find a solution before going before the board or agency. The Ontario experience has shown the effectiveness of this method of funding.

• (1805)

This bill is important because it is in the interest of all of us that the public interest be heard. Federal boards and agencies will be able to make better decisions based on a higher level of public access and consultation.

Bill C-339 is designed to assist those bona fide concerns. It is not meant to provide funding for special interest groups. I urge all members to support Bill C-339.

[*Translation*]

**The Deputy Speaker:** Is the House ready for the question?

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Deputy Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the yeas have it.

**Some hon. members:** On division.

**The Deputy Speaker:** I declare the motion adopted. Consequently, the bill is referred to the Standing Committee on Natural Resources.

(Motion agreed to, bill read the second time and referred to a committee.)

**The Deputy Speaker:** Is it agreed to call it 6.30 p.m.?

**Some hon. members:** Agreed.

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## ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

### MANPOWER TRAINING

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, this motion refers to a question I put to the Minister of Human Resources Development on Bill C-96, which seeks to give the federal government full control over manpower training.

My question was asked before the referendum. Now that the results are known, I can say that bringing up that question again at this time will give us rather clear indications as to the real desire for change that exists in the federal government, if it agrees to withdraw Bill C-96 or to amend it in such a way that the provinces will have full jurisdiction over manpower training.

This is an opportunity for the federal government to proceed with a meaningful decentralization and to delegate jurisdiction over manpower training. We are frequently asked why both levels of government are so stubbornly determined to keep their involvement in that area. The answer is that one of the two governments, the Government of Quebec, and the governments of all other provinces for that matter, has jurisdiction over education, and that education has a direct impact on manpower, because it includes not only primary, high school and college level education, but also the training of people who are coming back or want to come back on the labour market and want to get better training.

The other level of government got involved in the area of education by using its spending power and misusing, I would say, the unemployment insurance fund. This year, for example, a \$5 billion surplus was created in the fund, and the department wants to use that money to meddle in manpower training.

This is a real life situation where useless duplication between governments is very expensive for Quebecers and Canadians and programs that are set up are not always effective. The

purpose of our representations is to ask the minister if he could withdraw Bill C-96 or find a way to give to those provinces who want it complete control over manpower.

This is not only a matter of administrative agreements. Such agreements were offered in the past, notably to the previous Quebec Liberal government which, although a federalist government, turned them down, since, without full delegation, it would be difficult for the Quebec government to take on such a responsibility.

• (1810)

This will have an impact on several areas of activity. In taking action, the Quebec government must be able to take into account the impact on social assistance and on other aspects of training, for instance, and, thus, draw up an action plan for several years to come.

If the delegation is only good for three or five years or is not complete, the Quebec government will not be able to ensure the success of its actions. This is why it is hoped that the federal government will agree to delegate the whole area of manpower to Quebec, in compliance with the request made as a result of the consensus reached by the unions, the *Conseil du patronat*, as well as by all of the political parties in Quebec. Therefore, in these times when the federal government is again promising us change, will it show at last a real willingness to do so?

[English]

**Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, the hon. member is obviously confused as to the intent and scope of Bill C-96.

For example, clause 6 of the bill does not provide the Minister of Human Resources Development with any new powers. These already existed within the predecessor's departments and are simply consolidated to provide a more efficient response to the needs of Canadians.

Clause 20 allows the minister to enter into agreements. Again this is nothing new, as the minister already has similar authority under existing legislation. As the member should know, this authority is very important to serving the needs of Canadians. For example, under the program for older worker adjustment, the minister signs agreements with provinces to set up the program and with financial institutions to buy annuities on behalf of designated unemployed older workers.

This program has been of particular importance to Quebec where in 1994-95, the federal government spent \$35.4 million, representing 66 per cent of total expenditures nation-wide to buy annuities on behalf of 1,255 older Quebec men and women. By the end of 1994-95, 4,260 Quebecers were benefiting from annuities purchased under the authority of POWA.

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Of course, the federal government will continue to seek out the co-operation of its partners in establishing flexible programs and efficient arrangements. The government has continuously acted in this spirit since its election in October 1993.

For example, the Canada student loans program provides grants to women and persons with disabilities. Quebec has chosen to opt out and runs its own student loans program. In 1994-95, Quebec received a federal payment of over \$92 million to do so.

The new Canada health and social transfer will provide block funding to provinces for post-secondary education, health and social assistance. The CHST will enhance provincial flexibility in allocating federal resources according to each province's priorities.

The strategic initiatives program funds innovative projects based on provincial priorities. We were all pleased when the minister announced on August 29 that he had come to an agreement on this important initiative with his Quebec colleague. As a result, an estimated 29,000 additional Quebecers will be receiving assistance over the next three years under the APPORT and Formation professionnelle au secondaire programs.

It is clear that the hon. member is more interested in ideology than ideas. This bill is another step forward in the reform process leading to a more efficient and effective government. I urge him to support Bill C-96.

[Translation]

### CHILD POVERTY

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, I wish to respond to the remarks made by the Minister of Human Resources Development in answering a question on child poverty. Today, I would like to get a better answer than the one the minister then gave me.

When I asked him if he would agree that cuts to the unemployment insurance program and the transfers to provinces would force more women and children to join the ranks of the poorest citizens, the minister simply answered this, and I quote: "One of the real purposes for undertaking a major modernization of our social programs is to tackle the whole problem of poverty faced by women and children".

Those are fine principles. But reality is another matter altogether. Moreover, in conclusion, the minister even had the nerve to recall that the fight against poverty requires efforts by all levels of government, employers, unions, social groups and women's associations.

• (1815)

That is really showing a lack of responsibility. How can we not be totally disconcerted by a government that casually offloads its burden onto all the others, while pretending that it has good intentions?

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I want to remind the government, and especially the Minister of Human Resources Development, to whom history will attribute the indecent increase in the number of poor women and children in Canada and in Quebec, that the massive cuts and the shameless manipulation of the unemployment insurance fund have a direct and unavoidable consequence: they increase the number of welfare recipients.

It is not hard to understand. In Quebec alone, last July, 477,771 households were on welfare. In Quebec alone, as a direct consequence of the current government's ineptitude, there are almost 50,000 new social welfare recipients since it came to power. In Quebec alone, 249,567 children count on welfare benefits for their very survival and are suffering the consequences. That is more than a quarter of a million children. And the minister has the gall to tell us that women's associations must do their share. He has the gall to tell us that social groups must also do their share.

This government must review all the cuts it wants to make. It must look at them through its gender analysis prism it has been boasting so much about on the international scene. The social program reform so dear to the minister would not stand up to such an analysis very long, and that is why his government is waiting so long to implement it. The conclusion is obvious: the reform will clearly penalize women and children the most.

This government must work to reduce poverty among women and children, and not to increase it, as is currently the case.

[English]

**Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, the federal government is very concerned with poverty among Canadian children. Of particular concern are the six out of ten lone parent families headed by women who live in low income situations.

The best security for children is for their parents to have jobs. Consequently, the government is working diligently to establish conditions that create full time employment. As a result of these efforts, women now occupy more than half of the 505,000 new

full time jobs that have been created across Canada since October 1993, as well as the 142,000 jobs created in Quebec.

For those who have not yet found employment we have introduced a higher benefit rate for unemployed poor families. This benefit rate is now providing up to \$1,000 more in benefits for these UI claims. As of July 1995 over 383,000 Canadians have benefited from the 60 per cent benefit rate, including nearly 300,000 women. In Quebec over 110,000 claimants have received the 60 per cent benefit rate, including over 85,000 women.

The government intends to present shortly a new program of employment insurance, which will better help unemployed Canadians find jobs. As the Prime Minister stated in a speech on November 1, "We have to change the focus because we want to give a dependable security for the people who are raising families on low incomes".

Beyond these changes the Department of Human Resources Development has launched a series of strategic initiatives with provincial and territorial governments. In Quebec the federal government is supporting a major initiative to help over 25,000 parents make the transition from social assistance to work. Federal support of up to \$54 million will be provided for the wage supplementation program in the next four years.

In the member's own riding of Quebec there are several human resources development projects under way involving approximately 400 women, which are aimed at helping them overcome the difficulties in order to enter the labour force.

The federal government continues to take serious and concrete actions to improve the well-being of Canada's children. Through reform of social programs at both the federal and provincial levels more can be done to tackle the serious issue of child poverty.

[Translation]

**The Deputy Speaker:** Pursuant to Standing Order 38(5), the motion to adjourn the House is now deemed to have been adopted. The House therefore stands adjourned until tomorrow at 2 p.m.

(The House adjourned at 6.21 p.m.)

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