



CANADA

House of Commons Debates

VOLUME 133 • NUMBER 271 • 1st SESSION • 35th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Tuesday, December 5, 1995

Speaker: The Honourable Gilbert Parent

CONTENTS

(Table of Contents appears at back of this issue.)

The House of Commons Debates and the Proceedings of Committee evidence are accessible on the Parliamentary Internet Parlementaire at the following address:

<http://www.parl.gc.ca>

HOUSE OF COMMONS

Tuesday, December 5, 1995

The House met at 10 a.m.

Prayers

[*Translation*]

POINT OF ORDER

MOTION NO. 26—AMENDMENT BY HON. MEMBER FOR CALGARY
SOUTHWEST—SPEAKER'S RULING

The Speaker: Colleagues, I am now prepared to make a ruling on the admissibility of the amendment, moved last Wednesday, November 29, by the hon. member for Calgary Southwest, to government business Motion No. 26 relating to Quebec as a distinct society.

I have reviewed the representations of the chief government whip, the chief opposition whip and the hon. member for Calgary West, and I would like to thank them for their helpful comments.

[*English*]

Bourinot's *Parliamentary Procedure and Practice in the Dominion of Canada*, fourth edition, at page 321 states:

It is an imperative rule that every amendment must be relevant to the question on which the amendment has been proposed.

This idea is also repeated as citation 568 in Beauchesne's sixth edition.

[*Translation*]

Beauchesne also notes in citation 567 that:

567.—the object of an amendment may be... to modify a question in such a way as to increase its acceptability—

[*English*]

In his presentation the chief government whip quoted citation 579 of the same work, arguing that the proposed amendment would introduce a foreign proposition and would raise a new question which could only be considered as a distinct motion after proper notice. He also referred to the 1923 and 1970 Speaker's rulings on which this citation is based. I have reviewed these decisions, and while it is indisputable that these are accurate references, they are not germane to the case now before us.

The Chair has reviewed the terms of the main motion and has taken into account the nature of its wording. The wording of the proposed amendment is linked directly to the text of the main motion and touches on various concepts found therein. It appears to the Chair that the proposed amendment does not stray beyond the scope of the main motion but rather aims to further refine its meaning and intent.

Thus the Chair is of the opinion that the requirements for amendments outlined in Beauchesne's citations 567 and 568 have been met.

[*Translation*]

I therefore rule that the amendment is procedurally acceptable and will be proposed by the Chair when next this government order is called.

ROUTINE PROCEEDINGS

• (1010)

[*Translation*]

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 four petitions.

* * *

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 the questions be allowed to stand.

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

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

SUPPLY

ALLOTTED DAY—UNEMPLOYMENT INSURANCE REFORM

Mrs. Francine Lalonde (Mercier, BQ) moved:

Supply

That this House condemn the government for choosing to reform unemployment insurance in a way that maintains overlap and duplication in the manpower sector and thus prevents the government of Quebec from adopting a true manpower development policy of its own.

—She said: Mr. Speaker, I am proud to present this motion here this morning. I would like to read to the House a motion that was adopted yesterday by the Quebec National Assembly: Yeas, 96; Nays, 0; Abstentions, 0; it was therefore unanimous, with the clearest possible consensus.

That the National Assembly reaffirm the consensus expressed in this House on December 13, 1990, on the occasion of the ministerial statement on manpower adjustment and occupational training, to the effect that Quebec must have sole responsibility for policies pertaining to manpower adjustment and occupational training within its borders and patriate accordingly the funding allocated by the federal government to these programs in Quebec.

Within the current constitutional framework and in order to improve services to customers, Quebec must take over the control and management of various services pertaining to employment and manpower development and all programs that may be funded through the Unemployment Insurance Fund within Quebec's borders, and must therefore receive the funding appropriate to such responsibilities.

The motion adopted unanimously by the Quebec National Assembly goes on to say:

The Government of Quebec and representatives of business, labour and the co-operative sector agree to oppose any initiative by the federal government that would constitute an invasion of Quebec's prerogatives.

Therefore, it asks the government and the Minister of Employment to immediately undertake formal discussions with the federal government in order to ensure the respect of the consensus and the promotion of the interests of the Quebec people.

Especially after the referendum vote on October 30, it is important for the government to be aware of this consensus and realize it cannot be satisfied with the guideline in this new bill, Bill C-111, in part II under the heading "Employment Benefits and National Employment Service".

• (1015)

In fact, throughout part III, what predominates is not Quebec's right to control, develop and take responsibility for its manpower policy but a renewed affirmation of the central government's primacy in this area over which Quebec has jurisdiction. All the federal government's noises about being prepared to negotiate and being open to suggestions cannot obscure a very important side to this question. Today, money collected from Quebec workers and businesses in the form of unemployment insurance premiums goes to and is controlled by the federal government.

The federal government determines under what conditions it would be prepared to agree that the government or, as appropriate—and this is something we will find in another bill we will discuss later on— agencies, individuals or any other intervenor

the government may consider would be called on to implement the measures provided in the bill.

Primarily for the sake of efficiency and also from a cultural standpoint, Quebec insists on being in charge of implementing this manpower policy, on being the only one in control and in charge of this policy. Culture is basically an expression of differences. And we know that as far as the implementation of manpower policy is concerned, countries have different ways of doing things, different objectives and different priorities. In Quebec, we do not do things the same way they do in France, Japan, the United States and the rest of Canada.

We have this consensus in the National Assembly, which was expressed in the past and confirmed again yesterday, so it is a matter of efficiency and our own culture. Why efficiency? So we can stop this endless bickering which prevents us from improving the circumstances of ordinary people whose needs are tremendous, with the unemployment rate still around 11 per cent. Of course, the unemployment rate only indicates how many people want to enter the labour market. It does not consider all those people who are discouraged, who are on welfare or are trapped somewhere without benefits of any kind and have become discouraged.

• (1020)

Given the rate of unemployment and Quebec's need for a strong and vigorous economy, it is not only unacceptable, it is downright intolerable that this issue of control over manpower is once again caught in a tug of war, which prevents ordinary folks—women, men, young people, seasonal workers—anyone with needs, from getting the most out of the services they are entitled to.

This is why, for reasons of efficiency relating to our culture, the official opposition has tabled this motion this morning, which it will speak to throughout the day.

The government has to realize the extent of the need of those it is penalizing by insisting on running the show. These people need jobs, help and a strategy. They cannot live with a system full of holes, a system that is in fact not one, but two. It is a useless system, because two governments are competing within it: one is on its own turf and the other is endlessly butting in. It has broadened the meaning of the constitutional amendment on unemployment insurance and, once again, with employees and employers' money, it is pushing aside the Government of Quebec.

The Prime Minister of Canada said, in the final days of the referendum campaign, that he would do everything to keep Canada united. Now, in an area where consensus is so strong and less than a month after October 30, the government introduces a bill that ignores the unanimous will of Quebecers. The government is acquiring the means to prevent Quebec from doing what it considers appropriate. It is giving itself the wherewithal to

control. Worse, if, at the end of negotiations, Quebec, with the knife to its throat, refuses to bow to the dictates of the federal government, Quebec will be unable to do what it wants.

I am sorry the minister finds this funny; he could say he was open, but he has not managed to call even a single meeting of ministers of manpower and employment in the time he has been in office. He has not been and still is not known for his flexibility.

It is hard to avoid feeling worried and discouraged in the face of a text such as this, regardless of the minister proposing it, because it is absurd to find ourselves once again in this endless twisting and turning at the expense of the ordinary folk.

● (1025)

Subclause 61(2), which deals with training, stipulates that the central government, through the commission, and I quote:

—may not provide any financial assistance in a province in support of employment benefits mentioned in paragraph 59(e) without the agreement of the government of the province.

But paragraph 59(e) reads as follows:

59. The commission may establish employment benefits to enable insured participants to obtain employment, including benefits to:

(e) help them obtain skills for employment, ranging from basic to advanced skills.

It is important to have a good understanding of this provision. It means that, this time, with respect to the so-called employment benefits the government wants to introduce, in the absence of an agreement, it may proceed on its own by giving the commission the required mandate. In this specific case, however, it goes so far as to say that if the province—Quebec, in this instance—disagrees, it will not give anything. Great.

It would make people responsible for Quebec's refusal to relinquish its jurisdiction. The last time we saw this was when Maurice Duplessis was in office.

These provisions are extremely disturbing and do not appear to portend successful negotiations, far from it.

These measures, which are supposed to help workers, are in fact modelled after other measures already in place in Quebec to help welfare recipients improve their lot and find jobs they can keep. These measures already exist in one version or another. Except that, in this case, the federal government—that is the beauty of it—is set to introduce similar initiatives that will create an inextricable web of overlap and duplication so that two individuals in the same business could each receive a different kind of income supplement: welfare in one case and job benefits in the other.

Supply

This kind of chaos is unacceptable. Co-ordination is needed. We must see to it that workers and people looking for jobs benefit from a real labour policy. The only way such a policy can become a reality is if Quebec has control over all these measures.

This bill was expected. The minister had said that it would make people change their attitudes and that it would really help, as the ambitious title “employment insurance” shows. Yet, I cannot help but point out that the \$800 million that will be spent on these measures will in fact only be spread over five years, another \$200 million for all of Canada, because measures are already in place whose effectiveness needs to be reviewed but whose total cost is \$4 billion, with the difference that only \$1.9 billion comes from unemployment insurance.

● (1030)

How much will that make by the year 2001, when this reform is complete? Some \$4.2 billion, or a mere \$200 million more, with this difference however, and a crucial difference, that an additional \$800 million will be paid out of the UI fund then while, as a result of the general tax currently levied to cover the cost of most of these measures, \$600 million less will come out of the consolidated revenue fund.

This whole operation that had raised hopes results in \$200 million in fresh money, but also and again, for Quebec in particular, in the imposition of measures causing duplication and overlap, jamming the labour market and preventing Quebec from putting in place an urgently needed manpower policy.

I hope that, even though he laughed earlier, the minister will understand that the consensus in Quebec calls for the government, as a modern constitutional system, to recognize Quebec's jurisdiction and to accept that Quebec should have sole responsibility over this manpower policy for ordinary people and, therefore, that the allocated funds made up of money coming from businesses and workers should be transferred to Quebec to administer according to its own needs and priorities.

I repeat, this must be done not only with the consent of the parties, but also that of business, labour, the co-operative movement, community groups, which may have been more active in Quebec than elsewhere, perhaps because Quebec was seriously hit by the 1982–83 recession. But this consensus is the best guarantee of what could be the Quebec model, in which we will be able to use our resources, our scarce financial resources, to help ordinary people whose individual well-being is in great need of improvement.

I sincerely hope that our plea be heard in the interest of the people, because the government has no right to stubbornly keep preventing Quebec from fully playing its role like this.

*Supply**[English]*

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, I welcome the opportunity to ask some questions and make some comments on the speech of the hon. member for Mercier. As always, she takes a very pessimistic outlook on this legislation.

For the record, Canadians from coast to coast participated in what was perhaps the most extensive consultation process in Canadian history. Over 100,000 people participated. The hon. member for Mercier was a very active member of the human resources development committee that was looking at the modernization and restructuring of Canada's social security system. The hon. member heard what I heard. She heard what the Parliamentary Secretary to the Prime Minister heard.

Canadians were saying they wanted an unemployment insurance system, a social security system that would help the most vulnerable in our society, that would help Canadians find jobs and keep their jobs and to do that in a sustainable fashion. They realized the skyrocketing costs of unemployment insurance from \$8 billion in 1982 to \$20 billion in 1992. They realized the distortions which exist in the marketplace where 38 per cent of benefits are directed to 14 per cent of the firms and represent 12 per cent of the people. They realized that all these things needed to be changed because the status quo simply was not serving the people it was supposed to serve.

• (1035)

Throughout this process we engaged Canadians in a serious debate about the issues. If we look at the objectives and clearly analyse the EI bill we find that those objectives are met. The hon. member said this is a regressive piece of legislation. She should rethink, re-read and re-analyse what is in the legislation.

The hon. member does not talk about the progressive measures found in the legislation. Over 500,000 Canadians who were excluded and marginalized by the Unemployment Insurance Act will now be covered by the legislation. Part time workers count. Every hour, every dollar, every effort which they make will be rewarded under the legislation.

The hon. member did not talk about the family income supplement which will allow people to receive up to 80 per cent of their average earnings. The hon. member did not talk about that because it is too positive to mention. She did not talk about the people who are included in the legislation. She did not talk about the fact that low income Canadians will be able to earn \$50 without being penalized or taxed back. She did not talk about the fact that by reducing premium rates for business, job creation will be enhanced. Employees will be helped because they too will participate in the employment insurance fund.

The hon. member tried to depict the federal government as a government which imposes its rules and regulations upon the provinces. That is not the case. The legislation is quite open. It says that the federal government will negotiate with the provinces on wage supplements, top ups, self-employment assistance, skills and loans. It will also work together with the provinces on job corps partnerships.

Why is the hon. member continuing, like every member of the Bloc, this misinformation campaign? They are trying to confuse Canadians. Canadians know that the employment insurance program which was introduced speaks to the number one issue facing Canadians, and that is job creation. Over 100,000 jobs will be created directly as a result of measures taken by the bill.

I am quite surprised. The hon. member knows that the province of Quebec has historically benefited from the unemployment insurance program and it will continue to do so under the employment insurance program. She also knows that she will benefit from the \$300 million transition fund in high unemployment areas.

I have a simple question for the hon. member: Why does the Bloc Quebecois continue this misinformation campaign? Why does it not tell the real story to Canadians?

[Translation]

Mrs. Lalonde: Mr. Speaker, I am very pleased that the hon. member did not address the motion because, given its subject, he could only have agreed with me. We will discuss the overall UI reform project when we debate the UI bill.

The motion before the House this morning provides that Quebec should have control over manpower policy. The hon. member remained silent on that issue, because he knows that I am right. What is really important is to ensure that the unemployed have the best guarantees to get help to find decent jobs.

• (1040)

Let me digress for a moment to say that, yes, I did participate in the consultation exercise. Everywhere we went, Canadians told us that the real issue was jobs, not employability. And in order to create jobs, it is essential to have a co-ordinated manpower policy.

This is why this motion deals with manpower policy. In that regard, and regardless of the October 30 results, the National Assembly was unanimous in demanding, yesterday, that Quebec have control over the manpower sector, and that the central government pull out of that field of jurisdiction and stop interfering in it. The vote was unanimous: 96 to 0, with no abstentions. Moreover, that unanimity also exists among businesses, unions, co-ops and community groups.

I would have liked the parliamentary secretary to comment on our motion. I can only conclude, with some pleasure, that if he did not do so, it is because he would have had to say, assuming he is in favour of an efficient manpower policy in Quebec: “Yes, you are right. The central government should get out of that sector”.

The parliamentary secretary said that Quebec benefited from the UI program. The fact is that Quebec and the Maritimes are the ones that bore the brunt of the 1994 reform. The same is true again with this reform. Indeed, by the year 2001, Quebec alone will have to deal with an annual shortfall of \$735 million, in addition to a reduction of over \$640 million in UI benefits.

I thank the hon. member for finally agreeing with me that the central government had to leave that sector.

[*English*]

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, I have a few brief questions for my colleague from Mercier.

It becomes very obvious to me as I listen to Bloc members that they are interested only in Quebec. Because of that I question whether they should be the official opposition in this matter, but that is simply an aside. We have to take into account the concerns of all Canadians. I have a very difficult time seeing how the concerns she has expressed differ in any way from the concerns all Canadians have. Therefore, I cannot support this motion as it stands.

We all want jobs. She states Quebec wants a vibrant economy and jobs. Is that not true for all of Canada? Should we not be moving toward a policy that addresses this across the nation? She says there is a culture in Quebec. Do we not have a culture in the rest of Canada? Yes we do. That also has to be taken into account.

Why is Quebec asking for control over only the educational aspects of this and not control over the rest of the program? I cannot understand why Bloc members are only picking and choosing some of the things they want. I find that very difficult to understand. Perhaps the member can clarify for me her party's position on this.

I realize that education is a provincial matter. I agree with the member that the provinces should be looking after the training programs because those are truly educational aspects of the program. If that is the case, why not reduce the premiums to the point where they do not include the educational aspect? The government has admitted that by reducing the premiums a lot of jobs would be created. Why is the member not working on that aspect of reducing the premiums and letting the Government of

Supply

Quebec tax its own people for the educational aspects of this program?

• (1045)

[*Translation*]

Mrs. Lalonde: Mr. Speaker, I shall be brief. First of all, I would like to tell my hon. colleague that yes, Canada does have a culture. What I am saying is that we ought to organize along cultural lines, since the economy, the organization of manpower policy, are linked to culture, after all.

The Quebec National Assembly's demand—I could provide a translation of it, but I guess the interpreter will take care of that for now—goes beyond the educational aspect. What they say, and this was adopted unanimously, is that Quebec must take over the control and management of various services pertaining to employment and manpower development and all programs that may be funded through the unemployment insurance fund within Quebec's borders.

It is, therefore, a matter of jurisdiction and of encroachment, but for the sake of efficiency. We want to take over the overall co-ordination because we can see the inefficiency of the present system and the great needs. Now I am being accused of not speaking for all of Canada. Let me tell you, if anybody has travelled across Canada and given voice to the needs I saw everywhere, it is I.

Except that this morning, with the National Assembly's resolution, I felt it was extremely important to state that these demands have unanimous support in Quebec. I am, however, aware that debates need to be held in Canada on centralization and decentralization. Knowing that I am not able to answer for Canadians on this, I wish that a debate will be held. I think there should be a debate.

In Quebec however, the debate is over; this is the consensus of Quebec, the consensus of a variety of groups, unions, businesses, community groups, and so on; it is true for the province as whole, it is true for the regions. So now we wonder what is keeping this government from giving us back the tools needed for results, instead of continuing along with this unproductive duplication and overlap.

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I am very pleased to take part in this debate on the motion in the House of Commons, particularly since the hon. member for Mercier could be nominated for the Quebec prize for literature, the Prix Athanase-David. Her speech is a great example of fiction writing, and I trust that all of her colleagues in this House will support her nomination after hearing it. This is an excellent example of the Bloc's talent for writing complete and utter fantasy.

Supply

[English]

When we read the Bloc motion, we wonder where its members have been. Like Rip Van Winkle, they have been asleep for the last while. They neither take into account the statement made by the Prime Minister, which says very clearly that we will be prepared and in fact will welcome the opportunity to give full responsibility for education and training to the provinces.

The tabling last Friday of the legislation for employment insurance clearly indicates once again that the area of education and training is the jurisdiction of the provinces. Furthermore, we would go beyond that and take in those areas of direct employment activity that are within our constitutional orbit and share with the provinces, sit down and work in concert with the provinces, plan with the provinces, co-operate with the provinces for one reason: to develop a partnership for employment.

Yet Bloc members bring in a motion that totally and completely misses the point. They are saying that somehow there will be more intrusion, more activity and no withdrawal. It seems this group simply cannot take yes for an answer. When we say we are going to do exactly what is being proposed, they seem oblivious, unable to filter it out. That only confirms my suspicion that all the speeches, all the motions and all the commentaries were written before we even got around to making good on the initiative of the Prime Minister or tabling legislation. They just pulled it out of the old vault, took out the old speeches from the old drawers, put new dates on them, and presented them once again without taking a look at reality or the facts or the hopeful signs.

• (1050)

With the initiative we announced on Friday we can begin developing a whole new set of relationships with provinces, communities and individuals directed toward the creation of jobs and employment. It is the beginning of a new dialogue about how we can come together and form arrangements so we can share responsibility. If people are unemployed they do not care whether it is a provincial or a federal jurisdiction, they simply want a job. That is what it is all about.

As I listened to the hon. member for Mercier carefully, what was beginning to creep into the language was that she was far more concerned about transferring power to bureaucrats in provincial capitals than putting money directly into the hands of individuals so they can get back to work. That is the real issue. Power is at the heart of this motion, not employment. It is the opportunity to control and manage, not to provide a new form of empowerment for individuals. That is what the debate is really about. It is really oldspak government. It is really setting the clock back.

When Canadians in whatever region are looking for government to provide new leadership, new formulas, new methods, we have an opposition party that is retreating back into the romantic past, trying once again to dig up the old speeches that were written 30 or 40 years ago and not dealing with the difficult new realities in a world where work has changed.

The major modernization of the insurance system of Canada for employment is pegged on one important reality, that the world of work is changing and we must keep up and be relevant to that world of work. That is why the measures we have introduced state that the clear responsibility that was given by the provinces to the federal government in 1941 to be responsible for the basic insurance program for Canadians dealing with unemployment had to be modernized. I will be the first to say that throughout the years it has been a good program. It has provided an enormous bridge of support for generation after generation of Canadians who have faced unemployment.

We should take some real pride in the fact that the federal government has been able to ensure not only security for the individual but security for the regions. Areas where there was wealth, growth, and jobs were able to share with those who were less advantaged. That has been the genius of the program. It was built on sharing, something our hon. friends opposite forget about. Sharing is not part of their vocabulary. Co-operation is not part of their vocabulary, the notion that somehow they can have a national system of insurance that enables Canadians to distribute support and security because we all mutually benefit from it. It is not a matter of charity but of good investment. We must make sure we can support the various measures in areas where they are faced with high unemployment so that those areas with lower unemployment do not have to bear the full burden in a geographic way.

This plan has worked for most of its years, but it is changing because Canada is changing. What we have been discovering in the last decade or so is that the original architecture was no longer sufficient to meet a world where the work has changed, a world where we now have hundreds of thousands of part time workers, where there are multiple job owners who were not being given any protection, where individuals were facing much tougher problems of adjustment when jobs or skills changed.

There is one thing that is clear from every single analysis and study that has been done internationally and nationally: the higher the level of literacy, skill and education, the better the chance for a job. There are lots of anecdotes and examples of people with good degrees who cannot find work. That is one reason we have introduced the youth internship program, which enables young people to move from school to work in an easier fashion through industry support and small business.

• (1055)

We know we have to invest in those areas. We also know that increasingly people need to get re-employment much quicker and faster than they do now and that there are useful tested means of achieving that.

We spent the last two years working on various projects using wage supplements where the small business community that wants to hire a new worker but does not have quite the cash flow or is concerned it will not get full productivity or full learning in the first six or eight months is reluctant to make that commitment. Wage supplements open the door. We have seen in place after place that we have 70 per cent to 80 per cent improvement in job retention as a result of that measure and that we can extend work by 14 or 15 weeks. This is what is important, that we add about \$4,000 to \$5,000 additional income.

In talking about the employment insurance program, people get tied down talking about their benefits. What we have to talk about is their income. How do we improve people's income? The best way to improve income is by employment. That is the best way of doing it. If people simply rely year after year on a benefit program they begin to lose the ability to be in the job market and also their income does not grow. Governments are having tight times. Provincial governments everywhere are cutting back on those assistance programs. The real thing is to have a spring-board back into the job market.

We have said we are going to take all the programs we have, 39 programs, and bring them down to five simple employment measures. These are not programs with their own organizations and their own bureaucracies, but a basic set of measures that are available to individuals to get back to work. They make the choice.

I find it amazing that the members of the opposition do not have much trust in individual choice, that they really do not believe that individuals can exercise the right to decide how to get back to work and how to make these tools work. They really have lost faith in the right of individuals to be able to choose and decide, not exclusively but with some support. We know that oftentimes individuals thrown totally into the market by themselves do need some assistance, but assistance that works.

However, the opposition members talk about transferring from one government to another and all these kinds of things. They have lost the sense that individuals are what really count and that they should be given the opportunities to make those choices. At the same time, they have also lost something else that is very important to recognize. It goes back to the fundamental importance of the employment insurance system: it is a federal constitutional responsibility and people pay in premiums.

Supply

The hon. member from the Bloc Quebecois shakes his head. This is a party that spends its entire question period and its entire existence in the House arguing about federalism in the Constitution. Yet this hon. gentleman does not know that in 1941 the provinces ceded responsibility for unemployment insurance to the federal government. That is incredible ignorance for someone who likes to say he knows what he is talking about. He does not know a simple reality of the history of this country.

When people pay a premium they have a right to a benefit. That is what they are investing in, the right to that benefit. Now the Bloc Quebecois is saying no, just turn the money over to a bunch of bureaucrats and they will decide whether they get the benefit for not; it is no longer his or her right as an individual to have that benefit. That is what the Bloc members are saying in this motion, that individuals in Quebec who pay a premium no longer will be assured of the right to get the benefit of that because it is going to be decided somewhere else. As a result, the fundamental principle of the insurance program is taken away.

I do not think that is a very popular notion in Quebec or anywhere else. What is recognized is that they are fundamentally undermining the philosophy of the insurance program, which is that people contribute to protect themselves against the risk of unemployment. That is what it is all about.

• (1100)

I am surprised at the lack of understanding of the hon. member about the history of federalism in the country wherein that was ceded by the provinces to give us the insurance program. I am even more concerned about the sense of neglect of the principle of insurance, that is that people pay for the protection.

Basically we are saying that they will be eligible for an income benefit and an employment benefit. The employment benefit has within it five basic measures, including a wage supplement, with highly effective evaluations in terms of getting people back to work.

Income supplements tested out in New Brunswick and British Columbia over the past year show that people on lower incomes who would not take jobs because the income was not sufficient to pay for their family needs will take the jobs if there is a small top up. Thirty-three per cent are now back to work today compared to only 3 per cent in the general area of proven success.

Canada is the self-employment capital of the world. We are generating more opportunities for individuals to start their own businesses. In a matter of two years of testing the program for unemployment insurance, over 30,000 people started their own businesses. Each created a job for another person. In other words 60,000 jobs were created as a result of the measure.

Supply

Hon. members of the opposition want to deny people that. They say: "Don't do that. Don't give people the right to self-employment, to start their own businesses, to create jobs for themselves or somebody else".

Mr. Mills (Broadview—Greenwood): They have lost faith in the individual.

Mr. Axworthy (Winnipeg South Centre): They have lost faith in the individual. Yet that basic benefit was built into the program.

We also built in the basic partnership arrangement for job creation. Job fare is working in New Brunswick today involving 1,000 people from the forestry industry, older workers mainly. They are now back to doing reforestation, rebuilding that resource of the nation, cleaning it up and creating a resource that will be richer for the next generation of people.

Then we have the skills voucher that is available to individuals. That is where we come to an interesting point. We have said clearly in the legislation that in terms of the application of the voucher we will do so only with the consent of the provincial governments involved because it is their jurisdiction. We will not deliver it if they say no. It is not our right to do so. We think it is important that individuals have the right to make that choice. If getting back to work means a three-week program in computer upgrading, they should have that right. If the province says no, I will respect that.

I want to go beyond that. In all the measures I have talked about we are prepared to sit down with each province to work on a business plan of protocol, a year by year arrangement to determine the best allocation of the measures and to eliminate all duplication. Where the province has a program that can deliver that kind of opportunity to an individual who is our client, I am prepared to use it.

This is contrary to what the member for Mercier said. We should not listen to her. Frankly the hon. member for Mercier has an incredible track record in the House of crying wolf on misinformation. A year ago she was saying: "Oh, my God, you have changed the UI system. There will be 200,000 people on welfare". Where did it go? It did not happen. In fact it began to get a bit better. We have to look at her track record.

I make very clear that in the province of Quebec the SPRINT program provides a training voucher for people to go back to work. If the province is agreeable we can use it. Clients who pay a premium and get the benefit can use that direct program. I have no problem with that. It is perfectly good. I do not want to duplicate but that means sitting down province by province to work out the arrangements.

The one test I must have as a trustee of the insurance program is to ensure that those people who have paid into the program are

eligible for the benefits and that they have a chance at being re-employed because that is the nature of the new benefits.

The member is creating a great fantasy of huge standards and intrusions. Once again the prize for fiction goes to the member for Mercier for fabricating, making up, fantasizing and, more important, trying to scare people, fearmongering again. It is unfortunate. In many ways I have a great respect for the hon. member for Mercier. She is a good person and a compassionate person. The problem is that every time we have a debate in the House—

• (1105)

Mrs. Finestone: First of all she leaves.

Mr. Axworthy (Winnipeg South Centre): That is another problem. She does not listen too well. Let us put it that way. Nevertheless everything is filtered through the prism of her separatist philosophy. That is the problem.

She cannot look at a major new program to help unemployed people. She cannot deal with the fact that we want to totally rework federal-provincial relations to transfer far more responsibility to the provinces, to transfer all responsibility for training. She cannot see that because everything is filtered through a separatist black box. It does not allow the hon. member and her colleagues to see the opportunities which exist.

I should like to clarify another important point. The hon. member made claims that this would be offloading on the provinces and that it would create problems. I point out something that has not been deliberately omitted but certainly has not been commented on by opposition members. An important initiative in the legislation is to extend for up to three years to all those who have had an attachment to the insurance system their eligibility for employment benefits. People who have exhausted their claims will now be eligible to start their own businesses with a self-employment program, to get a training voucher or to receive a wage supplement.

This means that 40 per cent of the people presently on the social assistance rolls in the province of Quebec will now be eligible for re-employment benefits. At a time when the provincial government is cutting back on those benefits we are filling the vacuum. That is a very crucial reason negotiation is so important.

There is an opportunity to harmonize our efforts. There is a real opportunity to separate those on assistance from those on the insurance program because in many cases they are the same person. Let us deliver through provincial programs such as APPORT. Bloc members have forgotten that last summer I signed an agreement with the provincial Government of Quebec to contribute to the APPORT program, specifically to test how provincial governments could deliver direct employment measures. Now we are seeing the benefits of that.

I am pleased that the assembly has agreed to negotiate. It is a first step; it is a good first step. The minister of employment for Quebec has already thrown conditions into the process, but I do not mind. I invited her over a month ago to have discussions. I am willing and open. Once we get together to form a partnership we can talk about how to bring the measures together to help those who have exhausted their benefits but want to be employed and about how we can ensure that the benefits paid out are delivered efficiently and without duplication.

Those are the real opportunities this measure opens up. It is a way of redefining how we work as governments and how we can work together. It means redefining the role of government for the individuals and giving far more responsibility, choice and hope to individuals of being able to find work. They will know there is support and they are not being left alone.

It also means an opportunity to help rebuild communities. One of the interesting developments in Quebec is that it is reorganizing down to the community level. I am doing the same in my department. We are reorganizing so that we have far more autonomy and discretion at the local, community and regional levels. If we can get together with provincial governments to agree on decentralization down to the community level, to let them make choices about the best way of employing people, we have done something very exciting. We have redefined governments in their relationships with each other, with individuals and with the community. We can provide the strength to rebuild the communities, to rebuild the employment system in Canada and to rebuild the country while we are doing it.

• (1110)

[Translation]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, I would like to comment, to set the record straight. Reacting to my shaking my head—it was not even something I said—the minister went off on a tangent and said that my understanding of the history of Canada and the Constitution was lacking.

I shook my head to indicate that there was nothing in the Constitution on this subject originally, although of course the minister is right, in that the provinces agreed to a constitutional amendment that gave the federal government responsibility for unemployment insurance. I want to make that clear, and I think it was in 1941. I wanted to make that clear.

The minister is intelligent, dedicated, energetic and well intentioned, and he probably wants to improve things, except when he says that the hon. member for Mercier does not listen too well. I want to appeal to his own ability to listen, because in the days to come, it seems there may be a meeting between the minister and the Quebec Minister of Employment. I hope he will go to this meeting with an open mind. In fact, I hope both parties will.

Supply

This morning, he seemed to be open to discussion. I am not the Quebec Minister of Employment. I am in the opposition here in Ottawa. I am also a member of the Standing Committee on Human Resources Development, and like the hon. member for Mercier, the minister's parliamentary secretary and the parliamentary secretary to the Prime Minister, I travelled with the committee across Canada last year. I listened to people, and of course I do not share the assessment that was made of a consensus in this respect. I might remind the minister that everywhere we went, there were demonstrations, and 75 or 80 per cent of the briefs boiled down to the following: Mr. Minister, no cuts, please. That is history. But yesterday in the Quebec National Assembly, and that will be the subject of my question to the minister—

Mr. Mills (Broadview—Greenwood): Of the Government of Canada?

Mr. Dubé: Yes, of the Government of Canada, of course. There are some things that I, as a Quebecer, would like to say to the minister, and this morning I have the opportunity to do so. The fact is that throughout the year, throughout our travels, we saw two ways of looking at reality. The majority of Quebecers, in all parties, including the Quebec Liberal Party and the Conseil du patronat, have the same perception of reality. The people of Quebec have the same perception of reality.

The minister made it clear this morning. I am not criticizing his personal values, which dictate that the individual is entitled to insurance. I can go along with that. I heard that very often in English Canada too, I must admit. But in Quebec, as long as it was unemployment insurance, there were never any complaints. It is true that Quebec had agreed, I think it was in 1941, to have unemployment insurance come under federal jurisdiction. But since that time, especially these past few years, Quebec has been demanding control over funds allocated to unemployment insurance from the federal consolidated revenue fund for training and employability improvement services, arguing that these matters came within the same jurisdiction as education and training. There lies the source of the dispute, if you will, that has been going on for some time now, over the fact that, when the federal government takes money from the unemployment fund for training, it is meddling in a provincial jurisdiction.

Mr. Speaker, the minister has surely received a copy of the resolution passed by the National Assembly. As I have been asking him since yesterday, is the minister ready to recognize Quebec's sole responsibility for labour adjustment and job training policies in Quebec, according to the unanimous wish of Liberal Party members, even those who were in the no camp in Quebec?

• (1115)

The Acting Speaker (Mr. Kilger): Before giving the floor to the minister, I would simply remind my colleagues that all

Supply

questions must be put to the Chair in order to keep the discussion within parliamentary rules.

[English]

Mr. Axworthy (Winnipeg South Centre): Mr. Speaker, I am very pleased to direct my remarks to such a distinguished resident of the central office of the House.

First let me apologize to the hon. member if I misinterpreted his earlier comments about the Constitution. His clarification is certainly reasonable. It will fully restore my respect for his constitutional knowledge and judgment.

Let me get to the central point which is the question the hon. member raised. The reality is that we have clearly said that all choices and decisions about the nature of education and training will be made by provincial governments. We are withdrawing from the course purchases which have been the standard pattern over the past few years where federal bureaucrats would sit down with their counterparts and decide which courses would be available to clients. It will be purely a provincial choice.

We are withdrawing from apprenticeship training, co-op education and a number of other measures because we believe that the fundamental questions of curriculum, supply, institutions, course, faculty, all the things that make up the basic training and education are provincial choices, purely within their jurisdiction.

We are also prepared to go one step further and say there are other programs, not training, but which are directly related to employment and if a provincial government is able, wants to, is prepared to and has the mechanisms to decide how to make them available, that is fine. All I have to make sure is the person who is the insuree, who puts the money into the pot, is able to get the benefit back. That is the test and a requirement under the act, under the Constitution as the trustee for that insurance program.

The design, system of delivery and the nature of how training takes places are clearly and simply provincial responsibilities. It is important to recognize it cannot take place through a simple block transfer. As we have learned in the past, a block transfer with provinces does not end up in the programs it is intended for.

Quebec has been one of the better provinces in ensuring transfers for education and health end up in those programs. There are a lot of provinces in which a lot of roads have been built with money that was supposed to go to universities and a lot of provincial public buildings built with money supposed to go into the health care system.

As a result we have to ensure that when my colleague pays into the program she has a right to expect a benefit in return. That is all. We are saying we are substantially simplifying those benefits. We are basically saying that the 39 programs my

department would run are being taken down to five measures. Those are not even programs, they are simply a tool. The provinces will be able to design that tool.

I use the example of the SPRINT program in Quebec which I think is a good program, a system to get people back to work. If Quebec is prepared to make that available to clients in the employment insurance program, let us do it and get them back to work. Those are the kinds of discussion I want to have.

I can assure the hon. member that we will discuss in good faith. We have invited the provincial ministers to meet with us and I am looking forward to that because I think there is a chance for a new, fresh, innovative dialogue with the provinces on this very crucial issue.

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, the experience the minister displays in his career in politics is very obvious. He is a very good speaker and I compliment him on that. I am sure he would do very well selling air conditioning units at the north pole.

• (1120)

As I listened to him there were several glaring contradictions. I have a series of questions related to these. He makes the same mistake as the Bloc when he appeals to history for what he is doing. Back in 1941 the government was given permission to run an unemployment insurance program. It is no longer a true insurance program.

My question is a very obvious one. Why does he appeal to this mandate back in 1941 to support what he is presently doing, making this a grand federal scheme that does not include only insurance? Why does he not return this to a true insurance program and only that?

Is there a long range plan behind all this? It is obvious this is simply tinkering. Is there some direction? Are we going to go beyond this?

The minister's press releases said a five-cent reduction in the premiums will create 20,000 jobs approximately. If that is true, 20,000 jobs with the unemployment we have is a drop in the bucket. If we can create jobs by tinkering with it only five cents, what is stopping the minister from reducing the premiums even more and creating more jobs? That is a very obvious question and a contradiction as far as I am concerned in what the minister is saying. If he wants to really create jobs why is he not doing more?

There is doublespeak. He says we are putting money in the hands of the individuals for empowerment. Why is he taking it out in the first place? The federal government charges a big handling fee whenever it takes money and does whatever it wants with it. Bureaucrats do not work for free.

I have several other questions. Perhaps throughout the day I will have a chance to ask them. I have asked three key questions we need answered now.

Mr. Axworthy (Winnipeg South Centre): Mr. Speaker, I thank the hon. member for his compliments. I wish my father were here to listen to him. He may actually believe them. My father was an insurance agent. He had a small insurance agency in the north end of Winnipeg. It was enough to keep us together and to go to school.

I learned one lesson when he was involved in the insurance field and that is the best way to be a good insurer is to reduce the risk. When he sold casualty insurance or fire insurance he always went along with a good program to ensure that people would have good wiring in their houses, that they would reduce the risk of accidents, whether it was health or safety or whatever.

When we have an unemployment insurance system, what do we do? We reduce the risk of unemployment. That is the best way to bring costs down, to protect against it. That is why it is a full insurance program. That is why as a trustee we have to invest in getting people back to work. That was the fundamental purpose.

It would be interesting if the hon. member read the debates from the House in the early 1940s. He would learn from that. The basic premise was that only on a national level could we ensure there was both a spread and sharing of the risk but also that we would try to reduce the risk. Only a national government which was responsible for the management of the overall economy could provide the kind of priorities and judgments in concert with others. That is why the provinces ceded responsibility at that time.

The hon. member would know that insurance is very much a question of reducing risk. That is why in our business we want to invest in bringing down unemployment and giving people a chance to get back to work.

The second question is legitimate. As the hon. member knows, we try to balance our program. When we want to talk about creating jobs we do not do it by one mechanism alone. Reducing costs for business is one important way but it is not the only way.

I have explained in the House a couple of times that what we want to do first is build up a reserve. It means we can protect against the really quite tragic and disastrous effects of what happened in the early nineties when the previous government did not have a reserve fund. When the recession hit it had to escalate premiums by almost 95 cents. It was the classic putting on the brakes while trying to go up hill.

• (1125)

The reality is the unemployment insurance system was designed to put money into the economy as a counter cyclical

Supply

measure at a time when a recession is taking place. That government pulled money out because there was no reserve built up in order to insure and stabilize employment.

It was a clear recommendation to the House of Commons committee by business, labour and other groups that we have to build up a reserve, which is what we want to do.

We are still paying off the deficit of the nineties. We inherited a \$6 billion deficit in the UI account when we came to government. We have been wearing that away for the past two years. That is why we need to build up the reserve. Each year the Minister of Finance will take a look at the accumulation in that reserve and how it can then be adjusted for further reductions for business.

This year we thought we would be prudent and give a premium reduction. We have also provided savings to business by making a substantial simplification of the system. We will have the ROE, the bugbear of business, which will be substantially simplified and will save \$150 million. That is a good first step.

We froze premiums when we came in. We have now reduced them as a first step. We are bringing down the cost for business and each year it will be reviewed.

In the meantime we can assure Canadians, at a time when the business cycle becomes more difficult, we will have a reserve so we will not be taking money out of the economy when we actually want to stimulate the economy.

The Acting Speaker (Mr. Kilger): While these compliments are going across the floor and directed to the Chair, I must say it is appreciated. However, what we appreciate the most is the respect the House continues to show for our institution through the Chair and its occupant at any one time.

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, I would like to request of you and through you to the minister that any remarks on the presence or absence of my colleague from Mercier, as was made in the previous portion of the debate, be deleted from *Hansard*.

She is accorded the respect of all of us according to parliamentary procedures. One of the core issues relevant to that respect is that we do not remark on whether she is here or not. There were comments made by the minister during his speech and by colleagues surrounding him that may be part of the blues. I would like that to be addressed.

The Acting Speaker (Mr. Kilger): Let me see if I can be helpful from my perspective. I am certainly satisfied that at no time did the Minister of Human Resources Development make any reference to the absence of anyone in the House. I will review the blues and if someone else did then it would be a matter for the Chair to take under advisement.

Supply

I appreciate the reminder by the member for Calgary South-east not only of a tradition but a rule of the House that is very important to our deliberations. We all know the constraints on our time away from the House. Therefore I fully respect the member's intervention.

I do not think there is a point of order. We are engaging in debate. I will return to the debate on the motion of the official opposition.

Mrs. Brown (Calgary Southeast): Mr. Speaker, I appreciate your comments.

Like everyone speaking today, I am honoured to address this motion. I clearly do not support the motion because referencing only Quebec narrows its scope. When the intent behind the motion is applied more appropriately to all provinces then of course I would support such an action.

At the end of my speech I will amend the motion so that it refers to the powers of all the provinces. Given they should all be treated equally, we must ensure motions such as these reflect that.

The motion proposed by my hon. colleague allows us to address some of the points made in the recent so-called employment insurance reforms. We believe the government intends to prorogue the House but in doing so may try to manipulate House procedure to ensure this legislation does not die on the Order Paper. Tabling the bill so close to Christmas break demonstrates that the government either does not expect to give it second reading until next February or that it hopes the bill will die on the Order Paper. Either way, tabling the bill as it has amounts to nothing more than irresponsible governance.

• (1130)

I will first address some of the amendments to employment insurance and then will focus on the government's failure to transfer powers to the provinces for labour market training. In its throne speech on January 18, 1994, the government stated that Canada's social security system must be responsive to the economic and social realities of the 1990s. This was a noble sentiment and we agree with it. However, the government also said in the throne speech that it would announce an action plan for major reform of the social security system to be completed within two years.

The minister's announcement is not major reform of the social security system and it barely qualifies as reform of the unemployment insurance system. I say this because the minister's tinkering will not create a single sustainable job.

Let us take a closer look at some of the changes. This is cosmetic change, not the kind of real governmental changes that Canadians are demanding. It is a name change; unemployment insurance is now employment insurance. Do we think that

Canada's unemployed care about what the program is called? Unemployment by any other name is unemployment. It is this kind of rhetorical grandstanding of which Canadians have grown weary. Changing the name of UI to EI will not create a single sustainable job in Canada.

There is a rollback of payroll taxes of five cents for every \$100. This is a tax rollback of one-twentieth of one per cent. This amounts to a savings akin to a wooden nickel. It is hard to imagine this so-called tax cut will create a single sustainable job in Canada.

The minister wants Canadians to think he has rolled taxes back but let us look at what is really going on. Part time workers will now have to pay the UI payroll tax which includes employer and employee shares totalling a 7 per cent tax hike. When eligibility is changed from weeks to hours, the government is imposing a tax grab on part time workers, a tax grab of over \$1 billion.

This means youth in Canada and working moms, many of them single parents, will have to foot the bill. Youth and working mothers will have to work many hours to be eligible for benefits. While they are accumulating benefits the minister will be sure to tax their paycheques. The big problem with this is the lengthy period of eligibility. It is often the case, as it is with the nature of part time work, that the contributors will move from job to job with short periods of unemployment in between. This means youth and working moms will pay benefits and seldom will be able to collect. This amounts to a substantial tax grab on a segment of society which can least afford it.

The government has no estimates of how many jobs will be lost because of it. It does not know how many jobs will be lost because it has failed to do a thorough analysis of this aspect of the bill.

According to statistics ending in October of this year, youth unemployment in Canada stands at 15.6 per cent. We needed to hear yesterday and today some ideas on how to get our youth into meaningful work situations. Instead of positive change we have learned that today's proposals will cause employers to hire fewer part time workers because a tax is effectively imposed on the hiring of part time employees.

Let me restate this point. Part time workers now represent a massive tax hike on employers. This will not create a single sustainable job. In fact this change may choke off part time work altogether. This is especially disturbing when one considers that a growing percentage of the labour force is employed part time.

The minister announced an \$800 million job training program. The auditor general's recent report indicated that these expensive and wasteful schemes do not create jobs. He criticized the Western Economic Diversification Program, ACOA in the Atlantic provinces and FORD-Q in Quebec. We all know what a colossal failure the TAGS program has been. The

government admits the \$6 billion infrastructure program created only a few thousand short term jobs.

• (1135)

Perhaps what is most disturbing about this announcement and more specifically related to the motion we are debating today relates to labour market training. It is clear from the government's package that the Prime Minister broke faith with Canadians when he announced he was giving labour market training to the provinces.

The minister is trying to sneak through the back door a new made in Ottawa social program scheme which will intrude on provincial jurisdiction. He has created two mega programs and for all these new programs all the provinces must reach agreement with the federal government. The Liberal government needs to give power and resources to the provinces with no strings attached. If not, then the gesture is meaningless. The government simply does not understand what decentralization means.

Let us move on now to decentralization, an issue that has garnered significant attention of late, especially given that the EI changes break the Prime Minister's Verdun commitment which he reiterated on Tuesday last week.

It is ironic that we debate the government's broken promise of decentralizing manpower training today. Today at committee we will hear the bureaucrats explain to us how Bill C-96 also fails to decentralize powers. In fact, the bill may even create new powers for the federal government. Even if this new power never manifests itself, the bill at a minimum entrenches the status quo of federal intervention into provincial areas of social policy jurisdiction, areas I am sad to say for which the new EI bill fails to relinquish power.

I find it quixotic, though I suppose not entirely uncharacteristic, that the government would try to enact legislation which engenders and champions the notion of centralization and the status quo. To do so amidst the decentralization forces pressuring the country to change is profoundly absurd.

Recent events have shown to all that fundamental change is required of our federation. There is almost universal agreement that the federal government needs to rethink its current role as provider of services and programs. In areas of social policy we cannot continue to support a system which separates the revenue raising capacity from the expenditure function. In other areas too there is strong evidence to support devolution to the most logical level of government.

In October the Reform Party released its vision for a new confederation. Reform believes that decentralization will permit future governments to respond more effectively to the needs

Supply

of ordinary Canadians. It also addresses many of the historic concerns of individuals from all provinces.

Reform's plan includes giving provinces exclusive control over natural resources, job training, municipal affairs, housing, tourism, sports and recreation. It gives the provinces control over setting their own interprovincial standards for health, welfare and education, replacing federal cash transfers with tax points, and allowing provinces to raise their own taxes to finance social programs.

This decentralization will lead to a more balanced federation, one in which Ottawa will play a co-operative role rather than a dominating role. The proposals outlined in the new confederation speak to the long term. They furnish Canada with a vision. They put flesh on the conceptual bones of a new federalism. This is the kind of leadership that has been conspicuously absent from the current government benches.

How can one govern without a coherent direction? It is incomprehensible. I am not talking about prescience here, but about the courage to say: "These are my ideas; this is my vision". We have seen none of that from the government.

The traditional response to fiscal crisis has been centralization, consolidation and concentration. This instinct increasingly leads to failure. Centralized control and consolidated agencies create more waste, not less. There are many reasons that Reform speaks for this vision of decentralization and they will be outlined.

Decentralization will engender greater flexibility allowing institutions to respond more quickly to changing circumstances and client needs. Decentralization will create more effective program and service delivery, as the deliverers and providers of government assistance are closer to those they serve.

Decentralization will reduce waste, overlap and duplication created by concurrent jurisdictions and poorly co-ordinated government programs and services. Decentralization will engender greater fiscal responsibility, for a government that spends the money it raises will inherently be more accountable than one that spends the money someone else collects.

• (1140)

Decentralization in regard to the tax system is most compatible with the tenets of federalism. The efforts of a federal form of government is local autonomy. In its designated spheres, each unit is free to exercise its policy discretion unencumbered.

It is important to remember in this debate on labour market training that decentralization is neither a celebrated buzzword nor a passing political fad. It is a policy movement that has been vigorously championed in Canada since the 1960s. It represents reconfiguring the locus of attention in the federation.

Supply

Former B.C. Liberal Party leader Gordon Gibson writes in his new book: "Canadians ultimately want less control by Ottawa and more local management of their affairs. The basic concept here is government closer to home. Now home is where the heart is in our private lives perhaps, but in government terms, home is where the folks have the knowledge and resources to do the job. That single thought takes us a long way".

Adhering to the rule of thumb that the responsibility for addressing problems should lie with the lowest level of government possible does not require that we disavow the notion of federal leadership. A federal government with fewer employees, fewer departments and smaller budgets can still have a steering role in Canadian society. There would still be a policy framework setting function in certain areas even if no services were delivered.

These would include policy areas that transcend the capacities of state and local governments such as international trade, macroeconomic policy and much environmental and regulatory policy; social insurance programs like employment compensation where paying equal benefits to all citizens requires that rich and poor share differentiated burdens; and investments that are so costly that they require tax increases which might discourage business from locating or staying in a city or province. These are fundamental to leadership and to federalism at the central government level.

Even in these cases Reform believes that programs can be designed to allow for significant flexibility at the provincial or municipal level. The federal government can and must work with provincial governments to define jointly the mission and the outcome, but in doing so it must free lower governments to achieve those outcomes as they see fit.

Today we see that British Columbia is to be penalized to the tune of \$47 million for trying to do just that. What has been the Liberal response to decentralization?

Mr. Bevilacqua: Breaking the law.

Mrs. Brown (Calgary Southeast): Decentralization is not about breaking the law with all due respect to my hon. colleague on the other side of the House. The government has resisted the natural ebb and flow of this federation by operating completely oblivious to its surroundings.

We saw this in the recent referendum. The government grossly miscalculated by adhering to a status quo position. Only when it became obvious that its policy was a complete failure did it move to make insincere promises of change. Now where is this change? Where is this vision for a new federation, a new federalism? Where is the blueprint for a renewed Canada? Where is the leadership to bring forward such a plan, given this government's previous attempts at major change? I would

suggest that we will be waiting a long time before we see substantive and meaningful change.

Let me give one example of how this government is failing to deliver on its promises to reform and decentralize social programs. Consider the current welfare issue in British Columbia. I wanted to come back to that in my text because it is extremely significant today. When the province made changes to its own program by stipulating a residency requirement for welfare qualification, the federal government stepped in, and it has indeed stepped in, in a punitive fashion today, and threatened the province. Yesterday the artificial deadline passed in B.C. and we now see the results of what has happened.

There is no question that the B.C. government should be permitted to administer its affairs without federal interference. The minister, rather than taking such punitive action against the province should back off and leave it free to run its own programs. It is absurd for the minister, who has radically reduced transfers to the provinces, to turn around and intervene in provincial jurisdictions.

The minister continues to refuse to meet with the provinces over the Canada health and social transfer. Now when the provinces try to move forward, he stands in their way. Go figure. It would seem this is the Liberal position on co-operative federalism. How terribly predictable. How truly unfortunate. How really "made in Ottawa" it is.

• (1145)

During our briefings on Bills C-111 and C-112 we were provided with a briefing package on the changes these bills provide. At every twist and turn and at every reference to labour market training it is very clear that the provinces must negotiate with the government. They must seek to enter into a formal agreement with the federal government on how employment insurance benefits will work and how they will be delivered. Instead of giving complete power and adequate resources to the provinces, these amendments give a de facto veto to the federal government over the management and control of manpower training programs.

Ironically, the Liberal government is holding on for dear life to programs it has proven it is absolutely incapable of managing properly.

Just two weeks ago the auditor general stated in his report that there are grounds for concern that a lack of training in key areas may be producing a braking effect on jobs for the unemployed when the economy is expanding. Clearly, Canada's auditor general believes that the Liberal government is failing in its attempt to create those long term sustainable jobs, jobs, jobs we keep hearing about from the other side of the House. In fact, one may conclude from his comments that the government is actually hindering job creation, not helping it.

The minister's changes amount to mere tinkering, not a sweeping and comprehensive reform. What we need are systemic reforms that address the needs of the chronically unemployed, which was what UI in 1940 was intended to do. It was to provide a bridge for short term unemployment, not the massive social safety net we now see.

I would like to share briefly with the House three options for change the minister did not address. Two of the options involve decentralizing power for training programs to the lowest level of government: directly to the individual. Our options for relinquishing control to individuals are motivated by the desire for individuals to care for themselves when they are capable of doing so. That is absolutely fundamental to the Reform ideology of individuals accepting responsibility to take care of themselves when they are able to do so. That is not too difficult to understand.

However, the government wants to maintain control over training because it is a traditional political activity to maintain visibility in the area of employment and job creation. After all, the election is only two years down the road, and we want to be visible out there. Boy, we went out there and created those jobs, jobs, jobs. Are we not good?

The first option to be considered is that employment insurance could be returned to a true insurance plan, as it was originally intended to be when it was created in the 1940s. This would mean doing away with regional inequities in the program and ensuring that only those who truly need benefits receive them.

The system has become an income supplement. Income supplement does not, in my definition, translate to insurance. We believe there is a need and place for income supplements, but they should not be in UI or EI or whatever it is called. UI was meant to provide workers with temporary assistance for brief periods of time when they were between jobs.

The second option would be for individuals to change how they contribute to unemployment insurance. They could contribute to registered employment savings trusts, or REST accounts. These accounts would be mandatory and would be used at the discretion of the individual. As many people never use UI, it is only a tax with no benefit. With a REST account, similar to RRSPs, if the funds are not used the money could be directed into their super-RRSP accounts. This idea is not without its problems; I acknowledge that. The period of transition would be difficult and youth and the intermittently employed may find the plan difficult to manage.

A third option for the government is to drastically slim down EI, return it to a true insurance plan, and at the same time have individuals contribute to REST accounts. These things would happen together. This plan would ensure that the chronically

Supply

unemployed are cared for and that those people who are seldom unemployed would be able to administer their own employment insurance program. They would not be taxed.

These are three options we are developing. We hope that in the new year we will be able to finalize our research and bring our plan forward to Reform's general assembly in June, where the membership, the people, can debate and come to a final decision on this important policy plank.

• (1150)

Having proposed options for decentralizing training, and after having demonstrated yet again how badly the Liberal government has broken its promise to transfer labour market training, I move:

That all the words after "prevents" be deleted and replaced with the words "the governments of all the provinces of Canada from adopting a true labour market training policy of their own".

The Acting Speaker (Mr. Kilger): On the proposed amendment to the official opposition motion moved by the hon. member for Calgary Southeast, I will take it under advisement and the Chair will respond to this matter in the shortest time possible and get back to the House.

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, I appreciate the comments made by the hon. member from the Reform Party, the human resources development critic. At a time of constant change in our society, we welcome the meeting of minds and any exchanges that can take place between legislators and other individuals who are willing to propose new ideas. Although I may not agree with the concept prescribed by the hon. member, I certainly congratulate her on making at least the effort to come up with a new employment insurance plan.

I have some fundamental questions in relation to a couple of points. One deals with the issue of federal-provincial relations, which is preoccupying the minds of the Reform Party members and of course the Bloc Quebecois as well. Other questions relate to the employment insurance package as it relates to small business.

On the issue of decentralization of federal-provincial relations, members of Parliament who have followed this file attentively would probably find that the federal government has made many efforts with all the provincial governments to come up with a plan of action that speaks to the reality of the various provinces. As a matter of fact, the Minister of Human Resources Development has met with many of his counterparts. Part and parcel of this employment insurance legislation speaks to the fact that when we are talking about the tools, namely the self-employment assistance, the skills and loan grants, the top-ups in earnings, the federal government is co-operating with the provinces.

Supply

Second, on the definition of decentralization, local empowerment, and the redefinition of the relationship among the individual, the community, and government, it is clear to me that if we are to give vouchers or give the opportunity to an individual to make up his or her choice, that is the ultimate form of decentralization. It speaks to the confidence the federal government has in the people of Canada.

• (1155)

We believe the people of Canada can make the best choices for their own lives. They understand that in a changing economy they need to upgrade their skills, they need training opportunities, they need the types of vehicles that will ease their transition from the unemployment rolls on to the payrolls.

The issue of job creation is extremely important for the people of Canada. As a result of the measures taken in this bill, 100,000 to 150,000 jobs will be created. Who will create them? Small business, which is responsible for the creation of 85 per cent to 90 per cent of all new jobs.

What have we done to enhance the opportunities for small business? We have lowered the premiums. The hon. member from the Reform Party says it is only a nickel. If the hon. member were to calculate the reduction that occurs, not only to premium rates, and include the fact that maximum insurable earnings have gone down from \$43,000 to \$39,000, business also incurs that saving.

Equally important in this discussion is that it is not only business that gets the tax break, it is also individual Canadians who pay into the fund. That is a very important point to underline.

We believe in building a strong entrepreneurial spirit. I think our actions speak to that. One of the five tools we have outlined in the human resources investment fund is the self-employment assistance program. Since we formed the government, 34,000 people have participated in this program, creating 60,000 jobs. That speaks to job creation and it also speaks to empowering people and giving people the opportunity that is required.

How else is small business being helped? The five tools will enhance the human resources potential of our country, which means we are going to have a better skilled workforce. A better skilled workforce means we can set as a goal high paying, highly skilled jobs that produce high value added products. That is extremely important to underline as we modernize our economy.

When we talk about modernization, what about the new labour market information system that is going to connect business and people from coast to coast so we may match people and also reduce the time people spend on the unemployment rolls of our country?

These are extremely positive measures, not to mention what we have learned from the past government's error in reference to reserves. By building up a higher reserve we are going to make sure that the next time there is a recession, hopefully not for a long time, or the next time there is a downturn in the Canadian economy, we will not be taxing small business and employees at a time when they need tax relief. This reserve will make that transition from economic downturns to better economic times a lot easier.

This will create stability in the premium rates. It will create jobs. It will create confidence. It will generate the type of confidence that is required so employment opportunities can be increased.

I would ask a simple question to the hon. member. In the employment insurance package the Reform Party introduced to the media a few months ago there are some fundamental flaws. One flaw is that it excludes more people than it includes, unlike our package, which brings in 500,000 people, including 44,500 seasonal workers who were excluded by the old unemployment insurance package. Why does the Reform Party, whether it is on the pension reform package or the employment insurance package, continue to practise the politics of exclusion?

• (1200)

Mrs. Brown (Calgary Southeast): Mr. Speaker, I thank the hon. member for his question.

I concur that this is a welcome meeting of the minds. We can have reasoned debate. We can come to the House of Commons and feel secure in knowing that at least our ideas will be received and debated in an atmosphere of collegiality, understanding that we come to this place with differing ideologies.

The simplest answer to the hon. member's question when it comes to differing ideologies and how we understand and view the unemployment insurance system is that there is no doubt in the minds of the Reform Party that the unemployment insurance system is a fundamental labour market institution as it was developed in the 1940s. When it was developed in the 1940s it was for a specific reason: temporary assistance as an individual moved between jobs. It was not as it has now become, "a cornerstone of Canada's social safety net".

If we look at it in those terms it is coming at the question from two very different points of view. On the one hand we would like to see it as part of and included in the labour market as a tool. On the other hand it has become part and parcel of the fabric of social support in Canada. I do not quite know where a meeting of the minds would find agreement. We could see where each of us is going, based on our belief systems, on what we believe to be right.

Another comment with respect to the question of differing ideologies is from something which appeared on page 20 of the briefing notes we were given the other day. It comes back to the question he asked. I question the political motivation behind the part of the proposal dealing with employment benefits and services.

The federal government is now committing to work in concert with each province. The alarm bells start to sound when we start thinking about each province. The hon. member talked about inclusion and the same kinds of support across the country. Yet in my mind it will obviously be different because each province is invited to enter into agreements.

For the decentralization the hon. member has described, it tells me there will probably be a different set of circumstances for each province given its particular debt, deficit and unemployment situation. This will include the agreements. That is why I say there could be quite a difference when we are talking about federal-provincial alignment.

The design of the employment benefits and measures, how they will be implemented and a framework for evaluating the results tell me there will be consistency across the country. It just opens a social safety net to all kinds of expectations that perhaps the government has not thought about.

With respect to the member's comment about growth and small business in the country, there is no question that small business generates lots of jobs.

The Acting Speaker (Mr. Kilger): I ask the member to summarize in the next minute or two, if she could, so that we could resume the debate.

Mrs. Brown (Calgary Southeast): Mr. Speaker, I have one more point with respect to building up the reserve. I will move away from the small business comments I wanted to make.

Regarding the surplus in UI, I maintain the finance minister will probably do some very creative accounting with that surplus. He will reach his 3 per cent of GDP in the next budget and it will be on the backs of taxpayers in a UI surplus. Our growth rate right now, as was just reported, has moved from 4.2 per cent to 2.3 per cent. No one can tell me our economy is going anywhere. We have not created a single sustainable job since the government came to power.

• (1205)

The Acting Speaker (Mr. Kilger): Before we resume debate I will return to the matter raised by the hon. member for Calgary Southeast in her intervention about another member on the government side referring to a member of the official opposition, the Bloc Québécois, not being present in her seat. I told the hon. member at that time that I would review the blues.

Supply

I have the blues before me and a reference was made by a government member that first of all she leaves. The member for Calgary Southeast was entirely right that it occurred. Second and most important it goes against the convention of the House to make any reference to the absence of any member at any one time from the Chamber.

I know other members such as the member for Lévis, and I believe someone on the government side, wished to rise on the point. I will consider the matter closed now that it has been raised correctly by the member for Calgary Southeast. I thank her for her intervention and the matter is closed.

[*Translation*]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, I am pleased to rise in support of the motion put forward by the hon. member for Mercier.

Before going any further, I would like to thank the member for Calgary Southeast for her vigilance, her attention and especially for having raised the matter. I appreciate the intention, because the member for Mercier does make a great contribution, she is indeed very active in the House. I think the remarks in question were inappropriate.

The debate is on a motion which reads as follows:

That this House condemn the government for choosing to reform unemployment insurance in a way that maintains overlap and duplication in the manpower sector and thus prevents the Government of Quebec from adopting a true manpower development policy of its own.

I listened to the arguments by the member for Calgary Southeast on the amendment she is proposing. I shall reserve my comments on it for the moment, but I would like to thank her for paying attention. Her remarks indicate that other provinces would also like to take charge of manpower training within their borders.

However, after touring the country with the Standing Committee on Human Resources Development last year, I felt that some provinces, such as the Atlantic provinces, were not as keen, perhaps not fuelled by the same desire. They wanted the federal government to remain very visible in this area, because they felt that their province may be experiencing economic difficulties in this regard.

I simply want to say that the amendment proposed by the member for Calgary Southeast would not be easy to implement because there does not appear to be a consensus, unlike in Quebec. This has been shown very clearly. I will tell the member for Calgary Southeast this: I will discuss it in my speech, I will recall the historical background of this claim by Quebec and the reason it is so important to us.

To us, manpower training means education. Under Canada's Constitution, education is a provincial matter. This is particularly important to Quebec, because education is also a cultural

Supply

concept, very close to our culture. It is a treasure to the people of Quebec.

All those involved in this area agree. I would point out that, yesterday, the Quebec National Assembly passed a motion to once again remind the federal government of its position. When I speak of the Quebec National Assembly, I am not talking just about the members of the Parti Québécois, but also about the members of the Quebec Liberal Party.

Yesterday's motion was passed by a vote of 96 in favour, none against and no abstentions. It was therefore passed unanimously.

• (1210)

What does this resolution say? It says:

“That Quebec must have sole responsibility for policies pertaining to manpower adjustment and occupational training within its borders and patriate accordingly the funding allocated by the federal government to these programs in Quebec; “Within the current constitutional framework and in order to improve services to customers, Quebec must take over the control and management of various services pertaining to employment and manpower development and all programs that may be funded through the Unemployment Insurance Fund within Quebec's borders, and must therefore receive the funding appropriate to such responsibilities;

“The Government of Quebec and representatives of business, labour and the co-operative sector agree to oppose any initiative by the federal government that would constitute an invasion of Quebec's prerogatives”.

Therefore, it asks the government and the Minister of Employment to immediately undertake formal discussions with the federal government in order to ensure the respect of the consensus and the promotion of the interests of the Quebec people.

I stress that this motion was adopted unanimously.

A while ago, after I shook my head at something he said, the minister introduced a historical dimension to the debate. I had mentioned 1941 a bit earlier when answering a colleague's question. I must make a correction, I was wrong by one year. The constitutional amendment enabling the federal government to set up and run the unemployment insurance program was passed on July 10, 1940. It was the British Parliament—as you know, we had to ask permission—which amended section 91 of the British North America Act, making it possible for the federal government to set up the unemployment insurance program.

It would be useful at this point to summarize Quebec's claims. Stakeholders in the labour market have recognized unanimously the need to patriate to Quebec all responsibilities and federal funding in the area of manpower training. The Liberal Party and the Parti québécois are in agreement on this.

It is also worth recalling that, in 1991, the former minister in charge of manpower, income security and manpower training claimed, in a policy statement from the Government of Quebec about manpower development: “For many years, Quebec has

claimed control over policy instruments affecting the work market. In other words, the Government of Quebec and its economic partners want laws, budgets, institutions, programs and services concerning manpower or the operation of the work market to come under a single authority. Partners on the Quebec work market are almost unanimous in recognizing that manpower policies must be prepared by authorities as close as possible to the various work markets”.

This request for devolution of manpower training goes back a long way. In 1989, the job forum was a critical step in the advancement of this cause. This is when the job market partners, that is labour, management and government, agreed to ask that Ottawa hand over full responsibility for manpower training.

With such a consensus, the Government of Quebec officially requested, in December 1990, that any federal moneys for manpower programs be handed over to Quebec, including money from the unemployment insurance fund used for that purpose. In December 1990, the Liberal Party was in office, not the Parti Québécois, and Robert Bourassa was premier. The Liberal Party of Quebec claimed exclusive jurisdiction not only over manpower training, but also over other aspects of manpower development, such as placement, employment assistance, job creation support, etc.

• (1215)

To back up this demand, the Quebec government created the Société québécoise de développement de la main-d'oeuvre, or SQDM, which was to serve as a link between all labour market stakeholders and to manage all manpower development programs in Quebec.

The Quebec Liberal Party went even further, asking for an administrative agreement allowing Quebec to manage the unemployment insurance program within the province. It was asking for a return to the pre-1840 situation. Quebec wanted to be given jurisdiction in this area.

Otherwise, the federal government would have to maintain a rather cumbersome administrative structure in Quebec. To make UI benefits and related services accessible to the Quebec people, a whole network would have to be maintained with all the inconveniences of this kind of duplication.

In concrete terms, this agreement would have resulted in the UI program running the SQDM.

This happened under the liberal government led by Robert Bourassa, a true blue federalist. Now, you will ask, what sort of problems is this situation creating in Quebec? At the same time, one must recognize that there is a problem with vocational training in Canada. In 1993, Canada was ranked 22nd out of 22 developed countries for on-the-job training.

According to available statistics, the federal network runs 27 training programs—the minister said 38 earlier—and the Quebec network 5. The federal government—which has started cutting down—operates close to 100 Canada Employment Centres in Quebec, while Quebec set up the SQDM to replace the former Commission de formation professionnelle.

The original mandate of the Société québécoise de la main-d'oeuvre was to work towards the creation of true single windows in every Quebec region. Today, it acts more as a mere manager of federal funds, without much of a say.

I would like to point out that in 1993–1994, transfer payments accounted for 56 per cent of the SQDM budget, or \$150.7 million out of a total of \$269.5 million, an accurate depiction, if ever there was one, of Ottawa's control over manpower. The lack of co-ordination between the two networks results in the unemployed being ill served by the various manpower training programs.

An internal memo of the federal government did reveal that in the spring of 1993—this is a federal memo, remember—nearly 25,000 unemployed people referred to a training program could not register for lack of available places.

The policy statement of minister Bourbeau described how two different manpower training networks could cause problems. It said: "We understand how hard it can be for an uninitiated person or business to find its way among the multiple service centres like the Canada Employment Centres, the offices of the Commission de formation professionnelle de la main-d'oeuvre, Travail Québec centres, school boards, colleges, universities and the Department of Manpower, Income Security and Skills Development."

Minister Bourbeau, a liberal federalist, estimated at \$275 million the cost of these overlaps and duplications in manpower training programs. The minister who said that was not a PQ member, not a BQ member, not a sovereigntist, but a federalist.

Both governments agree that manpower training programs must change. In his discussion paper on improving social security in Canada, the Minister of Human Resources Development said: "Unfortunately, existing programs do not do this well enough. Too many people end up in programs that have little to do with their needs, aptitudes or opportunities. Many get training for jobs that do not exist locally. Many are shunted from one program to another. There are too many mismatched programs, with inconsistent rules and too much red tape. Programs offered by different levels of government are often not coordinated."

• (1220)

He felt the system had to change. The federal government is not alone in adding to the mess of manpower training programs.

Supply

We must recognize that, at the time, there were too many manpower training programs. The present minister has merged a number of programs, but she is having problems because of the federal's ongoing presence and there is no sign of it withdrawing readily, given that it is currently introducing new measures. Yes, it says that these are not forced on the provinces, yet it will keep imposing guidelines. It intends to keep control.

The minister said a while ago, in his presentation, that we cannot do away with controls because certain provinces—not Quebec but others—had used the program's money to build public buildings. He feels this is enough to justify a permanent control by the federal government.

Basically, what he wants to do, what he would like to see is the provinces, Quebec included, manage the programs listed in his bill. He would like the provinces to do what he wants them to do. He is treating the provinces as mere pawns. For us in Quebec, this flies totally in the face of the established consensus.

I will quote someone else. The president of the Business Council on National Issues, Mr. Thomas d'Aquino, added his voice to the voices of those who recommend that the federal government hand over manpower training to the provinces as fast as possible. On October 28, 1994, Mr. d'Aquino said: "There is no doubt in my mind that decentralization in this area would be beneficial to the Canadian economy. The sooner the politicians come to an agreement on this question, the better".

Last year, members of the Standing Committee on Human Resources Development travelled across Canada. When the minister suggests that he is implementing recommendations made to the committee, let me say that I disagree with that. I travelled to all the provinces of this country and to all the larger cities of Canada with the Standing Committee on Human Resources Development—the parliamentary secretary knows that, he had to suffer the consequences. On some occasions, I admired his courage in facing those who opposed his reform. But when he tells us later that this is what Canadians want and wish, after what I have seen and heard, when I know that 75 to 80 per cent of briefs were against what the minister is now proposing, that is, cuts of some \$2 billion in unemployment insurance, I know that is not what Canadians asked for.

People who came to testify before this committee said that what is missing today is work, job opportunities. They wished that the government would follow the policy outlined in its red book. The Liberal slogan during the last election campaign was even "Jobs, jobs, jobs". But we see that, in fact, there are not more jobs today. But worse still, the proposed changes will create two classes of unemployed.

Supply

As critic for training and youth, I see that a young person will now have to work 910 hours over 52 weeks in order to qualify for unemployment insurance. That represents 17.5 hours of work per week in one year, every single week, in order to qualify. Otherwise, he will not be eligible. He must accumulate this minimum number of hours. So, it is now twice as hard for newcomers on the labour market to qualify for unemployment insurance.

• (1225)

And what do they do to unemployment insurance? They create a fund and make it available to the provinces, and tell them: "You can help yourselves to some of it, but only under certain conditions because we want to keep control over it, or else we are going to take it away".

But this fund the minister mentioned is made up of money contributed by employers and employees. Why is the federal government messing with this fund when, as everybody knows, it has not contributed a single penny to unemployment insurance since 1991? It is not this government who did that, but the Conservative government. But now it is turning a profit with unemployment insurance and using part of this profit to provide manpower training in a field which comes under provincial jurisdiction.

This is what we are against and what we are condemning. There is a small opening here. We saw that the Quebec National Assembly, while establishing some parameters, is continuing to emphasize the Quebec consensus on the need to repatriate all the money spent by the federal government in manpower training, even UI funds, because the federal government would use that money to continue to multiply programs and to maintain duplication.

To conclude, I ask the government and the Minister of Human Resources Development to be on the lookout, to listen more carefully to what Quebecers want. He will see that Quebecers, not only the sovereignists, the members of the Bloc Québécois or the Parti québécois, but all Quebecers want the Quebec government to be in charge, to be responsible for its policy concerning manpower, training and all related services. I will conclude on that and I thank you for your attention.

Hon. Sheila Finestone (Secretary of State (Multiculturalism) (Status of Women), Lib.): Mr. Speaker, I listened with great interest to the comments made not only by the hon. member but also by the critic who spoke before him.

What struck me is the lack of sensitivity to individual Quebecers, whether they live in Montreal, in my riding of Mount Royal, in Trois-Rivières, Quebec City, Chicoutimi, Lac-Saint-Jean, or anywhere else in Quebec, because these people who paid their UI premiums and now need assistance as they become jobless are entitled to these benefits.

All their actions and remarks point to this: they want the power to make decisions with Canada's money. As usual, they forget to tell the truth. In fact, for every dollar invested in Quebec by an individual in the labour force, this individual receives \$1.33 when unemployed. They want to deprive every unemployed person of this 33 cents, which over time adds up to millions and millions of dollars. What a great policy.

They then completely overlook the fact that this change addresses realities in Quebec. Like other Canadians, Quebecers must adapt their skills, attitudes and abilities to the new society. They have completely forgotten this, and they want to forfeit a rather significant amount of money. We have injected over \$4.2 billion into this program, but they have forgotten this and are unwilling to tell their constituents. I find this very interesting. You do not want to tell—

The Deputy Speaker: I would ask the hon. secretary of state to please always address her comments to the Chair.

• (1230)

Mrs. Finestone: Mr. Speaker, through you, I would like to ask my hon. colleague the following question: does he not want to spread the news that the Government of Canada is pumping \$4.2 billion into the system instead of \$4 billion, including more than \$500,000 in measures for the unemployed?

Also, of the \$800 million, \$240 million would go to Quebec, for a total of \$747 million in extra money, and he wants to take what away. Does he really want to deprive his constituents of that? My constituents want jobs, they want retraining, they want training, they want decent working conditions, they want wage subsidies and remuneration supplements.

Regarding women, does my hon. colleague want benefits for women or does he want to take away benefits that help ensure the financial independence of women? We are talking about individual insurable earnings and basic employment insurance benefits calculated on these earnings that go to the women and not to government, for governance, but to each working woman.

In addition, women who are currently holding more than one job or working part time at different places will immediately qualify, but the hon. member does not approve of this change. He does not want them to be recognized as part of this change and those in need of assistance, like low income families with children, many of which are headed by women, to be afforded protection under this reform. There will be family income supplements, but he does not want to recognize the fact that this may mean an increase of up to about 80 per cent in the basic amount for low income families. He does not want to recognize that fact.

Neither do Bloc members, in spite of the fact that they are taking steps for reasons of efficiency relating to their culture, want UI recipients to be able to supplement their income by earning \$50 a week without seeing their benefits adversely affected. They do not want to recognize that maternity leave and parental leave allowances as well as sick benefits and temporary disability benefits are maintained and provide basic support to

Canadian workers and their families. They refuse to recognize the fact that the reform is actually helping women overcome barriers to employment as a result of reinvesting in targeted employment measures, daycare and income support.

I for one would like to know why the Bloc members, who were elected to this place to represent their constituents at the federal level, cannot and will not recognize that the proposals will have the effect of better protecting families, and women in particular, and why they are so intent on not giving the plain and simple facts to their constituents. Why do they not at least have the openness to say that, from now on, anyone who has received UI benefits or a maternity leave allowance in the past three years will have access to job search services? Why do they refuse to spread this good news? Could the hon. member give me an answer on that?

Mr. Dubé: Mr. Speaker, I want to make a comment before replying to the secretary of state for the status of women. For reasons of time, I cannot answer all of her questions. However, I want to make an observation. Most of the hon. member's comments had to do with the UI project, while today's debate is on a motion dealing with manpower training.

• (1235)

Through the Chair—since we must always comply with parliamentary rules—I want to provide some information to the secretary of state for the status of women, who asked specific questions.

Why will we, Quebecers and Bloc Quebecois members, not fulfil her wish to see Quebecers accept that the federal government go over the head of their provincial government to deal directly with individuals? That is what she said, they want to reach individual Canadians. The hon. member said that we are really turning this into a power struggle. This is what she is suggesting when she says: “You are turning this issue into a power struggle and, because of that, we, the federal government, have a problem adequately reaching individuals”. Such a view truly reflects an attitude which still prevails and which has to do with reaching Quebecers, individually, in fields that come under Quebec's jurisdiction.

The hon. member sees this as a power struggle. Earlier, in my comments, I tried to show the adverse effects maintaining such duplication with have on these same individuals who want to get proper training.

At one time, there were 25,000 people in Quebec seeking vocational training but unable to get it, because sometimes one level of government would not have the required funds, or at other times it would be the other one. The funds allocated to a particular program had run out. There were some 30 federal programs, and approximately the same number of Quebec programs. Confused by all this overlap, the unfortunate individual was sometimes discouraged. Because they kept on trying,

Supply

others obtained the information they required, but it was often too late because the funds had run out.

For example, people registering with employability enhancement centres might be asked if they were UI recipients. If they said: “No, I am on welfare”, they would be told they did not qualify and should turn to the Quebec government or to Quebec funded agencies. The reverse was also possible for welfare recipients. It is always like that.

I am quite familiar with current federal programs, because I have been studying the issue thoroughly for the past two years, and I can say that only 15 per cent of welfare recipients benefit from federally developed or supervised activities. The same thing can be said about the province, and one must understand the reasons for that situation.

Since welfare benefits are paid by Quebec, even if 50 per cent of the funds come from the federal government, the province was well advised to create programs to help people qualify for UI benefits, which is what they did. When the federal government saw that they were qualifying for UI, it decided to put in place a program to allow them to retrain.

I have been in this House two years now and I know that some of my constituents have signed up for one program after another but are still unemployed because the system failed to meet their needs.

We are exposing that problem and we want it solved. According to the consensus reached in Quebec since the employment forum, only one government, the Quebec government, should have full responsibility for manpower training. That is what Quebec wants.

[*English*]

The Deputy Speaker: Before debate is resumed, I see the hon. member for Calgary Southeast in her place.

• (1240)

The Chair has been asked to rule on the validity of the amendment made earlier today by the hon. member for Calgary Southeast. Her amendment reads:

That all the words be deleted after the word “prevents” and be replaced with the words “the governments of all the provinces of Canada from adopting a true labour market training policy of their own”.

The motion of the official opposition reads:

[*Translation*]

That this House condemn the government for choosing to reform unemployment insurance in a way that maintains overlap and duplication in the manpower sector and thus prevents the government of Quebec from adopting a true manpower development policy of its own.

*Supply**[English]*

Under the circumstances the Chair must rule the proposed amendment is not valid within our rules. Briefly, the reasons are that the amendment would change the nature of the debate significantly in two respects. First, the official opposition's motion focuses on Quebec only, as it is entitled to do, whereas the amendment enlarges the debate to all of the provinces.

Second, the official opposition's motion refers to manpower development policy whereas the amendment proposed by the member for Calgary Southeast refers to labour market training policy.

On page 257 of Beauchesne's sixth edition, citation 929 reads:

On an allotted day, during consideration of the business of Supply, an amendment must not provide the basis for an entirely different debate than that proposed in the original motion. *Journals*, March 16, 1971, p. 416.

Accordingly, and with thanks to the member for Calgary Southeast for her submission, the Chair must rule the amendment is not receivable and not valid under our rules.

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, I will be splitting my time with the hon. member for Bonaventure—Îles-de-la-Madeleine.

When we debate in the House we often think about what the real people with real problems and real challenges are thinking as they see us exchange points of view. I wonder today what the unemployed Quebecer in Chicoutimi, Laval or Trois-Rivières would think about the motion brought forward by the hon. member for Mercier and the Bloc Québécois.

What would the single mother think as she struggles to hold down two part time jobs, scared to death that her family will end up on the street? What would the older worker think who sees his job disappearing while all the new jobs required better skills? What would the small business owner think who wants to create jobs and hire new workers but cannot afford to compete with the UI economy? What would the young student think as she prepares to leave school and sees her older friends already collecting unemployment insurance for the third, fourth or fifth time at a very young age?

These people are looking for a decent chance at a good job with a good income. Instead the Bloc Québécois has unfortunately resorted to this motion, a motion I believe has nothing to do with reality. It has nothing to do with the real challenges real people face in Quebec and outside of Quebec or with the real thrust of the employment insurance bill.

Instead, unfortunately the Bloc Québécois wants to pick a fight. It wants to pick a fight where there is really nothing to fight about. Is the Bloc truly concerned about provincial jurisdiction over training? Perhaps it should listen to the Prime Minister, to the minister who wrote this bill. Bloc members must read the bill itself.

• (1245)

The federal government is saying loudly and clearly that we will do nothing in this area without the express consent of the provinces. We will get out of any activities that might be seen as interfering with provincial responsibilities.

Is the Bloc truly concerned about overlap and duplication? Then listen to what we are saying. We are saying loudly and clearly to the provinces that if you want to deliver the employment benefits under this new system, we can live with that. If you have your own programs that do the same thing, let us use your programs. If you want to find better ways to co-ordinate programs and get rid of overlap and duplication, then let us do it.

The minister has extended an open hand to Quebec, to all provinces by saying let us build a new and better partnership. Quebec was the very first province to respond and the response was yes, let us talk. The Quebec National Assembly passed a motion to enter into talks with the federal government on the very same day the legislation was tabled.

It is time that members of the Bloc Québécois realized that time and reality have passed them by. Quite simply, the motion they have brought forward is out of date. It was made obsolete by the very bill they are trying to condemn. Let us stop. Canadians, whether they live in Quebec or outside Quebec, are tired of what really are imaginary battles.

What Canadians want us to do as responsible members of this Chamber is to get down and do the job that needs to be done. They want us to create a climate where people feel secure, a climate where jobs are created, where people are given opportunities and are empowered to make the best decisions possible for them, for their community and indeed for their nation.

As a federal member of Parliament, as a member of the Canadian government, I know we have made every effort possible to reach out to the provinces in the spirit of co-operation and goodwill. We have extended our hand to anyone who wants to sit down, to get together in a very meaningful partnership and implement the changes people are asking for.

I respect the hon. member for Lévis as a very hard working member of the human resources development committee. Of course, I do not share his point of view in reference to the issue of separation and many others. Now is not the time to throw up our arms; it is a time to roll up our sleeves.

There are people out there who depend on legislators to bring about positive change to their lives. It is for this reason that I get up in this House convinced that the employment insurance bill the government tabled is a very good bill. It is worth supporting and takes into consideration the very sensitivities that the Bloc Québécois, the Reform Party and Canadians in general have brought forward during the debate on social security review.

What are we trying to achieve with the employment insurance bill? The employment insurance bill recognizes two fundamental things. One is that people during time of unemployment require income security. It is provided in the bill. It also recognizes the fact that there is a different economy out there. Long term unemployment since 1976 has tripled which speaks to the structural changes of unemployment.

People are staying unemployed for a longer period of time. Why is that? Because they do not have the skills required to get the new jobs. We need to have an active measure introduced which is referred to as a human resources investment fund.

● (1250)

The \$800 million human resources investment fund has five tools which include a target income supplement, wage top-ups, skills and loans grants. There are job partnerships and self-employment assistance which has been working extremely well. There have been 68,000 jobs already created. We have lowered premiums to generate job creation which benefits not only small business but also individual Canadians. We have reduced the maximum insurable earnings which again reduces the premiums.

We have taken all those steps because we believe that the system needs changing. We are doing this also with a great deal of fairness.

Low income families will be able to get up to 80 per cent of their average earnings. The 500,000 people who were excluded from unemployment insurance are brought into the system. UI exhaustees who were shut out of the past system are now brought in if they have had an attachment to unemployment insurance in the past three years. Anyone who was receiving parental benefits over the past five years will be able to access one of the re-employment tools which means they will be given opportunities for re-employment.

Above all, we are not only modernizing the employment insurance system, but the net result of these measures through the various measures including a \$300 million transition job fund will be the creation of over 100,000 new jobs for Canadians. We are doing this for the people of Canada who throughout the hearings told us that they wanted a system that would help Canadians get jobs, keep their jobs, a system that would

Supply

help the most vulnerable and do it in a sustainable fashion. They too understood that the program as it is today could not be sustained when in 10 years it has gone from \$8 billion to \$20 billion.

[*Translation*]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, in his remarks, the parliamentary secretary talked about “real Canadians”, and then about “real problems”.

We on this side also feel we are talking about “real problems”, and, in our mind, there is also such a thing as “real Quebecers”, and not only Bloc members who are intent on paralysing the government. The parliamentary secretary himself read the resolution passed by the Quebec National Assembly. This resolution was supported and passed by all members. It was supported by the Parti Québécois members on the government side and by members of the Liberal Party of Quebec as well.

Needless to say, the official opposition does not feel isolated on this side of the debate as he would have us believe by saying we are the only ones who do not want to co-operate and discuss solutions.

Let me put a few questions to the parliamentary secretary. Concerning the partnership he was talking about, what does the federal government intend to do about employability development organizations? I should point out that all of them have been advised that their mandate will be over on March 30. What will happen to them after that? After all, they are funded by the federal government. Could he outline the alternatives for me?

Time permitting, could he also tell me what will happen with the program for independent students? Funds for this program ran out a long time ago in many ridings. It is all very fine to have programs, but what good are they when there are no funds? What does the government intend to do between now and March 30 for those people who want to go on training? This is an existing program. What is in the way of the federal government keeping those programs alive until an agreement is reached?

● (1255)

[*English*]

Mr. Bevilacqua: Mr. Speaker, I thank the hon. member for Lévis for his question which deals with an interesting point. He is concerned about what is going to happen with training institutions and the independent studies.

The \$800 million human resources investment fund that we have announced will target five areas. There will be agencies that will have to deliver this program. I also want to bring to the hon. member's attention, and I am sure it is good news he already knows about, the fact that it is not only \$800 million. This will be added to a fund of \$1.9 billion which means that we

Supply

as the federal government are investing approximately \$2.7 billion on those five tools.

We are empowering individuals and local communities and provincial governments, if that may be the case. These programs will be delivered by organizations. Some of those organizations may be the organizations the hon. member correctly brought to the attention of the House.

We have to put this debate into its proper context. The federal government felt that the system which presently exists was not working, and the hon. member knows this because Canadians told us from coast to coast. There were far too many jobs and skills mismatched, which thereby also increased unemployment.

What is positive about our program is that it is better targeted. It collapses 39 programs into five. They are five tools that we know actually work because over the past two years we have done experiments and pilot projects with these five programs.

If we look at the self-employment assistance, 34,000 people participated and 68,000 jobs were created. If we look at the wage top-ups and earning supplements, these have also increased the duration that people stay on the jobs plus their income, which is something we need to address as a federal government. We need to provide people with job opportunities and also good jobs that increase income levels.

I conclude my response by turning 360 degrees to the hon. member's question on my earlier comments. As we debate this in the House of Commons, Canadians are faced with the challenges of an ever changing economy. I spoke about the young people, the older workers, the multiple job holder and the part time employees who under the present unemployment insurance program are being marginalized and excluded. We will find that Canadians will respond well to this employment insurance bill. It brings people into the fold. It provides greater income security and opportunities. It recognizes that in an ever changing economy we need to do things better. We need to target things better.

From a fairness point of view there is the fact that low income Canadians with dependents will get a top up which will make them reach approximately 80 per cent of their average earnings. There is the fact that people who were excluded or were UI exhaustees in the past three years will have access to the programs. The only thing they have now is to go on social assistance.

People who were on parental benefits in the past five years will also receive the opportunity to access one of the five pools of the human resources investment fund. That may be a very important bridge to the workplace, to get them back to work.

Overall the reactions I have heard today have been balanced. The small business sector is applauding this move because it

basically reduces its tax burden. Small businesses really believe they are benefiting because through the employment insurance active measures they are actually going to have better human resources available.

• (1300)

At the federal level we want to co-operate fully with our provincial counterparts to ensure we are doing this together, in partnership. In the final analysis, the employment insurance bill tabled last Friday is really about bringing positive change to people's lives and improving their quality of life.

[*Translation*]

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General of Canada, Lib.): Mr. Speaker, I would like to thank and congratulate again the Parliamentary Secretary to the Minister of Human Resources Development.

As you know, we are getting into a rather important debate which concerns a very large majority of my constituents in Bonaventure—Îles-de-la-Madeleine. I feel very emotional because, as a member of Parliament, every day I am made aware of requests which are sent to me, to my office or to various offices providing services to our constituents. We try to find ways to create appropriate and durable jobs in my riding.

As for the motion the hon. member for Mercier put forward, we have the feeling that it was written before the minister introduced his bill here in the House.

I sense in this motion that they are not willing to really work with the Government of Canada, that to a certain extent they question the sincerity of the members on this side of the House, that they question how seriously the Canadian government wants to get Canadians and Quebecers back to work, especially people living in remote areas.

I want to tell you, mainly for the benefit of the population but also for the benefit of the hon. member for Mercier, who is the official opposition's critic for this department, that this piece of legislation is intended to limit and ultimately eliminate the well-known overlapping and duplication in the system.

Again, for the benefit of the members opposite and of the public at large, I want to say that the program has been designed in such a way as to harmonize the programs we have to create jobs and develop employment across Canada.

Besides, what are we trying to do? We are inviting the provinces, especially my province, Quebec, and its employment minister, Mrs. Harel, whom we have to call by her name today, to sit down with us in order to explore the opportunities provided to all Quebecers, businesses and the unemployed in particular, to create permanent and durable jobs, and to stimulate as well, of course, the economic recovery of our area.

Still, the minister spoke of five new conditions, five new programs, if you will, that are now provided for in the bill. We know very well that these five different kinds of benefits will surely help those truly in need.

I still go back to my region and I know full well that the people who work in the natural resources area, especially those who work part-time and in seasonal industries, are often penalized by the current system. The system we are proposing will right this wrong which has been going on for much too long.

• (1305)

I can give you some first-hand examples. In the Magdalen Islands, fisherman's helpers—this is just one example among many others—used to work and still work 10 weeks a year to qualify for 42 weeks of UI benefits. When the program was changed, they had to work 12 weeks to qualify for only 30 weeks of UI benefits. That meant 10 weeks without income for these fisherman's helpers who worked, might I add, not 35 hours a week, not 50 hours a week, but rather 70 hours a week on average. Such is the life of a fisherman's helper in the Magdalen Islands, in the Gaspé Peninsula and, of course, on the lower North Shore.

I can also give you similar examples of men and women who work long hours in the forest industry, throughout eastern Quebec and rural Quebec. Unfortunately, these people were penalized. The number of hours they worked was not taken into consideration. With the new system, we now know that 12 weeks of work equal 420 hours of work. But I can assure the House that these people, these fisherman's helpers in the Magdalen Islands, for example, work an average of 700 hours in 10 weeks.

These people will be able to qualify. The people will not go without benefits for 10 weeks, as we have seen these past two years. This is what the reform is all about. I think it is encouraging to see in this debate that both sides of the House recognize that seasonal workers do work hard and do put in countless hours of work.

Thus, companies will be better able to evaluate the efforts made by these workers in various areas. I can tell you of all kinds of examples, such as people who work in fish factories. I met a few of them in Pasbébiac, Gascons and ridings around Bonaventure—Îles-de-la-Madeleine who work close to 90 hours a week. That is substantial. Unfortunately, as we know, these people were not eligible because, depending on the species harvested in the summer, the fishing season is often restricted to 10 or 12 weeks.

So I believe we have corrected an iniquity that harmed the regions. Of course, the opposition is claiming that these cuts are unfair and wrong, while they mostly benefit people who earn no more than \$40,000. Very few of my constituents earn \$40,000 or

Supply

more in seasonal jobs. Most of them are low-wage workers who did not have a chance to become educated or to find long-term jobs. Life is not always easy and the first thing that we have to acknowledge here today is that we want to help those who really need it.

I remarked to the hon. member for Mercier, the other day, that in her own constituency, there are female or male single parents with two or three children and an income of less than \$26,000. They did not have certain opportunities. That is why we want to establish a program for the underprivileged who really need it.

There is no shame in telling to those who earn \$55,000, \$60,000 ou \$70,000 in a few weeks or in a few months, in the worst cases, that they have to reimburse, in part or in full, the unemployment insurance benefits they received. That is fairness. That is justice. That is the main goal of federalism as we know it.

I heard some positive criticisms, but then I hear members of the Bloc Québécois say: "We are not happy with the situation. We only want the federal government to transfer the whole amount directly to the province of Quebec and let it run the program altogether".

• (1310)

However, no one on that side spoke about the difficulties encountered by the people, the problems they have in finding a job, in getting training. No one ever mentioned the 40 per cent dropout rate in Quebec.

As members of the Canadian government, we believe in this decentralization, and I want to tell you, especially my good friend, the member for Kamouraska—Rivière-du-Loup, that the Canadian government, with the offices it already has, will now be able to work in co-operation with stakeholders, social and community leaders in all of the regions of Quebec and, of course, of Canada.

We are ready to design programs that accurately reflect the needs of our regions, of our employers, of our workers. That is what we want to do. We do not want, like the SQDM and its 12 service points, to establish programs in Quebec City, which will then be imposed upon my constituents. For our part, with our 90 service points and the others which will be developed very shortly in the province of Quebec, we will at last fill a real and urgent need, that is designing programs that will help create stable, durable and gainful employment. That is the main purpose of this bill, as set out by the federal government.

Unfortunately, my time has expired. There are surely a lot of questions. But I invite the opposition, and the public to review the information and to take advantage of the new programs, which are there for the people and not for civil servants.

Supply

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I was much interested in what the member for Bonaventure—Îles-de-la-Madeleine said about the relevance of changing the system based on a number of weeks to one based on a number of hours.

He gave us the example of people who will probably benefit from this. However, the problem with this reform does not necessarily lie in the fact that the number of hours is changed.

Saying that someone will have to work 910 hours to qualify for UI benefits for the first time means that young people, those who re-enter the labour force and women who left it several years ago or worked at home will now have to work 26 weeks, 35 hours a week, to get UI benefits. The eligibility period has almost doubled.

There are aspects of the reform which are unacceptable and I hope the government will correct them. I will give another example which concerns the ridings of Bonaventure—Îles-de-la-Madeleine and Kamouraska—Rivière-du-Loup. I am talking about the fact that, under the new system, seasonal workers will lose part of their benefits. After three years, people who claim for UI benefits every year, such as workers in the tourist or fishing industry, will see their benefits reduced from 55 per cent to 50 per cent of their weekly insurable earnings. They are going to be penalized because they work in seasonal industries.

Now that the reform has been tabled, would it not be possible for the government to bring forward amendments to correct these things which will have a devastating effect on regions such as eastern Quebec?

My question to the member is this: What does he think about the fact that our young people might have to move out of our regions because of the increase in the number of hours it takes to be eligible for unemployment insurance?

Will the requirement to work 910 hours, which is the equivalent of 26 weeks at 35 hours a week, result in our young people leaving the regions in greater numbers?

I have another question that I want to ask of the member, reminding him that, yesterday, the National Assembly of Quebec also endorsed the current position of the government of that province by a 96 to 0 vote. It was a unanimous decision.

• (1315)

I would like to ask him if he would be willing to table in the House a motion which would read as follows: "Quebec must have sole responsibility for policies pertaining to manpower adjustment and occupational training within its borders and patriate accordingly the funding allocated by the federal government to these programs in Quebec". Would he be willing to table such a motion, which was adopted unanimously by the

only Parliament representing Quebecers only, in order to settle the issue of manpower once and for all? Would he be prepared to ask the federal parliament to adopt such an approach?

Mr. Gagnon: Mr. Speaker, there are many questions I would like to answer.

First of all, we clearly show our confidence in Quebecers and in all other Canadians. I think that by giving each unemployed worker a certain amount of money, we give them the tools needed to create their own jobs by letting them decide which course best meets their needs. They can choose the courses suited to the new economy that is emerging in each region.

Decentralization directly involves these people, Quebecers. That is decentralization, and that is what the unemployed want. That is what we mean by change: giving people the appropriate programs, based on their own personal needs.

I also want to answer my colleague's second question, about young people fresh out of high school, professional training, college or university, that is to say all young people. When I graduated—and that was not too long ago—my first priority was to find a job. I would rather use examples from my own region. When a young person graduates, he or she seeks a job to gain experience, to show what he or she can do. This is why with the new in particular, programs like services Canada and youth internship, in particular, we will tell the young person this: "Listen, you have this much money, go to your employer and tell him that, with the support of the Canadian government, you can subsidize part of your salary, on the condition that he promises to keep you on staff for a certain period of time".

I think we are investing in Quebecers. For too long, we invested in the public service, in obsolete programs or programs that were not tailored to meet the real needs of the people. We listen to the people and to the unemployed but, unfortunately, this is not the case of the opposition.

[English]

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, the hon. member has spent a lot of time defending the government's unemployment scheme. There would not be any need for this debate if he would answer one simple question. Why does the government not return this program to its original mandate of being an insurance program, as it was in 1940 when it was started?

Liberal members defend this by saying that history says they are supposed to do all this and be involved in this area. That is not true. The original intent of this was to be a true insurance program. The government has strayed from this, which is why the Bloc is asking these questions. That is why the Bloc has these concerns. That is why many provinces have these concerns.

The member used the phrase “we are going to serve the needs of the people”, and the hon. Minister of Human Resources Development in defending it said “we are going to reduce the risk”.

The auditor general says this unemployment insurance program the way it is presently structured is increasing the risk. Why do the Liberals not do the proper thing and put it back to a true insurance program? They admit that by decreasing the premiums five cents they will create something like 20,000 jobs. I do not know how they know this, but that is what they say. If that is the case, why do they not put it back to a true insurance program and reduce the unemployment rate by 1.5 per cent to 3 per cent? That is hundreds of thousands of jobs.

• (1320)

It is totally inexcusable for the government to go off on all kinds of tangents and create more aspects for the program rather than do the right thing. I do not know how the hon. member could ever defend the fact that it is not becoming again a true insurance program.

Mr. Gagnon (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, the government does not have any intention of going back to 1941. The basis of this reform is to ensure we answer the needs, the requests, and the demands of the new economy, which is completely different from the economy of 1941. In 1941 we were in the middle of a war. It was a completely different context. We did not have the new economic realities. We did not have computers and fax machines and the rise of a new economic class. We did not have the fundamental changes that have taken place in the last five years.

We are trying to invest not in the government programs per se, or the fonctionnaires, but in younger Canadians, in middle aged Canadians, and in older Canadians. We are trying to define what they need. Often what they need is also what the new economy demands. This is why we have to adapt our programs. This is why we should invest in the individual. It is up to the individual.

If I am not mistaken, the Reform Party has always upheld individual rights more than anything else. We are now investing in individuals. We have faith in Canadians to make the correct choice in order to find the course that is tailored to their needs and to that of the new economy. That is why I ask the hon. member opposite to support the government in this courageous initiative.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am pleased to speak on this opposition motion which reads:

Supply

That this House condemn the government for choosing to reform unemployment insurance in a way that maintains overlap and duplication in the manpower sector and thus prevents the government of Quebec from adopting a true manpower development policy of its own.

This opposition day follows on an historical event yesterday in the Quebec National Assembly, when all members present voted unanimously in favour of the following motion—96 in favour and no one against, a fairly rare occurrence in any Parliament:

That the National Assembly reaffirm the consensus expressed in this House on December 13, 1990, on the occasion of the ministerial statement on manpower adjustment and occupational training, to the effect that:

Quebec must have sole responsibility for policies pertaining to manpower adjustment and occupational training within its borders and patriate accordingly the funding allocated by the federal government to these programs in Quebec;

Within the current constitutional framework and in order to improve services to customers—

All Quebec members of Parliament, whether Parti Québécois, Quebec Liberals, Action démocratique du Québec, everyone in the Quebec assembly unanimously adopted this motion, stating that:

—Quebec must take over the control and management of various services pertaining to employment and manpower development and all programs that may be funded through the Unemployment Insurance Fund within Quebec's borders and must therefore receive the funding appropriate to such responsibilities;

The members of the Quebec National Assembly did not say: “Let the federal government give money to the unemployed in voucher form so they can take Quebec courses under an agreement between the federal and the provincial governments”. No, what they said was: “Turn all of the responsibility over to Quebec, and it will handle things”. This statement was supported by both the sovereignist government party and the federalist opposition in Quebec.

• (1325)

They also stated:

The Government of Quebec and representatives of business, labour and the co-operative sector agree to oppose any initiative by the federal government that would constitute an invasion of Quebec's prerogatives.

To find an example of this, one need look no further than clauses 61 and 59 of the bill, which show that, where no agreement is in place between the federal and provincial governments, the province will be penalized because the unemployed will not receive vouchers to purchase courses in Quebec. If this is not an invasion of our prerogatives, what is it? Is this not the kind of behaviour the federal government has been accused of for years?

Supply

The reform as presented is not what Quebec wants. The consensus against it, which we have voiced here on numerous occasions, took on a particular historical value with the National Assembly's motion of yesterday.

Let me read on:

Therefore, it asks the government and the Minister of Employment to immediately undertake formal discussions with the federal government in order to ensure the respect of the consensus and the promotion of the interests of the Quebec people.

What the federalist members who supported this motion, including the Quebec Liberal Party members, said was not: "We must accept the planned reform as presented by the federal government". They said it was necessary to "immediately undertake formal discussions with the federal government in order to ensure the respect of the consensus and the promotion of the interests of the Quebec people".

This initiative by Quebec is therefore entirely legitimate. And if the present federal government is not listening, if it fails to change its reforms accordingly, it will be up against a wall. And as a result, it will again fail to deal with the problem.

Why is Quebec so keen on controlling this jurisdiction? Because as much as \$500 million will be invested in five new employment measures. And by 2001 and 2002, it may be \$750 million. These employment measures affect all of the areas over which Quebec has jurisdiction.

Canadian federalism is a very good example of inefficiency. Although Quebec is responsible for the Labour Code, occupational health and safety legislation and labour standards, the federal government will set up programs relating to wage subsidies and income supplements, a job creation fund, assistance for unemployed entrepreneurs, and a system of loans and bursaries. We will take a closer look at some of these to show the potential for conflict.

For instance, the job creation fund. If Quebec wants an active employment policy, it will have to adopt the federal government's development model. If the Quebec government feels that the federal model is not the one it wants, and if current reforms are supposed to promote manpower mobility and get people out of the resource regions when we in Quebec prefer to promote growth in our regions, we will be stuck with this model forever.

Another example is assistance for unemployed entrepreneurs, the program referred to as self-employment assistance. In Quebec the so-called Paillé plan was implemented. If Quebec wants to develop these measures, it will not be able to control them all, and we get a situation where people who receive self-employment assistance are not eligible under the Paillé plan. If they are on the Paillé plan, they do not get self-employment assistance. This creates situations in which young people

who want to start a business have to knock on the doors of two governments. This reform will not resolve the situation.

My final example involves the loans and grants program. You may be sure that, in the medium term, the program, which is intended to provide grants to the unemployed looking for work will conflict with Quebec's loans and grants program for students outside the regular programs. We will start making comparisons, we will look at workers' behaviour to see whether they would not do better in a regular educational program than under the federal program. This will raise the level of the cacophony between the two governments.

This is why, I think, the wish of Quebecers expressed in the National Assembly may be readily understood.

• (1330)

Furthermore, after the consensus was reaffirmed over the fact that Quebec must be solely responsible for manpower adjustment policy, the minister of employment was told to discuss matters with her federal counterpart. She did so right away yesterday. She wrote the Minister of Human Resources Development to tell him she was ready to discuss matters within the context of the mandate given her by the National Assembly. The mandate is to promote the interests of the people of Quebec and ensure respect of the consensus that Quebec must take control in this area.

Why are we having such a hard time getting the federal government moving on this? When we toured Canada, last year, with the Standing Committee on Human Resources Development, we found in several circles that there was a willingness to take over, through decentralization, certain aspects such as manpower training. Why is it that the federal government has not yet moved in that direction?

The answer can be found in certain elements of the unemployment insurance reform. This reform adds to an already complex decision making process, thus assuring the bureaucrats running the national network that their empire will endure. The best way to perpetuate a bureaucracy is to make it more complex, thus justifying the existence of more assistants, more advisers, more this and more that, in the end making the product less accessible to the client they are supposed to serve.

If there is one thing the government can be blamed for, it is its inability to cut through this bureaucracy and do what the people really want. I think that the federal government was being called to order by the motion passed by the Quebec National Assembly. The National Assembly has put the federal government squarely in front of its responsibilities.

It must listen to the consensus conveyed by the Quebec National Assembly. I will stress that 96 voted for the motion, none voted against and none abstained. All the members present in the National Assembly supported this motion. I would ask the Quebec members on the government side this: Are you willing to move a similar motion giving Quebec sole responsibility for

policies pertaining to manpower adjustment and occupational training within its borders, and supporting the other proposals put forward? Are you listening to Quebecers as National Assembly members were?

Are you willing to take action in your caucus, in committee, so that this reform can provide any province with a real opportunity to opt out and set up its own program, to have a real employment development policy, and to opt out of existing manpower development programs. The array of federal and provincial labour development programs is the laughing stock of all public services, with their confusing names and objectives. These things have never been properly clarified.

The federal government claims it is making an effort, that we could agree on a set of rules. It is wondering why we on this side are not yet satisfied. It is because the federal government wants control over the guidelines. This means that, every time we want to change the way these programs are run, we must first negotiate a federal-provincial agreement, some kind of administrative agreement.

This is unacceptable, in my opinion. Before any administrative aspect is negotiated, there must be agreements on the substance of the issue, and the Quebec consensus on the need to transfer all federal budgets allocated to this sector and to repatriate control over and management of the various employment services must be recognized.

Quebec now faces a rather special situation. Because the federal government decided to maintain its network of employment centres, it is significantly reducing the number of points of service. This will result in fewer services being provided to unemployed individuals. These centres will serve a larger area than before. At the same time, another network set up by the Centre Travail Québec and the Société Québécoise de la main-d'oeuvre is also active in the field.

● (1335)

In the days before the referendum, this government told us: "Yes, we will take into account the fact that you are a distinct society. We will take into account the aspects that make Quebec different". However, after the referendum, we came back here and it was business as usual. It is always the same thing. The federal government claims to be able to do better than Quebec in the manpower sector. That view is not shared by anyone in Quebec, particularly in light of the results.

The auditor general once said that the federal government did not have adequate control over its employability support programs. These programs are not effective, as evidenced by the fact that one million Canadians are out of work. Yet, the government remains insensitive to this fact and cannot bring

Supply

itself to giving Quebec exclusive jurisdiction over the manpower sector.

I am prepared to bet that, if the manpower sector was delegated to Quebec tomorrow, within about ten years there would be a significant change in attitude. Since the stakeholders would be closer to the field, Quebecers would benefit from a program better integrated with the education network. Ultimately, the existing gap between the number of available jobs and the number of available workers would be filled.

This is where our record is the worst; Canada has an international reputation with the OECD for performing very badly in this area, because we administer things at a distance, with no attention to local needs.

In closing, I would like to invite the federal government, particularly those members representing regions of Canada with economic and social objectives and realities that are different from those of the ridings close to Ottawa, to make their views heard in caucus. This will ensure that regions so desiring may be given the necessary tools for development, and the attitude that there is one mandatory national standard can be scrapped.

It would be heaven on earth if all we needed for automatic bottom-line results was to set standards. If that were the case, with all the standards we have in Canada all of our problems would be solved by now.

Essentially, the solution for Quebec lies in this consensus in the National Assembly, in which all of the parties agreed to the same thing: that Quebec be given control over the tools pertaining to manpower, even under the present federal arrangement. When we have this control, we will be able to get things done properly together. And we are asking our minister of employment—because she has been given the mandate, not only by her government but by the Parliament of Quebec as a whole in the National Assembly—to undertake formal discussions with the federal government aimed at ensuring that this consensus is respected and the interests of the people of Quebec promoted.

The government will be judged on whether it agrees to integrate this consensus into its reform. If it does so, it will have Quebecers' gratitude. If it does not, this will be proof once more that more than 50 per cent of Quebecers ought to have voted yes on October 30, to enable us to finally escape from this unwieldy system which benefits neither Quebec nor Canada.

[*English*]

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, I listen to what Bloc is telling us and what it is saying about the government's unemployment insurance program. I have a much more fundamental question that needs to be asked. Why is the Bloc not asking the government why it is not creating more jobs? We go on nattering about why one province does not

Supply

have more of this jurisdiction and we lose sight of the big picture.

It is totally unacceptable that we continue to debate these five points and we forget why the people in Canada in the last election tried to put in place a government they thought would create jobs.

• (1340)

For two years it has been going on and on and has not done a thing. Why is the Bloc not asking the government about some kind of job creation strategy. How many jobs are being created by this? How many jobs are being destroyed by the unemployment insurance program?

The auditor general has said the unemployment rate is one and a half per cent to three per cent higher than it should be because of what the government is doing. It does not make the changes. Why is the Bloc not targeting that problem?

Instead we go on about other things. We have some simple cosmetic changes that have been made like how many jobs does changing the name from unemployment to employment insurance create? Not one. In fact it destroys jobs because we now have to raise taxes. We have to do all these name changes on all the buildings, on all the letterhead and all this kind of thing. That extra tax will destroy more jobs.

We are not addressing the fundamental problem of why we have such a high unemployment rate. We are being taxed to death and the government is using the unemployment insurance system as simply another tax to run some of its favourite programs.

Those are the fundamental questions that should be asked. The Bloc should be asking those questions if it wants to claim to be official opposition in the House.

[*Translation*]

Mr. Crête: Mr. Speaker, first of all, I agree with some aspects of what the previous speaker said. Canadians have every right to criticize the present Liberal government because it was elected on a platform of jobs, jobs, jobs, but in the end it is just coasting. It creates jobs piecemeal, while just as many are being lost, so that net job creation is zero.

This government plays a lot with words, and I think that is significant. Instead of unemployment insurance it now talks about employment insurance, but for heaven's sake, the contents should match what it says on the label. There should be something to help evaluate the impact in terms of job creation and helping us to get out of this mess.

We in the Bloc Québécois are concerned about job creation. We see in these reforms a lot of measures that will have a negative impact on job creation, including the fact that young people who come on the labour market and fail to accumulate 910 hours will remain dependent, will go back on welfare and will become part of the welfare cycle. This is wrong and lends

further credence to the fact that this is a lost generation, and that, we cannot accept.

We in the Bloc Québécois have a different perception of employment. We agree with the Reform Party in some respects. There is also a structural and organizational problem in Canada.

We have developed a system in which one government has the power to collect taxes and spend money in jurisdictions it does not know and does not control, and has developed a fantastic bureaucracy to be able to function. This has created a lot of public service jobs but today, at the operational level, we realize this no longer works. Yes, we have a problem with the plumbing. We will have to deal with a number of things, but we also have a problem with the architecture: I am referring to the fact that governments do not have clearcut jurisdictions.

From the federalist point of view, which I do not share, one could say it is entirely normal that in Canada international relations come under the jurisdiction of a federal Parliament. However, manpower is a not an area in which the federal government can be effective, and this is borne out by unemployment rates that are unacceptable, that are much too high and that show a significant spread. There are marked differences between the regions in central Canada and around the federal government, and more distant regions.

The maritimes, Quebec and other regions outside larger urban centres always seem to have higher unemployment rates than the metropolitan areas. The system puts the regions at a disadvantage, which means that young people must look for employment elsewhere. If we keep the 910-hour standard, you will see a large number of young people between the ages of 18 and 23 who may have managed to get summer jobs in their own regions but will have to leave to get jobs in the city, and we are just going to aggravate this exodus.

• (1345)

Yes, the Bloc is concerned about employment, but as far as the solutions are concerned, we think it is also a matter of the structure and management of manpower training and also the fact that it should be more closely related to the needs of the people concerned and integrated with our educational resources.

When we have a government like the one in Quebec that is responsible for the Labour Code, for occupational health and safety legislation and for labour standards, and we have another government that is going to introduce five measures dealing with issues such as wage subsidies and income supplements, this will further complicate the system. Someone somewhere in the Department of Human Resources Development will then be able to say he is an expert on something no one else understands.

This means he can justify his job, but this is not efficient, and in North America we can no longer afford to operate this way. If we want to be competitive on international markets, decision making must be brought as close as possible to the people. That

should be the government's objective. If the federal government does not adjust and act accordingly, it will be swept away.

[*English*]

Mrs. Georgette Sheridan (Saskatoon—Humboldt, Lib.): Mr. Speaker, things are becoming more and more curious as I listen to my colleagues from the Bloc and the Reform Party.

I listened to Bloc members saying they agree with Reform. Then I listened to Reform members asking why government is not creating more jobs. That sounds a lot like the NDP. Then when we have the Reform and the NDP voting together against the government on issues like gun control, voting against the veto power, perhaps there is a reason for the hon. member's confusion.

Speaking of confusion, I would like to touch again on a point of confusion my friend from the Bloc seems to have. He seems to be suffering from the same affliction as the member for Yorkton—Melville in that he thinks the government was elected on jobs, jobs, jobs. Again, there is probably confusion there given the close relationship between the former government, which did promise that, and the Bloc Quebecois whose members tend to be a lot of recycled Tories.

I am wondering about the comment the member from the Bloc made with regard to what should have happened. This is not a world of should have but a world of what has happened. The people of Quebec rejected what was put to them by the members of the Bloc Quebecois.

The member has made a strong statement that there is not going to be any agreement. I regret that because it seems the package put forward by the Minister of Human Resources Development goes a long way in allowing the federal government and the provincial government to work together to achieve exactly what we have been hearing from the member from the Bloc all year long. I encourage him and his party to co-operate with the government rather than destroy the country.

[*Translation*]

Mr. Crête: Mr. Speaker, when the government member expresses bewilderment at the opposition parties holding similar views on certain things, this may be the time to twig to the fact that, when you make campaign commitments, the decent thing to do is to honour them.

When you say you are going to create jobs, you are supposed to have corresponding policies. When you defeat a government like the former Conservative government by saying that its policies were unacceptable, you have to meet the commitments you made subsequently. The idea is not to win elections, but to carry out the mandates you have been given. That is the goal and what must be achieved.

Supply

There is a lesson for the government in this. For two years the Liberal government told us that there was no problem in Quebec. It told all Canadians: "There is no problem in Quebec, and if we do our job properly, the Quebec problem will disappear". But then they found themselves with 49.4 per cent of the people of Quebec saying yes to sovereignty. The Prime Minister acts as the middle man between Canadians and Quebecers. Canadians realized that he had lost touch with reality and should perhaps be removed so people could talk directly.

I think it important that the message be understood. Our objective should be effective government. On this point a number of parties could agree. Why could we not think all Federalists should basically promote very broad decentralization if they really want this country to continue to function.

In any case, throughout the world today, the solution lies in small groups, which have the tools to develop and do so successfully, controlling the course they want to take and making their own choices.

• (1350)

[*English*]

Mr. Breitzkreuz (Yorkton—Melville): Mr. Speaker, I rise on a point of order. A Liberal member misrepresented the position and the statement I was making. I made it absolutely clear that I was not expecting—

The Deputy Speaker: The hon. member is not making a point of order, he is getting into argument. He will have an opportunity in debate to deal with what has been said.

Mr. Geoff Regan (Halifax West, Lib.): Mr. Speaker, I understand Liberal members have been splitting their time and I have been asked not to split my time. I will be using the full 20 minutes, plus the 10 minutes allotted for questions and comments.

I rise today with some reluctance to speak on this motion. I hope to have an opportunity to speak on the bill and on the many good points in the legislation. However, today we are debating the Bloc opposition motion condemning the government's employment insurance legislation for maintaining overlap and duplication in labour market training. I will try to confine my comments to that motion and to the aspects of the bill which relate to that motion. However, I would like to speak about the many good things the bill will do and I hope to have the opportunity to do so in the future.

If the hon. member and her colleagues in the Bloc had taken the time to give thorough consideration to the new employment insurance legislation they would see it does not maintain overlap and duplication in labour market training. After all, the Minister of Human Resources Development tabled the legislation only last Friday. It is a comprehensive document which deserves serious consideration by all members of the House.

*Supply**[Translation]*

The people of Quebec would be better served if the Bloc spent more time trying to understand this bill.

[English]

Instead they are conjuring up fallacies about its implementation.

To address the hon. member's motion directly, I suggest she refer to page 19 of the just published employment insurance guide. I know the hon. member has not seen this document. If she had she would not be wasting the valuable time of the House with this motion.

On page 19 of the guide, under employment benefits, the last paragraph of the first column states: "The legislation also proposes a new partnership with the provinces in order to eliminate duplication and encourage governments to work together to foster employment". It says the federal government will work in partnership with the provinces to eliminate duplication. That also means eliminating overlap; they are, after all, the same thing.

I do not know how much clearer the government can make it. It has been spelled out in the EI guide. I hope that by elaborating I can assist hon. members opposite, who still seem confused, to understand exactly what this means.

The labour market training initiatives under EI are not the one size fits all programming approach taken by previous governments. The federal government will work with each province individually, including the province of Quebec, because Quebecers are Canadians and are entitled to the same considerations under this legislation as are all citizens of the country.

We will work with each provincial government to help it deliver a federal program if it desires to do so or, and this is a key point, where a province is operating a program which will equally serve EI clients we will support that program. I do not know how much clearer I can make it for the members of the Bloc.

If the provincial government of Quebec agrees or if it has an employment initiative which meets the employment benefits criteria of this legislation, we are fully prepared to work with the Government of Quebec to use that initiative to help unemployed Quebecers get back to work as quickly as possible. The same thing applies in every province and territory of the country.

• (1355)

My colleague has already mentioned, but it bears repeating, that the good news is the Government of Quebec has passed a resolution that says it is willing to discuss labour market training with the federal government. Like my hon. colleague, I

can assure members opposite the federal government welcomes this opportunity to work in partnership with the Quebec government for the benefit of Quebecers. The same philosophy will apply when the government is dealing with other provinces.

Atlantic Canadians are very concerned about the impact EI will have on their lives. We understand we cannot deal with Nova Scotia the same way we deal with Saskatchewan. I should know since my grandfather and my mother are from Saskatchewan. My grandfather was an MP from Saskatchewan and spoke often of its concerns. They are not the same problems, they are not the same situations as they are in Atlantic Canada.

We are all Canadians but there are different circumstances in the labour market and they call for different approaches in different parts of the country. That is the beauty of the employment benefit measures under EI. They provide for local decision making and ensure appropriate accountability in local areas. Also, they emphasize individual responsibility and self-reliance. All of these things are much needed in this area.

Media reports on this topic keep talking about cuts to UI as if that is all there is to this legislation. There is so much more. I look at this legislation as a Robin Hood response to a program badly in need of change and modernization. We are doing everything we can to maintain the benefits for those who need them most. We are helping out. We are providing a low income supplement for low income families with dependants so they will be better off in the future than they have been in the past. They will get more employment insurance than they would under the old UI system. They will get more now under this system.

We are aiming at those. It is true we are cutting from people who make \$70,000 or \$80,000 a year and collect UI on top of that. People in my riding have been telling us to do that for a long time. They have been saying people who make \$60,000 a year cannot keep taking out \$10,000 or \$20,000 on top of that in UI year after year, and after only paying in a few hundred dollars. They cannot keep drawing out when they already have high incomes. They will have to learn to spread those high incomes over the full 12 months of the year. That is only fair.

People have been complaining in Atlantic Canada about that, in my riding certainly for a long time. We are hitting those people who really should not be taking UI every year, those with really high incomes. We are preserving it for those who need it most. That is a very important point. That is why I call this a kind of Robin Hood response to this problem.

The Speaker: Colleague, I think I caught you before your next sentence. That is what I wanted to do so I could take you back there right after question period. It being 2 p.m., we will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

NATIONAL SAFE DRIVING WEEK

Mr. Stan Keyes (Hamilton West, Lib.): Mr. Speaker, as mentioned yesterday by my colleague, the hon. member for London East, this is National Safe Driving Week.

As chairman of the House of Commons Standing Committee on Transport, I am mindful that last year over 40 per cent of automobile fatalities involved a drunk driver. That startling statistic underlies the theme of this year's National Safe Driving Week, the hidden face of impaired driving.

In addition to supporting public awareness campaigns, several provinces and territories are either currently implementing mandatory rehabilitation programs and administrative licence suspensions or plan to do so in the very near future. These measures will prohibit those charged with impaired driving from operating a motor vehicle while awaiting criminal court proceedings.

Through ongoing initiatives such as National Safe Driving Week and the strategy to reduce impaired driving I am confident we will reduce the level of drunkenness, death and injury on our roads.

* * *

[Translation]

AIR TRANSPORTATION

Mr. Maurice Dumas (Argenteuil—Papineau, BQ): Mr. Speaker, on October 30, the second largest Canadian carrier stopped flying from Montreal to overseas destinations. Canadian International has decided to concentrate its international operations in Toronto, thus depriving Montreal of a direct link to Rome.

It is inconceivable that a major carrier such as Canadian International could stop providing international flights from a city as big as Montreal. This situation shows how flawed the transport minister's international route allocation policy is. In fact, Air Canada offered to provide regular flights between Rome and Montreal. The minister's policy, however, prohibits designating a second carrier for this market.

Through his policy, the minister undermines Montreal's development and helps erode its traditional role as a Canadian transportation hub. The minister must stop putting Montreal at a disadvantage by changing his international route allocation policy and reviewing all routes already allocated.

S. O. 31

[English]

DISTINCT SOCIETY MOTION

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, Canadians from sea to sea do not like the distinct society motion. A recent poll shows that only 37 per cent of Canadians outside Quebec support it.

Albertans rejected this notion in the Charlottetown accord. They reject any concept that promotes the inequality of citizens or provinces or gives special status to any province.

The arrogance shown by the Liberal Party during the referendum turned to panic and confusion when status quo federalism was rejected by nearly 50 per cent of Quebecers. The result is this ill-conceived motion. Surely the members opposite can see that this motion is ill-advised and it will further embitter and fracture this nation.

Why are the Liberal members from Alberta mute on this issue? Why do they not speak out on behalf of Albertans? Can they not persuade their colleagues and their leader of the miscalculation of this motion? Too much is at stake to be silent. Canadians should debate this issue fully and not get closed off in the House of Commons. No, nervous nellys in the government invoked closure and are ramming it through. They seem proud of it.

The people will speak. If they do not get a chance to speak now, they will speak later in Edmonton East at the ballot box in 1997.

* * *

[Translation]

TAXATION

Mr. Gilles Bernier (Beauce, Ind.): Mr. Speaker, after watching a report on Radio-Canada's program *Enjeux* last week, I was outraged by the extent of tax fraud in the trade of paintings and works of art.

I have a duty to urge the government to deal a major blow to tax evasion and to the tax shelters depriving federal coffers of millions of dollars in revenue.

We must axe bogus donations to museums by the wealthy and other tax shelters the average citizen cannot benefit from. What is the government waiting for to make companies availing themselves of too many tax shelters pay their taxes? And why not end GST refunds to foreign tourists who make purchases in Canada?

Those are serious ways to eliminate the deficit without hurting social programs too much.

S. O. 31

[English]

SYMBOLS OF CANADIAN NATIONALISM

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I would like to thank the Leader of the Opposition, who recently recognized the importance of the symbols of Canadian nationalism by supplying my office with Canadian flags. I dutifully handed these out to hundreds of our citizens in Christmas parades across Durham. I can assure the member that the deep expression of love for our country and each other was reflected on the faces and in the hearts of all of these communities.

There are other symbols we should change in order to reflect the reality of all the people of Canada as we approach the 21st century. Our currency should reflect the true Canadian traditions rather than foreign monarchs. The head of our state should be truly elected by Canadians for Canadians. Finally, here and across the land, when people take the oath of office or oath of citizenship they should swear allegiance to our great nation.

* * *

HMCS CALGARY

Mr. Geoff Regan (Halifax West, Lib.): Mr. Speaker, late Friday 29 Romanians and one Greek man were plucked from the stormy seas of the North Atlantic by Master Corporal Rob Fisher from Greenwood, Nova Scotia.

HMCS *Calgary* and a Sea King helicopter were on their way back to British Columbia from the Persian Gulf when they responded to the sinking of the *Mount Olympus*, racing 900 kilometres in 18 hours to reach the sinking carrier. Amid frightful conditions, Master Corporal Fisher spent four hours pulling the crew members from the sinking ship to safety.

I know all hon. members will join me in thanking the crew of the HMCS *Calgary* and particularly Master Corporal Fisher for their heroic efforts, the kinds of efforts we have come to expect from the men and women who serve Canada with dedication and distinction.

* * *

• (1405)

THE LATE PHIL GIVENS

Mr. Barry Campbell (St. Paul's, Lib.): Mr. Speaker, I rise today to praise the late Phil Givens, who passed away last Thursday in Toronto at the age of 73.

Mr. Givens personified public service. He served the people of Toronto first as councillor and then as mayor from 1963 to 1966. He served the people of Canada as an MP from 1968 to 1972 and the people of Ontario as an MPP from 1972 to 1977. Appointed to the Metro Toronto Police Commission in 1977, he

became its chairman, serving until 1985. Most recently, he served as a provincial court judge. His was truly a life devoted to serving the community.

Phil was also a man of culture. He will always be remembered as the driving force behind bringing Henry Moore's sculpture "The Archer" to Toronto's Nathan Phillips Square. That bold initiative contributed to Henry Moore's later extraordinary gift of sculpture to the Art Gallery of Ontario.

Phil touched many people's lives and will be sorely missed. He is an example to all Canadians. I am sure members of the House will join with me in sending our condolences to his wife Min and his family.

* * *

[Translation]

MEMBER FOR BROME—MISSISQUOI

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, according to the December 2 issue of the newspaper *La voix de l'Est*, the federal member of Parliament for Brome—Missisquoi made representations to have CIDA grant close to half a million dollars to a group of individuals including a good friend of his for an eight-month business trip to Hungary.

We also learned that this good friend, Daniel Barbeau, was selected as one of the eight lawyers who will participate in the project by one of the minister's associates in his Bedford law firm, who sat on the selection committee.

Assuming this information is true, how did the member for Brome—Missisquoi manage, given the current budget situation, to help his friends benefit from such a sweet grant?

The Speaker: Dear colleagues, when making statements, members must avoid impugning motives, as is also the rule when asking questions in the House. I recognize the member for Calgary North.

* * *

[English]

TRANS-LABRADOR HIGHWAY

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, the so-called Trans-Labrador Highway is a 500-kilometre stretch of gravel road running from Labrador City to Churchill Falls to Goose Bay. For half that distance the road is only good enough to allow travel at 70 to 80 kilometres an hour. The rest of it is almost impassable.

For years the people of Labrador have fought with one government after another, demanding what most Canadians take for granted: a decent, passable road between major centres.

Imagine the earful I got from Labradorians as Reform's Atlantic issues critic when they picked up Saturday's newspaper and saw the Prime Minister opening a stretch of road in West Africa built with Canadian money.

Labradorians deserve to know how this Liberal government can spend millions of dollars in Africa when our own citizens go begging for one decent road between Goose Bay and Labrador City.

* * *

MEDICARE

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, today I was glad to join with the Moderator of the United Church, Dr. Marion Best, and the member for Notre-Dame-de-Grâce in supporting the drive by CAW retirees and the Congress of Union retirees to save medicare.

We played a take-off on the TV game of Jeopardy, answering questions about health care in Canada. At the end we were presented a T-shirt with a caricature of the Prime Minister on it dubbed "Medicare Nightmare".

The Liberals are slowly starving medicare and with it the ability to maintain or enforce national standards. They have reneged on the commitment to repeal Bill C-91 and do something about the spiralling cost of drugs and what those costs are doing to our health care system.

The NDP congratulates the Canadian Health Coalition and the CAW retirees and the Congress of Union retirees for the creative way in which they have sought to educate the public and the Liberals about the threat federal cutbacks are posing to medicare.

* * *

VICTIMS OF VIOLENCE

Mr. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, approximately one woman is killed by a weapon in Canada every six days. She is often killed in a private home. She is often killed by someone she knows. If she is killed by her partner, chances are she has been killed with a gun.

The victims of violence are often those who suffer in silence. They are our mothers, our sisters, our daughters, and our partners.

The national day of remembrance and action on violence against women is very important. It is a day for us to remember the victims of violence, those who suffer from abuse or from the loss of a loved one who has been taken from them. It is also a day of action. It is a day to promote the rights of victims, victim impact statements, the family violence initiative, more effective peace bonds, harsher sentences for offenders. These are initiatives to empower the victims of violence.

S. O. 31

We must also continue to work locally in our neighbourhoods and communities to promote awareness and openness in helping the victims of violence. Working together, we can make our communities a safer place.

* * *

• (1410)

VICTIMS OF VIOLENCE

Mrs. Karen Kraft Sloan (York—Simcoe, Lib.): Mr. Speaker, tomorrow marks the sixth anniversary of the Montreal massacre.

At the Women's World Conference in Beijing, it was agreed that violence against women is not a private issue and that states must exercise due diligence to make sure violence does not occur in the home or elsewhere. At the same conference, Canada introduced and passed a motion that reaffirms rape as a war crime, a crime against humanity. It introduces rape as an act of genocide.

Advances are being made, but there is still much to do, still many barriers to cross, still more awareness to raise, and unfortunately more shelters to keep open.

It is with the memory of the 14 women killed in Montreal on December 6 that we continue to pursue a just society and a better tomorrow.

* * *

[*Translation*]

MANPOWER TRAINING

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, in spite of the strong opposition of all Quebec stakeholders in the labour market, the Minister of Human Resources Development is going ahead with his bill, which, in his own words, seeks to decentralize manpower training to individuals rather than to the provinces.

It is obvious to all Quebec stakeholders that this so-called decentralization is only a farce and does not in any way follow up on the Quebec consensus regarding this issue. On the contrary, it is clear that the minister's project is aimed at allowing Ottawa to keep control over its programs, while trying to make us believe that a decentralization is taking place. Once again, this government is acting in bad faith and is showing contempt for the provinces. Moreover, it shows that it still has not understood the meaning of the results of the October 30 referendum.

* * *

[*English*]

BALKANS

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, the foreign affairs minister is so hard-working and dedicated to his job it is scary.

Oral Questions

Do members remember yesterday when the government promised it would carefully listen to everything the opposition had to say before it made a final decision on the Bosnia mission? Well, the debate went on until nine last night, which is three in the morning in Brussels, where the Minister of Foreign Affairs is. The fact that he was able to stay up watching the debate that late is great. Then he worked the rest of the night away to fully incorporate the opposition's ideas into the final Canadian plan he agreed to this morning.

It is simply amazing. After staying up all night, this hard-working minister was able to put the final stamp of approval on the Bosnia mission first thing this morning, and all this with the comforting knowledge that he had taken fully into account all the views expressed here yesterday. I never would have believed it could be done. But since the government always tells the truth, it must have been what happened. Right, Mr. Speaker?

* * *

ROYAL ARMS OF CANADA

Mr. Patrick Gagnon (Bonaventure—Îles-de-la-Madeleine, Lib.): Mr. Speaker, it is with pleasure I draw the attention of the House of Commons to the recent improvements to the Canadian Coat of Arms. These improvements highlight the motto of the Order of Canada, our country's highest honour. Interestingly, they were proposed by a member of the press gallery, Bruce Hicks, over a decade ago. The motto, "To build a better country", is something every member of the House should be trying to do.

In 1987 the Queen approved this change for limited use in Canada. Everyone who has been to Rideau Hall will have seen this new coat of arms in the stained glass window near the entrance. Last year the Queen authorized its general use and slowly it is being introduced so as to not cost the taxpayers any money.

Last year I sent a copy of these arms in electronic format to every MP and encouraged them to start using them on their letterhead and publications when they reorder. The Minister of Canadian Heritage drew attention to it last month when he unveiled the latest edition of symbols of Canada.

As Canadians, we do not wave our flag, but I am proud of my country and its symbols. I applaud the governor general for this change.

* * *

[Translation]

MANPOWER TRAINING

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, this morning, the daily *La Presse* mentions that the Quebec government is prepared to initiate formal discussions with Ottawa on the transfer of federal funds earmarked for manpower training.

This is good news, particularly since the Quebec employment minister herself, Louise Harel, asked that a meeting be held as quickly as possible to discuss the issue.

This development seems very encouraging. I do hope that it reflects the will of the PQ government to finally recognize the choice made by Quebecers in the referendum, as well as its willingness to turn the page and co-operate with the federal government to promote Quebec's well-being and prosperity.

• (1415)

Provided these discussions are conducted in good faith and in a spirit of goodwill, I am convinced that good things will result, both for the workers and the unemployed.

* * *

BLOC QUEBECOIS

Mr. Raymond Bonin (Nickel Belt, Lib.): Mr. Speaker, Quebec daily newspapers were reporting this morning that the next leader of the Bloc Québécois will be an acting leader and that only the party's general council members will be voting in the election.

How do you like that, a leader who will be there only on a temporary basis, a leader selected by members of the party's establishment, themselves appointed by the retiring leader before he accedes to the throne in Quebec? As a result, party members who militated in good faith find themselves excluded from a process as fundamental as the selection of a new leader, with a leader who is leaving but at the same time wants to keep on controlling what happens in his Ottawa branch.

The Bloc Québécois has not stood the test of time, and this prearranged exercise in democracy does not bode well for Quebec when the new king finally accedes to the throne.

ORAL QUESTION PERIOD

[Translation]

MANPOWER TRAINING

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, yesterday, the Quebec National Assembly unanimously reaffirmed the consensus to the effect that Quebec must have sole responsibility for policies pertaining to manpower and occupational training. To do so, the Government of Quebec must regain control over the management of employment and manpower services, with fair financial compensation and no strings attached.

Given that the National Assembly has instructed the Quebec government to undertake formal discussions with Ottawa to ensure the respect of this consensus, does the Minister of Human Resources Development intend to fall into step and discuss with his Quebec counterpart the unconditional transfer of responsi-

Oral Questions

lities for providing services and setting standards in the area of manpower, along with the related funds and fiscal resources?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I am very pleased that the Quebec government accepted the amendment proposed by the opposition Liberals recommending that the Quebec government sit down and undertake a serious negotiation. That is a very good step which I think demonstrates there can be some openness in terms of pursuing these very important matters of how we can redefine the roles and responsibilities. I certainly will be approaching those discussions with a very open mind about the kinds of interests and the ways in which we can deal with the problem.

We have been in contact with Madam Harel's office. We hope to be able to organize the meetings as soon as possible and as soon as we can fully look at all the respective programs that are being considered in light of the statement and conditions set forward last week by the Prime Minister.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the National Assembly's resolution clearly reaffirmed the consensus reached in Quebec that manpower issues should unconditionally come under the jurisdiction of the Quebec government, as prescribed by the Constitution.

Are we to understand from the minister's answer that he is prepared to conduct discussions with the Quebec government about Ottawa's withdrawing, unconditionally and without federal standards, from the area of manpower and transferring related resources to Quebec, as requested in the resolution passed unanimously by the Quebec government and the Liberal opposition? Everyone agrees in Quebec. Does the minister really intend to do so?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, it was already made very clear in the Prime Minister's statement of well over a week ago that the federal government will withdraw from the area of manpower training. We have made that very explicit. We have also followed that up with the legislation which was tabled on Friday. It will oblige the federal government to work in concert with the provinces in detailing those kinds of relationships. We made it very clear that there would be no training voucher of any kind without the consent of the provinces. We will be sitting down with the provinces to work out a clear harmonization of programs where it is required. It can develop beyond that.

• (1420)

What is important, which the hon. member should applaud, is that for the first time since the Quebec government was elected well over a year ago there has been a major change in its position. It is now willing to sit down under the present Constitution to talk about how we can establish a partnership to help people get back to work.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, I am convinced that not only the minister, but all those watching these proceedings and all members of this House understand our concern. The Government of Quebec was taken for a ride so often by the people opposite that we have become extra careful. We want to know if this is going to take place under optimal conditions.

I would like the minister to be unequivocal. Will he agree, as suggested by the Quebec government at the request of the Quebec National Assembly, Liberals included, to discuss with the Quebec employment minister the possibility of repatriating to Quebec responsibilities pertaining to manpower without letting the threat of national standards hang over our heads as he has in the past? Is he prepared to make a commitment to achieve results along the lines of the consensus expressed by the Quebec National Assembly? I think that the question is clear enough to deserve a clear answer.

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I gave a very clear answer to the previous question. We have already stated clearly in the House and we have entrenched it in the proposed legislation, which I hope the hon. member will vote for as he is so interested, that we recognize and accept the full jurisdictional competence of the provinces in the area of training. There is nothing ambiguous about that. It is perfectly clear.

Now we have to work out the basic rules so that we can apply all the programs. We have to ensure that the clients of our insurance program who paid premiums to get benefits will be assured of receiving those benefits. It is as simple as that.

* * *

[Translation]

UNEMPLOYMENT INSURANCE

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, my question is for the Minister of Finance. Since Friday, the Minister of Human Resources Development and the Minister of Labour have been repeating that the federal government will not use the unemployment insurance fund surplus to reduce its deficit, but will instead put it into a separate reserve fund. Need I remind the Minister of Finance that, in his 1995

Oral Questions

budget, pages 89 and 94, he took those surpluses into account in calculating the revenues and expenditures of the federal government?

Are we to conclude from the statements by the Minister of Human Resources Development and the Minister of Labour that the Minister of Finance has decided to set up an unemployment insurance reserve fund and to give up on his plan to apply UI surpluses to the federal government's revenues and expenditures?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I will answer the hon. member by simply repeating what we said yesterday.

During the course of our extensive public discussions we received a number of recommendations, including recommendations from the trade union movement in Quebec, that we establish a reserve fund to stabilize premiums. In that way we could prevent the kind of drastic economic downturn which occurred in the early nineties when, because there had been no reserves set aside, the recession was worsened by the previous government's necessity to substantially jack up premiums.

That was recommended by the trade unions in Quebec. It was recommended by business groups and by the general public. It is good, prudent economics to set aside a reserve fund so we will not have the additional costs faced in 1992 which would make a downturn worse than it would be otherwise.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, this was an important question concerning the Minister of Finance's budget, yet it is the Minister of Human Resources Development answering—everything is topsy-turvy. I shall repeat the question.

It is clearly set out in his budget, as in the federal government's financial report, that the annual activities of the unemployment insurance program have a direct impact on the deficit and the net indebtedness of the federal government.

• (1425)

Under these circumstances, is it or is it not true that the federal government intends to set up a reserve fund. If so, will the Minister of Finance admit that his deficit forecasts based on using the UI surplus will be struck a fatal blow by the creation of this reserve fund?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, let me answer the member directly

as to how it does affect the deficit not just of the government but of the people of Canada.

Because of the failure of the previous government to set up a reserve fund in order to stabilize premiums, the interest charged against the UI account between 1992 and 1993 amounted to \$1 billion which had to be paid by workers against the premiums. That is what members of the Bloc Québécois are now recommending, that we put additional burdens on workers because they will not support the establishment of a reserve fund.

* * *

FEDERAL-PROVINCIAL RELATIONS

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, when it comes to some provinces, the government's attitude is now we see them and now we don't.

The federal government has been utterly indifferent to B.C.'s concerns on aboriginal issues and the mismanagement of the salmon fishery, and the Prime Minister's constitutional veto scheme ignores British Columbia completely. About the only time the government recognizes B.C. or Alberta is when it comes time to extract money. These western provinces are becoming increasingly alienated from Ottawa. That alienation will deepen when the human resources minister withholds \$47 million from B.C. for introducing residency requirements for welfare.

What does the human resources minister really expect to accomplish by fining British Columbia for attempting to manage its welfare rolls more effectively?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, that is a very surprising question coming from the leader of the third party whose members stand up every day and demand that we ensure that individuals live up to the law.

The British Columbia government has broken the law. If I understand the leader of the third party, he is saying that it is okay for the provinces to break the law but it is not okay for individuals. We believe the law applies to everybody whether they are a provincial government or an individual.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the law is not the issue. If the provinces could fine the federal government for every commitment it has broken, they could pay off their deficits.

The real issue here is the government's Neanderthal approach to federal-provincial relations. The government talks about ushering in a new era of flexible federalism. The reality is that a bankrupt federal government is attempting to use fines and threats to control provincial areas of jurisdiction.

The human resources minister attaches strings to manpower training funding and imposes fines on British Columbia. The Minister of Health does exactly the same things to Alberta.

Is this really the government's vision of federalism, federalism with strings attached, red tape federalism, federalism by threats, federalism by fines?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I am afraid that the hon. leader of the third party is looking in a mirror. That is his version of federalism. I will tell you what we see. We see a federalism which allows and enables Canadians to move freely throughout this country to search for work and to exercise the right of mobility.

It is very interesting that in its proposal the Reform Party says there should be a free movement of goods and a free movement of services, but apparently in the lexicon of the Reform Party there can be no free movement of people. The real problem is to defend the right of Canadians to move freely about this country.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the government imposes fines on British Columbia and Alberta to impose its outmoded view of federalism. It dismisses fundamental objections to its ill-conceived Quebec package from western provinces out of hand.

All of this undermines rather than strengthens national unity. In its misguided attempt to appease Quebec separatists, in its ham-fisted approach to retaining federal control in areas of provincial jurisdiction, the government runs the risk of pushing provinces like British Columbia and Alberta out the back door.

• (1430)

Does the Minister of Human Resources Development realize that his steadfast resistance to real decentralization is as great a threat to the national unity of the country as the efforts of Quebec separatists?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, one of the real threats to Canada is the balkanized, fragmented, mean-minded attitude expressed by the leader of the Reform Party. That is the real danger to the federalism of the country.

If he knew his facts, which he does not, he would recognize that we put in place last year a new transfer payment that would give the provinces brand new flexibility in making choices and the provincial premiers could set up a process to begin discussing it.

The ministers of British Columbia were a full part of it but refused to bring their concerns in front of the provincial body where those decisions could be made. They acted unilaterally

Oral Questions

without any discussion with ourselves or the other provinces. They took an action which broke the law.

We went out there three weeks ago to say let us find a solution, let us negotiate, let us find a partnership. There was absolutely no support from this gentleman or his party for the kind of federalism which must be based upon partnership and co-operation, not the kind of fragmentation this gentleman represents.

Some hon. members: Hear, hear.

* * *

[Translation]

UNEMPLOYMENT INSURANCE REFORM

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

In his reform, the minister takes advantage of the conversion of weeks worked into hours worked to further reduce eligibility for benefits as well as their duration. The current eligibility requirement is between 180 and 300 hours of work, but this figure will be between 420 and 700 hours in the future.

Does the minister admit that, by increasing the number of hours required to qualify for benefits twofold, if not more, in both high unemployment regions and others, he will exclude thousands of unemployed people from the plan, women and young people in particular, who will then have to turn to welfare?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, one reason for moving to an hours based system, which is quite a fundamental reform, was to ensure that we would give full credit to all the work that was done.

For example, in many high unemployment areas where there is a lot of seasonal work, many workers put in long hours, 40 or 50 hour weeks, for which they get no credit. They get exactly the same credit as somebody who works 20 or 25 hours.

As a result of this major changeover, many of those who are in seasonal work and work very long hours for very short periods can establish their eligibility sooner and receive benefits longer. A quarter of a million Canadian workers who presently pay into the system would be able to have a longer term of benefits than they do now because of the hours based system.

[Translation]

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, the bulk of part time and term employees are young people, women, or new workers. These are the ones who will be affected by the minister's reform.

Oral Questions

• (1435)

Does the Minister acknowledge that, by requiring 35 hours of work instead of 15 to qualify for a week of benefits, he is greatly reducing the benefit period of part time workers, most of whom are young people or women? Seventy per cent of part time workers are women and 40 per cent are young people.

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, again I ask the hon. member to look at the package in its entirety.

One of the most important changes we have made is to break what has been commonly known as the glass ceiling. That was a very strong recommendation made during the public hearings. That is the rule whereby 15 hours is the dividing line on which eligibility is established.

Many employers across the country establish an artificial barrier, giving work only up to the 15-hour level so they would not have to pay premiums and give people eligibility. As a result a lot of people were denied work and, more important, were denied the opportunity to have the security of the program, to have access to maternity benefits and to have access to the re-employment measures.

We have broken that glass barrier and we will now allow the work to take its natural course. Therefore people will get more hours than they can under the present artificial barrier.

At the same time for part time workers we are establishing a major premium rebate. Close to 1.3 million of the present 2.2 million part time workers who now pay into the system, something the Reform Party has not quite understood yet, will be eligible for a refund of all the premiums to ensure basic balance and equity in the system.

* * *

ROYAL ARMS OF CANADA

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, the Parliamentary Secretary to Solicitor General of Canada has pronounced in a press release:

Canada has a new coat of arms which will be distributed this week to MPs and schools across the country. . . The new coat of arms will appear on all money, passports, government buildings and rank badges in the Canadian Armed Forces. As a French Canadian, I always thought the coat of arms we had been using was too closely associated with the British. These new arms are an important change in our evolution as a country.

You bet they are, Mr. Speaker. I ask the Minister of Canadian Heritage if this is for real. If so, why did the Canadian public not even have a say on it?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, the coat of arms was approved by the Queen in 1987. I am always prepared to have great parties to celebrate events but this one would be a little late.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, the press release says that the Canadian coat of arms proposed by Bruce Hicks of the press gallery was approved by Queen Elizabeth on July 12, 1994, not 1987.

The point is that this issue has not even come before Parliament; it has not even come before the people of Canada.

My question is about symbols. These symbols do not belong to the Liberal government; they belong to the people of the country. If this is real, why has Parliament not even discussed it?

We have seen closure on the distinct society motion. We have seen closure on constitutional vetoes. Why are we now seeing closure on this issue?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, perhaps I could make a brief correction on dates. The date I gave is correct. That was when the coat of arms was approved. What happened more recently was that the Queen decided it could be distributed all over Canada. That is the difference in dates.

As to the authority, we should remember that the coat of arms is under the authority of the Governor General of Canada. If the opposition or the second party in the opposition wants to have a great debate, it can always use opposition days.

* * *

*[Translation]***UNEMPLOYMENT INSURANCE REFORM**

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, my question is directed to the Minister of Human Resources Development.

With his reforms, the minister has taken the first step towards establishing an employment insurance system that discriminates against seasonal workers, whose benefits will be reduced depending on the number of weeks they were on unemployment insurance in the past.

Will the minister acknowledge that this is a complete contradiction of the recommendations of his task force on seasonal employment and of his own commitments, in that he is creating a two-tier system in which seasonal workers will be treated like second-class unemployed workers?

• (1440)

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, first we should put this matter in context. Just over a decade ago about 15 per cent of UI claimants

were those who used the system on a regular basis. Today that number is well over 40 per cent. There has been an incredible expansion or explosion. That was one of the reasons the cost of the system had gone from \$8 billion to \$17 billion when we inherited it in 1993.

As the hon. member should know, the system was no longer being used to assist people who are unemployed or to enable people to get back to work. It was being used increasingly as a form of supplement to wage packages by a wide variety of industries.

A very strong recommendation came out of the public hearings that were held. The seasonal workers report established that it did not agree with the notion of a two-tier system. It talked about a graduated response that would apply the principles of experience rating. As with any insurance policy, a different premium level is applied the more we use it. That is the kind of principle we have applied here.

It is a very modest one. It is there to provide a certain deterrent to increased use. It is not discriminatory. It is simply to recognize and evaluate the very serious cost of the program as a result of the incredible expansion in use over the past 10 years.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, seasonal workers are honest users of the system and are only guilty of supporting the seasonal economy in the regions.

Will the minister acknowledge that regions whose economy depends largely on forestry, the fisheries and tourism, as is the case in eastern Quebec and eastern Canada, will be among the principal victims of his reforms and that they will become second-class regions with second-class unemployed workers?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, it is unfortunate that the hon. member did not listen to the previous answer.

However, a quarter of a million workers in seasonal industries will be able to receive benefits for a longer period of time. If we add up the actual dollars, it will be more dollars because of the hours based system. The shift to the hours based system means that for the first time full credit or full value is given for the full work they do. That is what workers want. They want to be given full credit for the amount of time put in and not have a bunch of artificial formulas applied to them.

That is what we have done. Every dollar and every hour now count toward credit in the new employment insurance system.

Oral Questions

ROYAL ARMS OF CANADA

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, the Parliamentary Secretary to the Solicitor General of Canada issued a press release today detailing proposed changes to the coat of arms. We spent the morning trying to figure out what exactly he was talking about. I must say that it reads like something out of a LeCarré novel.

The Prime Minister's office does not know anything about the change. The Liberal whip's office said it must be a mistake. The Privy Council office seems to be completely in the dark.

We would like to know what all the secrecy is about. Why is this change being introduced now? Why does not anyone on that side of the House seem to know anything about it?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, changes in the coat of arms are not unusual. They have taken place over the years. We witness now, somewhat belatedly, another change.

If the member wants to make a great show of it, I would suggest he go outside and ride on the back of the unicorn.

• (1445)

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, it is always a pleasure to follow such a class act as this low life minister.

Some hon. members: Oh. Oh.

The Speaker: Colleagues, as much as possible we should refrain from personal attacks. I ask all hon. members to be very judicious in their choice of words.

I return to the hon. member for Fraser Valley East and ask him to put his question.

Mr. Strahl: Mr. Speaker, the government's arrogance typified in that answer seems to know no bounds. First it uses the old Mulroney tactics of ramming through constitutional vetoes and distinct society status when the Canadian people have not been consulted. Now it wants to change the Canadian Coat of Arms, waiting for a convenient moment when it thinks it can sneak it through Parliament past our eyes.

Why is the government now sneaking through these changes to the Canadian Coat of Arms and why is it changing the fundamental symbols of the country at a time when we are trying to keep it tied together?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, I explained these changes were made in 1987. We are not currently doing anything. We are printing booklets giving the symbols of Canada all across Canada.

Oral Questions

One reason, as I understand it, the coat of arms was changed in 1987 was to add “to build a better country”. If this is irrelevant today, I profoundly disagree. Our colleagues should work for a better country, but they do not.

* * *

[Translation]

UNEMPLOYMENT INSURANCE REFORM

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

As we know now, the minister’s reforms will triple the number of hours required to be eligible for unemployment insurance for the first time, from 300 to 910 hours. In so doing, the minister penalizes thousands of young people who are trying very hard to enter the labour market as well as thousands of women who want to go back to work, because they will need more than six months of full time work to qualify.

Will the minister admit that all workers who lose their jobs and apply for unemployment insurance for the first time after having worked less than 18 hours a week for one year will not be eligible for benefits even if they paid premiums during that time?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, it is very interesting that the question cited as reference the report of seasonal workers. That same report recommended strongly that there be stronger eligibility requirements for young people because it was noticed that many young people were simply using a minimum amount of work to get into the system and therefore becoming dependent on cycles year after year.

Our response has been very clearly twofold. First, we have shifted, as the hon. member should know, to a much stronger series of measures to help people, including young people, get back in the job market quickly and effectively.

Second, we have increased our budget for youth employment by 15 per cent this year. In the first year of operation of a youth internship we already have 25,000 young people working in business to make that transition. Our belief is to use positive, active measures to help our young people get into the workforce.

Furthermore, there is one important thing the hon member should know but does not. We are extending those active measures to people who have paid into the new employment insurance system for a period of three years. All those employment measures are available even to those who have exhausted

their claims. They will now have the benefit of our employment measures.

• (1450)

[Translation]

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, it is really too bad that the Minister of Human Resources Development considers unemployment insurance as a drug.

I would like to ask a question from a different perspective. Does the minister agree that individuals who work less than 490 hours annually will never be eligible for unemployment insurance although they have to pay premiums, which has not been the case so far?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, the hon. member has totally and completely misunderstood the major fundamental thrust.

This has been debated for many years. We have finally said the old system which purely provided benefits was not sufficient to help people get back to work. We have shifted those resources into effective measures of employment, things like the self-employment measure, things like the development of a wage supplement to provide for small business.

We are using those measures to help people get back to work, to make up those hours because we happen to believe that everyone would rather work than simply stay on benefits. We are now giving them the means to achieve that goal.

* * *

ABORIGINAL YOUTH

Ms. Judy Bethel (Edmonton East, Lib.): Mr. Speaker, my question is for the Secretary of State for Training and Youth.

At an aboriginal youth forum I recently held in Edmonton East one of the concerns expressed was the high rate of unemployment among aboriginal youth. Participants felt it was crucial to nurture and develop the talent of our aboriginal youth.

What initiatives has the Department of Human Resources Development taken to assist urban aboriginal youth successfully enter the workplace?

Hon. Ethel Blondin-Andrew (Secretary of State (Training and Youth), Lib.): Mr. Speaker, the government is committed to helping aboriginal youth join the workforce successfully. We are actively assisting them to help gain valuable work experience.

On October 16 Human Resources Development Canada announced the latest project, a series of 16 First Nations youth service projects. The Assembly of First Nations will work in

partnership with Youth Service Canada HRD to develop youth service projects which meet the needs of these aboriginal youth.

This initiative will have a total of 240 participants and will cost approximately \$2 million.

* * *

ROYAL ARMS OF CANADA

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, we have a rather curious turn of events here today.

Earlier last week the government in introducing this distinct society motion said it attached great importance to symbolism, even symbolic statements.

Now we have a proposed change in the Canadian coat of arms, a Canadian symbol, and the heritage minister who is supposed to be the guardian of these things dismisses it as inconsequential.

To whom does he believe this Canadian symbol belongs, to the sovereign, to the government, to some Liberal backbencher or to the people of Canada?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, it certainly belongs to the people of Canada, all of us, but particular to those who believe in what is written on the coat of arms: "To build a better country".

I hope the Reform Party believes in it and will support the new coat of arms.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, if it is true what the minister says, that the coat of arms belongs to the people of Canada and he is committed to building a better country, why are the people of Canada not consulted and involved in changes to the Canadian coat of arms?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, the people responsible for the coat of arms are the people of heraldic authority of Canada under the jurisdiction of the governor general.

That is the way the coat of arms is changed. It has been approved by the Queen. If, as I said earlier, my colleague wants to trigger a nationwide debate on the subject of the change, he would be welcome to it.

* * *

[Translation]

VETO

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, yesterday the Minister of Justice stated that the so-called veto his government is proposing to Quebec in response to the referendum commitments made by the Prime Minister belongs to Quebecers and not to the National Assembly.

Oral Questions

• (1455)

My question is directed to the Minister of Justice. Considering what he said yesterday, will the minister confirm that the so-called veto in Bill C-110 does not in any way belong to the government of Quebec or to the National Assembly?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, Bill C-110 clearly says that before the Canadian government authorizes an amendment to the Constitution, it will need the consent of a majority of the provinces that includes Ontario, Quebec, the Atlantic provinces and the Western provinces. We said clearly in this bill that what we need is the consent of the provinces.

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, does the Minister of Justice agree that the wording of Bill C-110 is such that the federal government is free to circumvent the Quebec National Assembly and, for instance, call a federal referendum in Quebec?

[English]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the important thing to bear in mind is nothing in Bill C-110 changes the formula for amending the Constitution, as set out in part V of the Constitution Act of 1982. What is required under section 38, as the hon. member well knows, is the agreement of seven of the ten provinces expressed by resolutions passed by their legislative assemblies. That is what is required before a constitutional amendment can take place.

All Bill C-110 provides is that before the Canadian government will participate in such a change, and after seven legislative assemblies have expressed their agreement, it will determine the consent of the provinces to the extent of the majority as described in the bill.

What constitutes consent could very well be the legislative assemblies' statement. It could be an expression of support by the government of the province or it could be expressed directly by the people. That flexibility is one of the real advantages of the legislation.

* * *

ROYAL ARMS OF CANADA

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, the debate surrounding the change to our flag was one of the most emotional, controversial and moving in Canadian history. It gave all Canadians an opportunity to participate in the development of the symbols of the country.

We are now told our new coat of arms is ready for distribution late this week. How did this happen in such a state of secrecy? I remind the Minister of Canadian Heritage the press release carried an embargo until 10 a.m., December 4, 1995.

Oral Questions

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, the hon. member has asked a serious question. Although it is on short notice I will try to present her and the House with some information I just received.

I have in my hand a booklet entitled "Symbols of Canada", published by the Department of Canadian Heritage. On page 5, under the heading "Armorial Bearings", which I understand is another term for coat of arms, it states:

Adopted: By proclamation of King George V on November 21, 1921. On the advice of the Prime Minister of Canada, Her Majesty the Queen approved, on July 12, 1994, that the Royal Arms of Canada be augmented of a ribbon with the motto of the Order of Canada, *desiderantes meliorem patriam*—

—they desire a better country.

I hope my hon. friend also desires a better country.

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, of course I absolutely do want to see all of us build a better Canada, a better future. However, the issue here concerns the embargo until yesterday, December 4, 1995, and that part of my question was not addressed.

• (1500)

If the House of Commons represents a place for all Canadians to come and debate through our membership, I would like to know why we did not have a broad debate in the House of Commons to discuss this very basic simple issue.

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, as I understand it—I will be corrected if I am wrong—this booklet I have was distributed to all members of Parliament and to the public. It was distributed some time ago. It is hardly a secret.

As far as I am aware, while there has been a debate and vote in the House on the Canadian flag and a debate and vote in the House on our national anthem, the matter of the armorial bearings of Canada has been something for decision of Her Majesty the Queen of Canada and not for the House of Commons. I see nothing to criticize the government over the actions of Her Majesty the Queen.

* * *

CUSTOMS

Ms. Maria Minna (Beaches—Woodbine, Lib.): Mr. Speaker, my question is for the Minister of National Revenue.

Seniors have come into my office complaining about the long line-ups at customs as they return home for the holidays. By the time they reach customs they are quite tired from their flights. Can the minister tell the House what he is doing to ensure that

seniors and other travellers can move through customs without having to stand in long line-ups?

Hon. David Anderson (Minister of National Revenue, Lib.): Mr. Speaker, I am happy to report that Canada Customs is fully prepared to provide extra services at the border during this holiday season. There is an increase in traffic at this time. A large proportion of the 110 million people who come into Canada come at that time.

Our job is to provide, through extra shifts, part-time workers, and some student customs officers, the best possible service at this time. In addition, this year we will also have at our busiest airports special client service representatives to assist those who may be in trouble.

I think we should recognize that the customs service of Canada is probably the best in the world. They work very hard and long hours during the holiday season protecting this country against illegal weapons, drugs, and other such things. I hope the House will recognize the important work they do, particularly at this time of year.

* * *

UNEMPLOYMENT INSURANCE

Mr. Chris Axworthy (Saskatoon—Clark's Crossing, NDP): Mr. Speaker, my question is for the Minister of Human Resources Development.

The last government walked away from the unemployment insurance fund and this government has done nothing to bring itself closer. Would the minister tell us why he thinks he has the moral authority to take another \$1 billion out of the pockets of unemployed Canadians on top of the \$7 billion he took out last year to use to pay down the deficit, which those people made no contribution in creating?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, we have been through this territory several times, but I would be quite happy to try to repeat it for the understanding of the hon. member.

First, the proposed changes are designed specifically to help create jobs in this country. A large part of that amount goes to re-employment measures, which will enable people to get back to work. The remaining portion goes to help establish a fund to stabilize the premiums.

The hon. member was in this House during the 1990s. He knew what happened when the previous government had to raise the premiums by 95 cents over a period of two years. It threw the market into total havoc. It drove down the economy. It put an extra burden on workers. It destroyed jobs.

One thing about us compared to New Democrats is that we learn from history and we are not going to repeat that mistake again.

The Speaker: Colleagues, this would bring to a close the question period.

THE ROYAL ASSENT

• (1505)

[English]

The Speaker: Order. I have the honour to inform the House that a communication has been received as follows:

Government House
Ottawa

December 5, 1995

Mr. Speaker

I have the honour to inform you that the Honourable John Charles Major, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the 5th day of December 1995, at 4.55 p.m., for the purpose of giving royal assent to certain bills.

Your sincerely,

Anthony P. Smyth,
Deputy Secretary, Policy, Program and Protocol

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—UNEMPLOYMENT INSURANCE REFORM

The House resumed consideration of the motion.

The Speaker: My colleague, I am informed that you have two minutes remaining in your speech. This will be followed by a five-minute question and comment period. I understand you are sharing your time with another hon. member. Is that correct?

Mr. Geoff Regan (Halifax West, Lib.): Mr. Speaker, my wife is often astonished at how quickly and how frequently the schedule changes for a parliamentarian. This is an example of that. When I rose to speak an hour ago I said I would speaking for the full 20 minutes and now it is 10 minutes. I happy to comply and adjust my schedule again.

Before question period I was saying that the bill was a Robin Hood response to the problem we have with the UI system. In 1983 the UI system cost \$9 billion to employers and employees across Canada. Today it costs \$17 billion. The growth in the cost

Supply

of this program has represented a tax on jobs in Canada and we have to deal with it.

People in my riding tell me that it has been misused in many ways and it is time to deal with it. How do we deal with it and why am I calling it a Robin Hood response? We are dealing with this problem of reducing the cost of the program by reducing benefits for the well off who have been breaking the system for a while and increasing benefits to the poor. The low income people who have dependants will get up to 80 per cent, rather than 55 per cent of their previous income under this system. It is an important step forward and we are maintaining the program as much as possible in a very solid way for those in the middle. That is a very important point.

I want to mention the issue of involuntary part-time workers. I have been involved in the food bank movement in the Halifax area, as people in my riding would know. One thing we always complained about for low income people is the growing number of people who have to work part time because they could not find full time work. One reason for that has been the incentive provided in part by the UI system to employers to only hire part time workers, who would work less than 15 hours a week so they would not have to pay these UI benefits, for example.

• (1510)

By moving to an hourly based system where every hour counts and every hour has premiums paid on it, it means that people who are working part time will qualify for UI and the incentive for employers to hire only part time will no longer be there. These are important and positive points about this employment insurance program.

I urge all members of the House to vote against this Bloc motion.

[Translation]

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, I listened very carefully to the speech by the member for Halifax West. I was surprised, because he is from one of the Atlantic provinces, that he had no criticism of the unemployment insurance reform. His is one of the regions that will be affected most in Canada following the unemployment insurance reform. The member sees only positive effects, but his region will surely suffer negative and disastrous consequences.

I come from Latin America, and sometimes representatives of the International Monetary Fund, who travel throughout Latin America, tell governments that they must make cuts, reduce salaries or terminate unemployment insurance or social security programs. From what we see here in Canada, it looks like policy is being dictated by the International Monetary Fund or the OECD.

I would like to know the member's opinion. What does he think of the negative consequences of the system set up by the

Supply

Minister of Human Resources Development for the Atlantic region, which will be hit just as hard as Quebec and other regions in Canada?

Mr. Regan: Mr. Speaker, they are incredible. The Bloc members are unable to see the benefits of these changes to the system. They fail to see the problems with the old unemployment insurance system.

Yes, I come from one of the Atlantic provinces. But, in these provinces, in my region, many people recognize that the old unemployment insurance program needed to be changed, renewed.

[*English*]

The hon. member speaks about my region being hard hit by these changes. The member should examine the proposals a little more carefully and see exactly what is happening. The fact is 45,000 more seasonal workers in Atlantic Canada will have access to employment insurance because of these changes.

Yes, there will be a reduction in the overall amount being spent, but we are focusing it much better toward the creation of employment, toward employment assistance programs, toward training programs, toward important things that are required to move this system away from unemployment insurance to insurance of employment, which is what it is all about.

In the year 1997–98 there will be a total net decrease of about six per cent. By the year 2001 the total decrease in the whole impact of the program will be about seven per cent. Considering that the cost of the program has gone from \$9 billion 12 years ago to \$17 billion today, it should not be surprising that we need to have some changes to this program. The fact that the total impact over the next five or six years will only be seven per cent total for this region should tell the hon. member something. We have done this by making sure that those who need it the most still have it. This means it will work well in Atlantic Canada.

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, studies have shown that the utilization of unemployment insurance benefits is very hard to forecast. The reason is that institutions tend to exploit the opportunities. For example, we know institutions developed in Atlantic Canada that allowed workers to work for exactly 12 weeks in order to qualify for benefits and then the next batch came in to work for 12 weeks. This is how the cost increased.

I wonder whether the Department of Human Resources Development has looked at the possibility of similar institutional developments coming forward in the context of now making part time workers eligible.

• (1515)

Mr. Regan: Mr. Speaker, I am aware that the department has examined many aspects of the bill. There will also be an ongoing monitoring process by the Employment Insurance Commission.

The Reform Party has been saying that we should make it much more like an ordinary insurance system, maybe even make it a totally privatized system. This shows me that Reform Party members are not responsive to the concerns of Atlantic Canada, that they do not care one iota, not one ounce, not even a smidgen about the people in Atlantic Canada. Otherwise they would not hold that position.

[*Translation*]

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, what counts for Canadians is jobs, and that is what counts for the government as well. This is also the fundamental objective of the bill on employment insurance, which the opposition motion is so wrongly criticizing.

The bill does more than protect the incomes of the unemployed. It is based on the principle that we must more actively help people find work. And it is based on the requirements of a modern economy. Another question, however, is central to the debate. The employment insurance bill announces a completely new way to view the role of the provinces in the labour market. This goes to show how flexible this government has been in the past and will continue to be in federal–provincial matters.

A closer look had to be taken at job creation and preservation. Serious thought had to be given at how to combine our efforts with those of the provinces. This involves understanding jurisdictional problems and finding solutions.

We take into account the fact that the provinces are responsible for education and job training. We accept the point of view held by many in Quebec and elsewhere, that the federal government should not get involved in job training. We acknowledge that the federal government should not get involved in activities that might alter provincial priorities in the area of job training.

[*English*]

Last Friday the Minister of Human Resources Development restated that commitment. He went further. He outlined how the new employment benefits under employment insurance would assist in getting Canadians back to work. Needless to say, they will be much more respectful of provincial responsibilities in this area.

[Translation]

Quebec provides an excellent example of this sort of active approach with the collective organizations and partnerships such as the Société québécoise de développement de la main-d'oeuvre.

[English]

The employment insurance bill provides for a new balance to federalism. This is what we see in employment benefits. It is based on an answer to a very important question: would a new set of roles and arrangements between the federal and provincial governments do a better job of getting Canadians back to work and would it do that more efficiently?

[Translation]

The answer to this question is yes. And now is the time to say yes. Quebec is the forum where this answer has to be given. We will no longer be buying training courses from public or private institutions. We will withdraw from apprenticeship, co-op and on-job training programs. These measures are in keeping with the consensus in Quebec.

However, while the federal government no longer intends to play a role in manpower training, it does intend to continue its role in helping the unemployed return to work. The new employment benefits will represent an investment in people. We want to spend this money so effectively that our clients will never need us again. We want to spend this money on, to devote it to activities that will ensure the best results.

Wage subsidies, for example, will help employment insurance clients find work, and we are talking here primarily about people such as those with a disability, who have a harder time of it.

• (1520)

Income supplements will help employment insurance clients find work; most of these people may need short term financial assistance.

Job creation partnerships will help create new jobs for employment insurance clients.

The five measures we have just mentioned are not programs; rather, they outline the types of needs on which we have decided to focus our efforts.

We are reaching out to Quebec and we are ready to work with its employment development programs and tools.

Through the strategic initiatives program, the federal government already supports two Quebec programs that should allow all of Canada to learn important lessons on the labour market. Federal support for PWA will help over 25,000 families throughout Quebec benefit from this important program every year.

Supply

As my hon. colleagues may know, PWA provides wage assistance to low income families. Parents benefit, of course, but so do tens of thousands of children, who can then grow up in families who are proud of their work.

[English]

The results will be clients who are better off with a simple process. That is a basic reason why we are insisting our programs be harmonized with provincial ones.

[Translation]

By reinvesting insurance savings, we will spend more on helping these Canadians. Expenditures will rise from \$1.9 billion to \$2.7 billion. This money will be spent on concrete measures that will make it possible for Quebecers and Canadians to find work.

Allow me, Mr. Speaker, to sum up these various arguments. Our government has said that it would withdraw from job training, and it is. We are going to focus our efforts on effective measures that have a tangible impact. We have made a commitment to harmonize efforts and to strike partnerships so that we can provide real benefits for our clients and for the future of employment insurance.

As part of this employment insurance proposal, we invite the provincial governments to collaborate with us in designing and distributing employment benefits.

I was therefore delighted to see that the Quebec government has taken an important step toward an agreement. When the Quebec National Assembly voted in favour of the Liberal amendment urging it to discuss with the federal government, it made a decision that gives us some hope. It took a step that should eventually improve the choices offered the unemployed throughout Quebec.

We are confident that our commitment to fully respect provincial jurisdiction over education and training is a step in this process. We feel that our commitment to harmonize our activities with those of the provinces is another.

[English]

The government has always been committed to flexible federalism and to flexible approaches on federal-provincial issues such as working together to help the unemployed.

[Translation]

Everyone will benefit from this type of collaboration.

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, while the minister said in his opening remarks that his government's main concern was with jobs, I can tell you that this government's biggest failure is precisely in that area, in spite of the fact that it got elected on a platform of "jobs, jobs, jobs".

Supply

These jobs are nowhere to be seen in Canada, let alone in Quebec. Unemployment is running as high as 10 per cent in Canada. What the minister is suggesting today does not reflect reality.

He also said that the federal government plans to withdraw from occupational training, but at the same time, it is putting forward unemployment action measures to try to interfere, once again, in areas of provincial jurisdiction, because education and occupational training come under provincial jurisdiction.

• (1525)

I must say that I agree with the resolution passed by the Quebec National Assembly saying that the Government of Quebec is prepared to undertake negotiations with the federal government, provided that the federal government completely withdraw from occupational training.

Does the minister agree with the federal government's complete withdrawal from the area of occupational training?

Mr. Massé: Mr. Speaker, the first question or comment made by the hon. member, to the effect that there has been no job creation, is just not factual.

The fact of the matter is that, since we took office, 509,000 new jobs were created in Canada. I am quoting Statistics Canada figures. More than 119,000 new jobs were created in Quebec. That is my answer to the first question.

When we look at the facts, we can see that jobs, in fact more than half a million new jobs, have been created in the economy. Our economic and job creation policies work.

Second, regarding occupational training, we must make a distinction between two things. Quebec claims jurisdiction in the matter because education is a provincial jurisdiction. This means that we must withdraw from all training courses coming under their jurisdiction. But there is another jurisdiction involved which is a federal jurisdiction and, in fact, an exclusive federal jurisdiction, and that is unemployment insurance.

When we draw money from the UI fund to reduce unemployment, we are acting like any responsible person would in spending adequately the funds allocated to them; that is our jurisdiction. We are trying to limit future UI expenditures and to stimulate employment.

A measure designed, for example, to supplement a person's income to allow this person to find a job or to subsidize his company so that he can have a job clearly does not pertain to training. It is an employment measure coming fully under federal jurisdiction and involving the UI fund, over which the federal government has exclusive responsibility.

[English]

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, I listened with great interest to the member who spoke about the great amount of jobs that had been created since the Liberal government took over. I beg to differ with him. If jobs have been created, it certainly has not been as a result of the federal government. Any jobs that have been created have been done through the private sector.

When will the government realize that governments do not create jobs? The best thing that governments have been able to create over the last many years is debt. If job creation programs instigated by parliaments were successful, everybody in Canada would have at least two jobs.

The other day I asked the Minister of Human Resources Development about changes in the delivery of the training programs. He said that we really should be transferring resources to the people, to the private sector and to communities. I would certainly like to see that. I applaud the minister for even thinking about transferring training to the private sector. That is a great leap in attitude for the Liberal government. I would like to see that come about.

In the private sector at least the training would be job specific. It would be specific to the marketplace. The marketplace would have some say in what sort of training should take place rather than having training programs that are supported for example under section 25 of the Unemployment Insurance Act, whereby moneys are allocated to very questionable job training prospects. When I ask about those specific projects that take place in our area, because I would like to have some feedback as to what kinds of permanent jobs have been created and how many people have become employed as a result of those projects, I get very little response. As a matter of fact, I am waiting to get some information as to how successful or unsuccessful those programs are.

• (1530)

I believe the Bloc has come up with a good motion. However, I do not believe it is specific to Quebec. We are talking about Canada. Of course the Bloc oftentimes only speaks about the province of Quebec. This is certainly relevant in my province of Alberta, as it is in la belle province. The Bloc would have had our support if the motion had not been strictly specific to Quebec.

The auditor general questioned the effectiveness of this program. This is not simply an idea the Reform Party has come up with or the Bloc has come up with. The auditor general stated in his report: "In studying programs that pumped about \$4 billion into regional development over eight years, administrators often just added up the number of jobs the projects they funded were supposed to create and concluded that the programs had created those jobs". That is hardly the way to assess the effectiveness of the program. There should be more accountability with respect to these programs.

It is noteworthy that there will be a rebate to people who are part time employees. If they do not earn more than \$2,000 their contributions will be refunded. However, the employee's contribution will not be refunded to the employee. That will have the reverse effect of what the Liberal government says will be a job incentive program. Anything that taxes the people who employ people will have a negative effect on the number of people who are employed. We should be doing more to remove payroll taxes. We should not be putting more roadblocks in the way of business, industry, and private enterprise. We should give them more of a break to ensure they become successful.

My dad used to say that when you work for somebody you have to make sure you make them a dollar or they could not possibly afford to pay you. That is something that may have escaped hon. members opposite.

Having looked at this motion, I move, seconded by the hon. member for Yorkton—Melville:

That the motion be amended by deleting all the words after "sector".

• (1535)

The Speaker: I have looked at the amendment. Because it is the deletion of words I am going to accept it.

[*Translation*]

Resuming debate. The hon. member for Pierrefonds—Dollard has the floor. I understand you will be sharing your time with another member.

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, I think that Bill C-111, introduced in the House last Friday by the Minister of Human Resources Development, is one of the most modern pieces of legislation introduced by this government.

As Prime Minister Jean Chrétien said, the proposed reform aims to help jobless Canadians to rejoin the workforce as quickly as possible, and to regain the dignity associated with working.

Employment insurance is designed to promote the development of the Canadian workforce, as well as economic growth.

To that end, the new employment insurance program proposes new measures geared to the needs of individuals and communities.

It also seeks to promote partnership and co-operation with the provinces, with the sole purpose of improving the well-being of Canadian workers.

Supply

In co-operation with the provinces, and in the context of a new vision and a new approach, we want to provide Canadian workers with the tools and the opportunities that will help them find their niche in the workforce. Along with the provinces, the private sector and community organizations, we want these workers to have jobs that will make our country competitive on the international markets.

Governments must work together to meet the challenges of the new economy and provide workers with the necessary skills and knowledge.

Employment insurance proposes a system that is better suited to the needs of those who want to find work in the modern labour market. For example, I can think of the workers who want to get training, so that they can meet the new labour market requirements, including in the professional and industrial sectors, to ensure their well-being and also contribute to the country's economic growth. Once fully implemented, the proposed reform will create between 100,000 and 150,000 jobs every year, including 40,000 in Quebec.

Employment insurance is a much more efficient program, because it recognizes the work effort, while also helping the unemployed. The proposed changes are fair to all Canadian workers, including those who hold part-time jobs.

This program is indeed more efficient. Once fully implemented, it will result in savings of two billion dollars, without depriving any Canadian of his or her rights. Out of that amount, \$800 million will be reinvested in the employment benefit program. Adding to that amount the current budget of \$1.9 billion for employment benefits, we get a total of \$2.7 billion to be allocated to employment assistance each year. This is a unique and golden opportunity for those provinces interested in reaching agreements with the federal government to look after their workforce in a proactive fashion.

• (1540)

It was also our intention to ensure that Canadians living in high unemployment areas could take advantage of employment incentive measures in order to work more hours in a year. We have therefore established a \$300 million transition job fund over three years, to fund independent growth-related employment in areas of higher unemployment.

In conjunction with our partners, we wish to encourage employers to create new jobs and to help the unemployed to return to the work force as quickly as possible.

Employment benefits are practical and efficient tools which assist those attempting to return to the work force with practical, and in some cases personalized, measures.

Since training is a provincial responsibility, and it is the federal government's intention to withdraw from that sector under the new legislation, skill development loans and grants will be given only after formal consent by the province concerned.

Supply

Employment benefits were designed to encourage personal initiative, to encourage people to make appropriate job search choices. There are management systems to help recipients plan their return to the work force in a methodical way. They will need to commit to following that plan, and there will be follow-up mechanisms.

We have sought to make wage benefits and all employment and re-employment measures as flexible as possible. All levels of government acknowledge the necessity of bringing their labour market-related roles in line with each other; duplication of effort, services and expenditures must be avoided, and initiatives must be co-ordinated. A province wishing to administer a service itself, or to substitute another program which would yield the same results, will be able to do so. The federal government is determined to act in as open a manner as possible, within the confines of its mandate under the national Constitution.

What will Quebec get out of this new legislative package? Respect of our jurisdictions, greater flexibility in human resource management, new opportunities for agreements, and the continuation of some of the many agreements already in place between us relating to employment insurance and human resources development.

To prevent overlapping initiatives and programs, we want to sit down with Quebec and see how we can focus our efforts in the area of manpower training. Parochial squabbles do Canadians a disservice and are counterproductive. We are here to serve all Canadians and that should be the only rationale for what we do.

If the province of Quebec already has a program, we are quite willing to let Quebec manage and determine the basic orientation of this program. We want to avoid duplication at all costs. It is too expensive, creates bureaucratic problems and prevents us from understanding the needs of workers and employers.

We will try to set up formal and specific agreements with the provinces. In each case, we will ask what instruments, programs and employment services should be designed and managed locally. This will be done keeping efficiency in mind. We must give each individual the tools he needs to get back on the labour market.

This means that on the basis of such agreements, Quebec will be able to assume responsibility for delivering an even larger number of projects, programs and services to its workers.

As Prime Minister Jean Chrétien announced a few days ago, the federal government will withdraw from manpower training activities. We will no longer purchase training courses from provincial institutions. We will withdraw from apprenticeship

training, co-operative education programs and on-the-job training.

These measures must be implemented as soon as possible. We have provided for a transition period of up to three years to give the provinces and institutions time to adjust.

Since 1966, we have concluded agreements with Quebec as we have with other provinces in this country, and this proves that we are able to work in harmony to promote the well being of our human resources, with due consideration for the priorities of the province.

The employment insurance bill is a starting point for discussions with the provinces. These discussions may lead to various agreements depending on the particular needs of the provinces, their economic situation and the needs and circumstances of local labour markets. It is up to us to sit down together at the negotiating table and proceed with our discussions while considering our workers, the jobs they need and the economic development of all regions in our country.

● (1545)

In some cases, for example, a provincial government could manage federal employment measures or could use its own programs, rather than implement the proposed federal measures. Similarly, we could combine federal and provincial programs along with other programs from the private sector and the community.

These programs could be administered by the private sector, a local or provincial organization or a consortium. The employment benefits and services proposed in Bill C-111 are based on proven job creation practices.

Experience tells us that helping claimants set up a business is an effective way to return people to work. Since April 1994, 34,000 Canadians have set up businesses using this method. Seventy per cent of them were still active 18 months later. They create an average of 1.1 jobs.

A quick example, before I conclude. In February 1995, Dominique Grenier of Sainte-Agathe-des-Monts started a specialized business in software for people with a disability.

After four years of temporary jobs, he saw self-employment assistance as a way of getting a job. After only ten months, his business is expanding. Interest in his products, which help people cope with their environment, continues to grow. Next year, he intends to hire at least one person, and perhaps two. Here is what he says: "I would not have been able to carry this project out had it not been for the help I received from the Department of Human Resources Development. This sort of program is vital for anyone wanting to start a business".

Supply

In the interest of our fellow citizens, this bill deserves our support. It is centred on a single and vital objective: jobs that give Canadians, communities and regions real hope for the future.

[*English*]

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I listened with great interest to the member's speech. I know he is very interested in his riding and I have heard him many times express his concern about the issue of employment in the province of Quebec. I recently had the opportunity to read a report by the Quebec Manufacturers' Association, who said that employment conditions and problems of labour and employability within Quebec were very serious. I would like to get the views of the member.

I understand unemployment insurance benefits in Canada are some of the highest in the western world. Many people feel that because these benefits are inordinately high compared to countries we compete with in international trade, it has created a lower productivity. In view of that, a number of people feel that productivity in Canada has been declining over the last ten years and no less so in Quebec.

A very positive aspect of this legislation would be to increase labour productivity, increase the attractiveness of Canada and of Quebec as a competitive place in which to do business. What we are really looking at is a long term commitment to create a great number of jobs within that province.

[*Translation*]

Mr. Patry: Mr. Speaker, I wish to thank my Liberal colleague for his question. This new employment insurance reform as proposed by the Minister of Human Resources Development will help us increase productivity in Quebec and across Canada.

There are several very interesting points in this reform; there are the responsibilities we will give to all job seekers. There will be wage subsidies and earnings supplements. I already mentioned self-employment assistance. There will also be partnerships with the provinces, municipalities, and the companies themselves to put people back to work.

• (1550)

I think that this is the most important. There will also be social incentives. Basing the reform on the number of hours of work and on earnings will greatly benefit the Canadian economy. There are inequities in the existing Unemployment Insurance Act in that some people can qualify for UI after working 15 hours a week for 12 weeks, while others who work 14 hours a week in part time jobs, perhaps for several years, have no chance of receiving UI benefits.

This bill will eliminate some inequities. In the case of lower income people, namely those working part time, some 500,000

of them will now be eligible for UI benefits should they need them—although I hope they will keep their jobs for as long as possible.

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, I would like to ask my hon. colleague opposite a question.

Given that the opposition motion before us today deals with the perpetuation of duplication and overlap in the area of manpower, how does he react, as a Quebec member representing the interests of Quebec in this House, to the resolution unanimately carried yesterday in the Quebec National Assembly requesting that the federal government withdraw totally and completely from the whole area of occupational training and everything that pertains to it?

First, what is his reaction and, second, how can he reconcile not acceding to the unanimous request or wish expressed yesterday by the National Assembly with regard to this government's so-called good intentions in recognizing Quebec as a distinct society? If the federal government were not to comply with the resolution passed yesterday, how could he reconcile all that, as an elected representative supposedly here to represent the interests of the Quebec people?

Mr. Patry: Mr. Speaker, I wish to thank my hon. colleague from the Bloc Québécois for his question.

I think it is relatively easy to reconcile the federal government's position and the interests of the people of Quebec, because our focus is on job creation. I believe that the Quebec government is looking into the matter and that future legislation passed in the National Assembly will also focus on job creation now that the referendum was defeated in Quebec.

As far as our reform proposal is concerned—and you referred to occupational training in particular—we feel that the bill now before the House of Commons makes it quite clear that the government intends to withdraw from occupational training completely.

I think that what must be understood with this bill is that the federal government would like all provincial and territorial governments of Canada to get together and look at how duplication can be eliminated. As I indicated in my remarks, as far as we are concerned, there is no question of us buying any occupational training courses whatsoever as we know them, because we must withdraw from occupational training with the consent of the province of Quebec.

I reach out to my hon. colleague and suggest that he ask his leader, who is very likely to become the next Quebec premier, to be not so kind but rather so wise as to come and sit down with the federal government to negotiate federal-provincial agreements on manpower training.

Supply

[English]

Mrs. Georgette Sheridan (Saskatoon—Humboldt, Lib.): Mr. Speaker, as a western Canadian, I welcome the opportunity to take part in this debate on the motion of the opposition party concerning our government's plans to reform the old system of unemployment insurance in Canada.

So far most of the discussion that has taken place since the Minister of Human Resources Development introduced the new act on Friday last has focused on the impact in the eastern parts of the country, in Quebec and Atlantic Canada in particular. It is important to keep in mind, however, that these reforms will impact in all parts of Canada. Canadians in every province will be potentially better off because of them.

A number of respected and knowledgeable Canadians, including several from western Canada, have already spoken publicly in support of the new legislation. There is broad support for the new program all across the country.

• (1555)

It is important that members of the House should assess the new employment insurance act in terms of what it will do for unemployed Canadians, not on how it fits with one political ideology or the other. It is also essential that we use this opportunity to help Canadians to better understand the new act, and especially to clarify some of the misconceptions that have arisen in some of the public discussion in the past few days.

The first thing that needs to be clarified is the question of the reserve, how the reserve that is expected to accumulate in the insurance fund will be used. I raise this because there has been concern expressed that any surpluses that may accumulate will be used to pay down the government's debt or reduce the operating deficit.

Let me be perfectly clear on this. Surpluses in the insurance fund will not be used to reduce the government's debt or deficit. The unemployment insurance fund has operated under a separate set of accounts in the past, and that will not change with the new law. The federal government acts as a lender of last resort for the account when it is in deficit, which by the way must be repaid with interest. Alternatively, when the account accumulates a surplus it will earn interest.

Since 1986, following the recommendation of the auditor general of the day, the unemployment insurance account has been part of the government's consolidated account. This is simply to provide an integrated report of the government's financial operations.

As with the unemployment insurance account, the employment insurance account will be separate from the government's consolidated revenue fund. It cannot be used for purposes other than those designated in the legislation. Thus, should there be

any surpluses in the employment insurance fund, which is self-financed out of employer and employee contributions, it will stay in the EI account. To make it abundantly clear, EI premiums will not be used to pay down the debt.

It is true that the unemployment insurance fund is currently in a small surplus position. It is true that the minister has said it is the government's intention to increase the reserve in the account. The reason for this is quite apart from issues of deficit and debt reduction. The reason for this is to ensure the stability and long term sustainability of the EI program itself.

Members of the House may remember that during the last recession the unemployment insurance program was in serious financial difficulty. Benefit claims were climbing sharply, contributions were not covering the increased payouts, and the unemployment fund operating deficit was growing at an alarming rate. As everyone knows, for an insurance program a growing deficit between claims and premiums spells disaster.

The government of the day, in reaction to this impending disaster, was forced to raise premiums and then to raise them again. In a two-year period premiums increased by about 25 per cent. In fact over a five-year period premiums rose by 36 per cent, from \$2.25 to \$3.07.

The bad news is that these hefty increases in premiums, which I would remind hon. members are paid by the employers and the employees, were not enough to balance the account. At the end of the day, the fund eventually ran up a cumulative deficit of \$6 billion.

People are tired of these big numbers. They are getting very used to them. I put this in perspective. The impact of a \$6 billion deficit on a fund like this means hardship for the employers and the employees. In the first place, employers were faced with higher payroll taxes at a time in the economic cycle when they could least afford it. In effect, this served as a drag on job creation. Some estimates suggested that the premium increases killed as many as 40,000 jobs.

As for the workers, they too were faced with paying higher premiums, which meant they had less money in their pockets after deductions. The increased premiums reduced their after tax income at a time when the economy needed stimulation in the form of more consumer spending.

Fortunately, the system is now back in equilibrium. As I said earlier, we have a small but positive surplus in the account. The financial disaster in the UI fund was averted. No one wants that kind of situation to happen again. That is why it is extremely important that we build a surplus in the EI fund.

Should we get into a position where the reserve is judged to be sufficient, it will allow us to consider whether further premium reductions may be possible. The review of the adjustment to the reforms, which the legislation itself requires must take place by December 1998, will provide us with an opportunity to reassess

the financial stability of the fund and contemplate any such changes.

• (1600)

Where did the suggestions for these changes come from? As it turns out, the proposal to accumulate a reserve in the UI account came from the House of Commons committee which studied this issue and whose members recognized the necessity of maintaining a stable account through the economic cycle. They recognized the need to have money set aside in case of a downturn in the business cycle and the consequent need for higher UI payouts should this occur. For this reason they made a recommendation to keep a reserve against that possibility. This is what the term insurance reserve is all about. It is a matter of prudent fiscal management and has nothing whatsoever to do with deficit reduction.

This is not to say that our government has lost any of its firm resolve to deal with the deficit and debt situation we inherited. We remain firmly committed to the objective set out by the Minister of Finance. We are meeting our deficit reduction targets through operating efficiencies and other spending cuts. We expect to make significant savings with the new employment insurance act. How can this be? There are some very practical ways this could occur.

The first is that we are reducing the cost of premiums for both employers and workers. We are restructuring the system of benefits as we come to grips with a program whose costs have doubled from around \$8 billion in 1982 to over \$16 billion this year. We are introducing a number of new administrative efficiencies which will reduce the overhead costs of operating the unemployment program and will result in a more decentralized program delivery system.

These are important measures for western Canadians and in fact for all Canadians. Reducing premiums means that western Canadians will pay less for the benefit program and will receive more back for every dollar they contribute. This will reduce the amount of cross-subsidization of the program by western Canadians.

These are big changes. Of course sometimes big changes need a time of transition. For this reason government is committed to ensuring that in special needs areas, for example, where unemployment rates are higher than 12 per cent, those areas will receive transitional assistance during adjustment to the reforms.

In addition, the family income supplement will mean that low income parents on unemployment insurance could collect up to 80 per cent of their previous earnings. An important aspect of this new measure is that it treats the family as a unit for

Supply

unemployment insurance purposes and not as a set of individuals.

We know that the best way to reduce costs in the unemployment program is to get people working again. It is not for nothing that the new program is called employment insurance. The new employment insurance program introduced last Friday contains a set of employment benefits that have been described as pro work. Some \$800 million of the savings from unemployment reforms will be reinvested in these measures which are designed to help unemployed workers re-enter the workforce.

Western Canadian provinces will also have full access to the employment benefit measures. The objective of these employment benefits is to improve incentives to work and to reduce dependency on the EI system.

The new employment benefits include well targeted, results oriented measures such as wage subsidies, earning supplements, self-employment assistance, job creation partnerships and loans and grants to help workers improve their skills. Use of these employment measures will be tailored to meet specific labour market needs and priorities as determined within a decentralized context. The emphasis will be on flexibility, common sense and practical experience.

In addition, the future service delivery and decision making will take place as close to the local level as possible. Local skills and expertise will be used working in partnership with other levels of government, community groups, educators and others from the business community and labour organizations.

This new approach to unemployment assistance is based on the idea that effective programs can be designed and delivered in the region that will use them. Ottawa does not have to make all the decisions. It is based on our belief that people want to work. They do not want to draw UI time after time. With the new employment insurance program, we are giving them the tools to get back to work.

Other sceptics may ask whether this innovative approach will work in western Canada. The answer is it already is. The human resources development department has undertaken a number of pilot projects in western Canada which are based on this model.

There is a job creation partnership project in the area of tourism in Medicine Hat. Twenty-six seasonal or displaced workers became involved in a project jointly funded by the federal department and the city of Medicine Hat to help the city plan for an expansion of its tourism industry.

• (1605)

In the area of business start ups, in my home city of Saskatoon there is a self-employment assistance project which has helped 17 entrepreneurs start new businesses. A number of these people have in turn hired new workers.

Supply

Another example is in that very important area of making the transition from welfare to work. There is a self-sufficiency project in the lower mainland of British Columbia, a co-operative venture which provides earnings supplements to help single parents get off welfare and get back to work.

These are all practical working examples, not just airy-fairy hopes and dreams. This is why we know it will work in western Canada just as it works in all parts of the country. The door is open for the development of co-operative ventures with each and every province.

With the new employment insurance act this government has opened the way for individual provinces to work with the federal government to develop unique labour market programs which meet the needs of individual governments, regions and people. Because of this, I must disagree with the motion put forward by the hon. member for Mercier. It is my belief that contrary to that motion this government is doing everything—

The Acting Speaker (Mrs. Maheu): I am sorry, the hon. member's time has expired.

* * *

COMMITTEES OF THE HOUSE

HEALTH

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Madam Speaker, I rise on a point of order. I think you would find unanimous consent for a couple of motions.

[*Translation*]

I move:

That members of the Standing Committee on Health be authorized to travel to hold a briefing session on Preventative Strategies for Healthy Children in North Gower, Ontario, on February 8 and 9, 1996, and that the necessary staff do accompany the Committee.

(Motion agreed to.)

[*English*]

SUBCOMMITTEE ON HIV/AIDS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Madam Speaker, I move:

That the House, pursuant to Standing Order 119.1(1), authorize the Subcommittee on HIV/AIDS of the Standing Committee on Health to televise its meetings scheduled for Wednesday, December 6, Wednesday, December 13 and Thursday, December 14, 1995 in accordance with the guidelines pertaining to televising committee proceedings.

(Motion agreed to.)

RECOGNITION OF QUEBEC AS A DISTINCT SOCIETY

NOTICE OF CLOSURE MOTION

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Madam Speaker, I wish to give notice that with respect to the consideration of Motion No. 26 under Government Orders, Government Business, at the next sitting I shall move pursuant to Standing Order 57 that debate be not further adjourned.

* * *

[*Translation*]

SUPPLY

ALLOTTED DAY—UNEMPLOYMENT INSURANCE REFORM

The House resumed consideration of the motion.

Mr. Philippe Paré (Louis-Hébert, BQ): Madam Speaker, in her speech, the hon. member for Saskatoon—Humboldt claimed that, generally speaking, Canadians were enthusiastic and appreciative as regards the reform proposed in the bill.

I can say that I heard of lot of opinions to the contrary. Many people have opposed several aspects of this legislation.

The hon. member also says, and I agree with her on that issue, that some decisions had to be made to try to reduce, if not eliminate, the UI fund deficit. It is true that something had to be done sooner or later about that.

However, based on what principle of social equity does Bill C-96 lower the contribution of high income earners, while increasing that of those who hold precarious jobs, particularly part-time workers?

In the end, the deficit will be reduced at the expense of the poor, not the rich. I would appreciate it if the hon. member could comment on that principle, because I cannot figure it out.

[*English*]

Mrs. Sheridan: Madam Speaker, I do not disagree with the hon. member opposite that there are some discordant notes and most of them are being played from that region of the House.

As with any bill there will be debate across the country but the provisions of the bill responded to a need that committee members heard when they travelled across the country just over a year ago. They heard a need for reforms to the unemployment insurance fund and the act, not only to the underlying principles but to the way the service is delivered. This piece of legislation goes a long way to providing that service delivery.

• (1610)

The second question concerned what principles of social equity this was based on. The provisions of the bill will go a long way to ensure there is greater equity among all Canadians. I would quote again as an example the changes from a minimum number of weeks to hours to take in part time workers.

I am not sure if I misunderstood what the hon. member said or if he misunderstood what I said. In terms of using the employment fund to reduce the deficit, I went to great lengths to say that is not in fact what the reserve will be used for. If that was his suggestion, I will say once more that the reserve in the employment insurance fund will not be used to reduce the debt and deficit. The surplus which is there will exist as a contingency. If it ever becomes large enough it will be used to reduce premiums. That would benefit both the employers and the employees which is quite an equitable solution.

[*Translation*]

Mr. Yves Rocheleau (Trois-Rivières, BQ): Madam Speaker, first, I want to say that I will be sharing my time with the hon. member for Champlain.

I am very pleased to participate in the debate on the motion tabled by the hon. member for Mercier, which reads:

That this House condemn the government for choosing to reform unemployment insurance in a way that maintains overlap and duplication in the manpower sector and thus prevents the government of Quebec from adopting a true manpower development policy of its own.

You will understand the relevance of that motion, following an almost historical event yesterday, in that a resolution was unanimously approved. Indeed, it is rare that western parliaments unanimously approve such resolutions. Yet, that was the case yesterday in Quebec City, where the three parties at the National Assembly, namely the Parti Québécois, the Liberal Party and the Action démocratique, unanimously agreed on a resolution which provides, in part, that:

Quebec must have sole responsibility for policies pertaining to manpower adjustment and occupational training within its borders and patriate accordingly the funding allocated by the federal government for these programs in Quebec;

Within the current constitutional framework and in order to improve services to customers, Quebec must take over the control and management of various services pertaining to employment and manpower development and all programs that may be funded through the Unemployment Insurance Fund within Quebec's borders, and must therefore receive the funding appropriate to such responsibilities;

The Government of Quebec and representatives of business, labour and the co-operative sector agree to oppose any initiative by the federal government that would constitute an invasion of Quebec's prerogatives.

Supply

This is a resolution that was unanimously approved, by a vote of 96 to nil, by the three parties sitting in Quebec's National Assembly. The timing of this resolution is all the more appropriate, given a particular aspect of that reform mentioned on page 3 of the release. I am referring to the national employment service. It is said that "a modernized employment service will help jobless Canadians organize and conduct job searches. The computerized information network on the labour market will be more powerful and will tell people where they can find work in every region of the country. To that end, the implementation of an improved and universalized version of the service delivery system in Canada's human resource centres was announced in August 1995".

People in Trois-Rivières know all about the implications of that announcement. This is the other reason why I am pleased to speak today and to discuss, for the third time in the last two or three weeks, issues that plague Trois-Rivières.

• (1615)

These are linked to one of the aspects of the minister's reform and relate to the creation of a new national placement system. It will be centred on the Department of Human Resources Development employment centres, and in our area it has been decided that the regional administrative centre, the focal point of departmental activities in our region, will be located, not where it would normally and naturally be, in Trois-Rivières, the regional capital which I have the honour to represent, but in Shawinigan instead.

This is, of course, a worthy city as well, one which knew glory in the days of natural resources development by the Shawinigan Water and Power, and is now represented as best he can by the hon. member for Saint-Maurice, the Prime Minister of Canada. The decision was made at the Department of Human Resources Development to have Shawinigan be the one to benefit from the regional administrative centre, instead of Trois-Rivières.

The question remains—since we are totally in the dark as to the reasons for this decision—was this a technocratic decision or a political one? If technocratic, it is confirmation of all of the public's prejudices against the judgment of technocrats in their ivory towers, away from life's realities, away from the grass-roots, making decisions among themselves in comfort and behind closed doors. They hold meeting after meeting at which they convince one another of how justified their decisions are, without ever really worrying about whether those decisions are in the least bit rational.

If this is a technocratic decision, then we must condemn it out of hand, because it is based on absolutely nothing rational. I will offer you proof very shortly that it even contradicts the parameters set by the department itself.

Supply

The other explanation, perhaps a more plausible one, is that allmighty, all-rational, all-giving politics were involved, where the Prime Minister might have let it be known that common sense and interest ought to prevail, including the self-interest of the member for Saint-Maurice, to ensure that the residents of his riding, with all logic, all rationality thrown to the winds, would reap the benefit of the creation of this new centre instead of the region of Trois-Rivières, the city of Trois-Rivières ever being where workers are merely shuffled around without a job created. In fact, if my memory serves me right, there was more than shuffling, there were cuts, with 58 positions lost due to office closures.

Whether technocracy or politics were involved, the decision is indisputably illogical and arbitrary. As I have said, it contradicts the parameters the department has set for itself with respect to creating these regional centres. The parliamentary secretary will agree there was some kind of rationale. It is never easy to make these decisions, and that is why you need certain criteria.

The main criteria when making these decisions include the population affected, the number of unemployment insurance recipients affected, the number of welfare recipients and the number of businesses and employers likely to hire people on unemployment insurance and welfare.

In each case, Trois-Rivières represents more or less twice the activity, population, number of employers and number of unemployment and welfare recipients. That is why Trois-Rivières is the regional capital. It is the largest urban area and the most important one in terms of economic activity and population in the whole region. That is why it made good sense to have and keep this kind of service in Trois-Rivières.

The department, for reasons that remain obscure, decided to locate the service in Shawinigan. The decision was not only arbitrary and illogical but also very unpopular. Since September, a petition has been circulating, signed by more than 25,000 people, condemning this decision by the federal government. Seventy agencies took the trouble to draft resolutions condemning this decision, including 40 municipalities as well as community agencies.

• (1620)

This case has attracted the support of the Fédération des caisses populaires and the Fédération de l'âge d'or, because the elderly become anxious when they see changes coming and the regional federation got involved as well.

We are seeing a chorus of protests in the riding of Trois-Rivières and in the region, including Cap-de-la-Madeleine, a riding represented by my colleague from Champlain, Trois-Rivières-Ouest, in my riding, and even on the other side of the

river, in Bécancour, which historically has always done business with Trois-Rivières because of its location.

So this illogical and unpopular decision will have certain practical consequences. This is not about protest for protest sake. The fact is that, under the new system, the paperwork will be done by the regional management centre in Shawinigan. People will register in Trois-Rivières, where the facts will be noted, without further processing. And any action subsequent to registration with the manpower centre, on three out of four files requiring additional processing, according to our statistics, will be taken from Shawinigan instead of being processed in Trois-Rivières as is now the case.

The minister claims it will make no difference and will not in any way change the quality of the services now enjoyed by the people of Trois-Rivières and surrounding area. Nevertheless, we should realize that departmental investigations following registration and all appeals to the UI board of referees, for instance, will from now on, according to our information, be done in Shawinigan instead of Trois-Rivières.

Do not tell us there will be no drop in the quality of service for the Trois-Rivières area. That is just not true.

This decision is arbitrary, illogical, technocratic and political, and above all, it was made without any consultation with regional partners.

As I said before, the government has three alternatives, one being the status quo, leaving things unchanged in Trois-Rivières and setting up a centre in Shawinigan for the northern Saint-Maurice area, but the government should not establish a regional management centre in Shawinigan for the whole region, as it is about to do.

[English]

Mr. Alex Shepherd (Durham, Lib.): Madam Speaker, as I listened to the member's comments about this bill I became very confused. He started off criticizing the federal government's spending power, presumably under the whole aspect of manpower training. Basically what has been asked for is the federal government not use that power in such a way that it would create duplication and overlap within provincial jurisdictions.

I hear the federal government has consented to that and has basically said it will not use its spending powers. However, they want the government to do both. They want the government to give them the money in addition to curbing its powers. The reality is they want to have their cake and eat it too.

Worse than that, the hon. member went on to give us a dissertation from the national assembly in Quebec City which would, as I understand it, basically say we should have no presence there whatsoever. The member continued to argue why we should have a placement centre in his riding of Trois-Rivières. It would be more consistent if he argued there should be no placement facilities either in Shawinigan or his own riding.

Supply

It seems terribly inconsistent to me. The argument seems to have developed into “we want to have the spending, we do not want you around, but we kind of want you around too”. We had a very looped discussion.

What really concerns me is the discussion about labour mobility. Basically what has been stated is that the federal government has no presence in the whole aspect of placement throughout the whole country as a nation. I do not know what the member is saying. If he has unemployed workers in Trois-Rivières and there are jobs available in New Brunswick or possibly Ontario or another jurisdiction, would he rather have those people in Trois-Rivières continue to be unemployed? Is that basically the philosophy behind these comments? Possibly the member could clarify that for me.

• (1625)

[*Translation*]

Mr. Rocheleau: Madam Speaker, I thank the member for his question. It gives me the opportunity to pursue my line of thought and show the arbitrariness and illogic of the decision or proposal, because we hope it is still a proposal, to locate the centre in Shawinigan instead of in Trois-Rivières. It is a matter of good common sense. It is clear. Trois-Rivières is the regional capital of the Mauricie region; this is a fact.

Certainly, if we undermine its character like this, take the stuffing out of the regional capital, maybe we will no longer have one. Shawinigan may not be a desirable choice, because it is not as well situated.

We have to bear in mind that this decision is not only arbitrary, it is political. It has all the earmarks, at least according to our information. We can see that the Prime Minister is looking after his own political interest to show he is working for his constituents, while leaving far behind the collective interest of the Mauricie region.

There are two types of people. The people of Shawinigan, and they have a lot of good common sense, are very aware of the outlandishness of the situation. They are also increasingly uncomfortable, like the federalists in Trois-Rivières, who are well aware that, in logical terms, the decision is untenable, because, historically, economic activity has been focussed in Trois-Rivières primarily. They know a major centre has to be maintained. Everyone knows that the decision, with its obvious political overtones, is untenable.

I reiterate the three options open to the government. It could maintain the status quo, keeping Trois-Rivières as the main centre of activity for the entire region; it could set up a centre in Shawinigan to satisfy the Prime Minister’s fancy while retaining Trois-Rivières’ regional nature, incorporating Bécancour; or it could implement its plan, which should not be done,

especially as regards Shawinigan becoming the regional capital. Shawinigan lacks the attributes of a regional capital—although the people there are very nice—but it lacks a pool of employers and of people and claimants, who do benefit arbitrarily although highly politically, at the expense of individuals, employers, seniors and community organizations. We will never agree with a decision that means we have to go all the way to Shawinigan.

[*English*]

The Acting Speaker (Mrs. Maheu): 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 Okanagan—Similkameen—Merritt: national defence; the hon. member for Vancouver Quadra: Vietnam.

[*Translation*]

Mr. Réjean Lefebvre (Champlain, BQ): Madam Speaker, first of all, I would like to remind the members of this House that job training has historically been an area of provincial jurisdiction.

The federal government sneaked in through its jurisdiction over unemployment insurance and put in place a multitude of employability development programs. Over time, and given the costs involved, the federal government has decided to restructure its authority, reduce its financial involvement, and increase its visibility. This is probably the basis of the reform proposed by Minister Axworthy.

However, for several years now, there has been in Quebec a consensus to repatriate manpower training powers. The government, labour unions, and the Conseil du patronat du Québec are hoping the federal government will take a concrete step in this direction in the interest of users, both employees and employers, as outlined in a 1991 letter made public by Quebec employment minister Louise Harel and signed by her Liberal predecessor, André Bourbeau, which condemns any attempt by the federal government to fund labour training through groups and organizations.

• (1630)

The Prime Minister of Canada is using the principle of decentralization to play politics by sending directly to Quebecers cheques allowing them to adapt their training to the new realities in the labour force. He has just missed a good opportunity to establish constructive relations between the Canadian federation and its provinces.

The federal government’s position in this area denotes a lack of respect for Canada’s provinces and supports its efforts to centralize powers. By acting this way, the federal government is trading effectiveness for visibility while contributing to anarchy.

Supply

The minister's bill specifies that he will try to conclude with the provinces official agreements on the implementation of four manpower programs designed to put people back to work. However, should he be unable to come to an agreement with the provinces, he reserves the right to implement his programs with or without their consent. The federal government gives itself the right to bypass the provinces, in case no agreement can be worked out. Does the Minister of Human Resources Development agree with us that the provinces will negotiate with a knife at their throats?

The fifth program announced by the minister provides for the establishment of a job creation fund amounting to \$300 million over three years, which is not distributed among the provinces. To obtain federal funds, the provinces and perhaps even the municipalities will have to inject an equivalent amount. This type of funding favours the richest provinces. This goes against the objective of the fund, which is to create jobs in high unemployment regions.

On the one hand, the minister is promoting overlap between the various levels of government and supporting the costs, and on the other hand, he is tightening UI qualifying conditions and reducing UI benefits.

For the second year in a row and in spite of the UI account surplus, the Minister of Finance announced in his February budget speech that the funds allocated by the Treasury Board to the Canadian job strategy administered under the unemployment insurance program would be cut by an additional \$1.1 billion for fiscal years 1996 and 1997.

At the same time, the Minister of Human Resources Development is announcing that \$800 million will be allocated to training programs to promote job readiness. This new resource envelope being funded through the UI fund, the government is able to save \$300 million on the backs of employers and employees just by shifting the load.

By introducing in his reform the notion of weekly hours of work and by increasing the number of weeks of work required to qualify for benefits, the minister is going after part time workers, most of whom are women, and seasonal workers, the most vulnerable segment of our society. By acting this way, the minister is giving a one-way ticket for social assistance to a larger number of Quebecers, as more than 40 per cent of new welfare recipients were previously on UI.

Once all of minister Axworthy's proposals will have been implemented, they will represent a \$640 million shortfall for the people of Quebec. In my riding, the economy is heavily dependent on the expansion of the tourist, forestry, farm and business industries, all of which provide mostly part time and seasonal employment.

On the whole, UI reform represents a shortfall of approximately \$7 million just in my riding.

The federal government is drawing its inspiration from the cuts Alberta and Ontario made on the backs of workers and the disadvantaged. The Chrétien government could show some initiative and daring in cutting tax benefits for large companies and the best paid members of our society, but apparently he would rather disguise his deficit reduction effort as a social program reform.

According to a document released by the HRD department, the reform making the unemployment insurance into an employment insurance is designed, among other things, to help unemployed workers meet the challenges of new job requirements and career renewal.

• (1635)

Could the minister tell us how, concretely, his reform proposal will resolve the persistent disparity between the ever increasing number of unemployed and the 300,000 jobs that remain vacant every year in Canada, because the unemployed lack adequate training?

This reform will certainly perpetuate overlap between levels of government and the associated costs, but it will also force all those who are looking for a job or for further training to go back and forth between their Canada employment centre, the regional office of the Société québécoise de développement de la main-d'oeuvre, educational institutions and aid agencies. The people of Quebec and Canada will not only have to bear the brunt of this reform, but they will also have to put up with the drawbacks of overlap. That is the real impact of the Axworthy reform.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I listened to the comments of the hon. member. I must admit it seemed there was more discussion about governments and partisan issues than about people. I was concerned that the member had not really addressed the basic issues and the needs of the workers of Canada, regardless of what province they live in. We only have one taxpayer. The important issue is that we really make sure the services provided to Canadians are focused and efficient.

The member talked a little about the fact that in his opinion job training is the sole jurisdiction of Quebec. He said there was federal encroachment by this legislation that has come forward before the House and basically reduced it to a simple matter of petty politics. He then concluded that Quebecers needed full control over manpower training but then concluded we need a constructive partnership. In itself, that is a total contradiction. You cannot have full control and a constructive partnership at the same time.

My real question has to do with the whole UI issue. The member seems to talk about the UI distribution as some sort of instrument of equalization of benefits. Quite frankly, every region of Canada should have one objective, and that is to eliminate all benefits for all Canadians because we will not need them. We need people to get jobs. UI is not a matter of

Supply

equalization. Our objective should be to reduce the amount of benefits paid through job creation.

Would the member try to deal with the essence of the subject really being not equalization but rather the best interests of Canadians?

[*Translation*]

Mr. Lefebvre: Madam Speaker, earlier I listened to the speeches made by several members opposite. I listened carefully. One of them mentioned that, under the new program, a worker unemployed for 52 weeks would—

The Acting Speaker (Mrs. Maheu): The hon. member must address his comments to the member who just spoke, namely the member for Mississauga South.

Mr. Lefebvre: Madam Speaker, I will remember that. One of his colleagues said that a person working 14 to 15 hours a week for 52 weeks would benefit—

The Acting Speaker (Mrs. Maheu): Again, I remind the hon. member for Champlain that his observations must relate to comments made by the member who asked the question, not to those of another speaker.

Mr. Lefebvre: I understand, Madam Speaker. It is because I do not have the name of the hon. member's riding.

An hon. member: Mississauga.

Mr. Lefebvre: Mississauga. Fine. I will now continue. The member opposite told us that the new UI program is beneficial to those who never collected UI benefits. He referred to people working 14 to 15 hours. However, if we multiply those 14 or 15 hours by 52 weeks, we realize that it is impossible for these people to be eligible for UI benefits. The numbers do not add up.

• (1640)

[*English*]

Mr. Derek Wells (South Shore, Lib.): Madam Speaker, thank you for the opportunity to address the Bloc motion on the subject of unemployment insurance reform. I can only begin by saying how astounded I am that such a motion could have been drafted, let alone introduced at this time.

What is the source of the motion? What unemployment insurance reforms are the hon. members of the opposition thinking about? I presume it is not the same reform that was introduced by the Minister of Human Resources Development last Friday.

I heard the Prime Minister's announcement a little over a week ago. I read the documents. What I and millions of Canadians heard was a statement from the Prime Minister that the federal government respects and recognizes the jurisdiction of the provinces in education and training. Millions of us heard him say the federal government is therefore withdrawing from

the direct purchase of training, from apprenticeship training, co-operative education programs, and workplace based training. We heard him announce that agreements with the provinces will be sought on the design and delivery of proposed employment benefits in order to harmonize them with provincial programs. We heard him explain that in some cases the provincial government or a provincial agency could be responsible for delivering these federal measures. Indeed, he was at pains to point out that in other cases provincial programs could be used instead of the proposed federal measures.

He made it perfectly clear to millions of us that funding for training will only be provided by the federal government with the consent of the province concerned. Depending on the agreement reached, it could be provided to individuals, to the provincial government, or to a third party. He stated clearly and ultimately that this arrangement can allow a province, if it wishes, to assume full responsibility for these employment measures, subject only to the proviso that the federal government's responsibilities to ensure the needs of the unemployed are addressed and that the measures that allow them to return quickly to the workforce are met.

The employment insurance reforms specifically and deliberately seek to eliminate overlap and duplication. The reforms will mean that even more than ever a province will be able to develop a comprehensive labour market strategy and policy. It is surely a distortion to maintain otherwise.

It is always difficult to bring about true reform. In the case of a program as well ingrained in the economic and social fabric of Canada as the unemployment insurance program, it is doubly difficult. I am concerned that factual distortion of the sort presented by this motion will damage public understanding of the reform package, especially in Atlantic Canada, where a sound understanding of the new system is of paramount importance.

I believe it is important for Atlantic Canadians to know the facts so they can be aware that the reforms provide much needed structural adjustments, which are absolutely necessary and which over the long term will be good for Canada and for Atlantic Canada.

The opposition members should also take note of the fact that these reforms will help high unemployment regions like Atlantic Canada. This reform package will create 100,000 to 150,000 new jobs, and 45,000 part time workers in Atlantic Canada who are now not eligible for benefits will qualify under these reforms.

Unemployment insurance was never a solution to the Atlantic regional unemployment, nor was it meant to be. We are now facing the fact that it has actually become a cause of unemployment. In other words, it is part of the problem and not the solution. Many people are better off collecting UI than accepting the work that is available. In a recent survey of small

Supply

businesses in Atlantic Canada, 45 per cent of respondents said they want to hire but cannot compete for workers with the social programs, particularly UI.

The new employment insurance legislation is a balanced package that improves work incentives, reduces dependency, and increases fairness while helping Canadians get back to work.

• (1645)

Specifically what does this mean for the Atlantic provinces? It is true that we are cutting overall spending. There will be impacts on Atlantic Canada. We should remember that when reinvestment is taken into account the overall reduction in the region will be no more than 7 per cent. On the whole each of the four Atlantic provinces currently receives more in benefits than it pays in premiums. Although the ratio will be lower they will still be net recipients after reform.

Another important impact for Atlantic Canada is that during the transitional period regions with high unemployment will receive more in terms of job support programs. About \$800 million in savings from the new system would be reinvested in proven job support programs to create opportunities and to help more people get into the job market.

By fiscal year 2000–01, \$214 million or 27 per cent of that amount will go to Atlantic Canada. Further, to stimulate the economy in high unemployment areas transitional job funds will provide \$300 million for job creation over a three-year period. This is in addition to the \$800 million being invested in job support programs.

On the benefit side, people in high unemployment areas will need fewer hours of work to qualify for benefits and will be able to receive benefits for a longer period.

There are other provisions affecting seasonal workers and as we all know Atlantic Canada has more than its share. Under the new system, although some seasonal workers in industries like fishing, forestry and agriculture will receive lower benefits, they will nonetheless get more out of the program than they pay in premiums. They will have more incentive to work outside the peak season because additional work will now not only increase earned income but provide increased benefits as well.

Workers, employers and communities have to be able to cope with the substantial change the employment insurance scheme will bring to the Atlantic region, so the new system will be introduced gradually over several years.

The new employment insurance system will bring essential change to the Atlantic region. We believe the employment insurance active employment measures will lead to stronger labour markets and a more skilled workforce, which in turn will attract investment and jobs.

In the Atlantic region the federal government already works in partnership with the provinces, municipalities, community organizations and the private sector to design and deliver re-employment programs. There are education and training initiatives, personal and business counselling, wage subsidies, self-employment assistance and special programs for women, youth, aboriginal people, individuals with disabilities and members of racial minorities.

Whenever possible both individuals and local communities are encouraged to take responsibility for their own development.

The old UI system trapped people in a cycle of dependence. The new system is designed to help people help themselves. I want Atlantic Canadians to understand that fact and not be distracted by the naysayers. This is why I say the motion before us should be viewed in Atlantic Canada and across the country as the distortion it truly represents.

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I thank the hon. member for South Shore for providing the House with an insight into the situation in Atlantic Canada. There has been much said in the media and among members of Parliament who perhaps do not know the situation very well in Atlantic Canada.

One of the impressions given in some media reports is that it is somehow the norm in Atlantic Canada that people would work for only a few months and make a substantial amount of money, that it was simply a way of life to go on UI. The member has dispelled that very well. The constituents of South Shore should know how very hard and how very ably their member has represented the interests of Atlantic Canada.

• (1650)

With regard to the media impression that has been given, could the member elaborate a bit more on the kinds of things that have been happening, from his experience in South Shore and Atlantic Canada, in reaction to the proposals and on his expectations with regard to the potential benefits of the new program?

Mr. Wells: Madam Speaker, I did an interview in my riding last week. Some people who discussed the issue were in favour of some parts of the program and against other parts. To suggest that we can bring in this substantial change without there being some negative comment is not possible. Certainly when people will be affected there will be some negative comment.

However, on balance it is clear to me from discussions with the business community and others in my riding that the change from weeks to hours is very positive. Every hour of work will now count in the seasonal industries. In many of the industries in Atlantic Canada people do not work a 35-hour week during peak periods. They work 40, 50 and 60 hour weeks. Now they will get credit for all the extra time, whereas in the past they would only get credit for the week regardless of the number of hours. That

is a very positive aspect that has been accepted and endorsed by Atlantic Canadians.

As I stated earlier, there will be at least 45,000 additional people in Atlantic Canada who will now qualify for benefits. They are not getting benefits now because in most cases they are working less than the 15 hours presently needed to qualify.

In addition there is the new family support benefit, a family income supplement for low income families with children. This provision will allow claimants to earn up to 80 per cent of their insured income.

Those are three points but there are others. I could perhaps cite six or seven other provisions that are very beneficial to Atlantic Canadians which will offset some areas where without question some adjustment will be needed. We all recognize that we need to make structural changes to make the system an employment program as opposed to an unemployment program.

[Translation]

Mr. Philippe Paré (Louis-Hébert, BQ): Madam Speaker, I must say that I was very disappointed and even shocked to hear the comments of the member who just spoke.

Throughout his speech, we had the impression that he feels the unemployed are lazy people and that making them hungry will somehow help create jobs.

A supermarket recently opened in my riding. It needed to hire 60 people, mostly for part-time jobs. Yet, 2,000 people showed up. It is not true that the unemployed are lazy. What is true, though, is that there are no jobs for people willing to work. Jobs will not be created by making these people hungry.

[English]

Mr. Wells: Madam Speaker, that comment is very much like the motion, a distortion of the true facts. That is certainly not what I said or implied. To even suggest it to me is an insult. I did not say that. I will not suggest it. The member should not even think it.

We all recognize that people who are out of work are not out of work by choice. At the same time the present system is not helping them. We are trying to bring in employment measures that will assist these people to get the tools and that will help industry and business create the jobs these people badly want.

Mr. Andy Scott (Fredericton—York—Sunbury, Lib.): Madam Speaker, in support of my colleague for South Shore, I simply advise the member from the Bloc that we from the maritimes need not be told that unemployed people are not lazy.

Supply

• (1655)

I will speak to a number of benefits included in the minister's recent announcement. Probably the most important benefit concerns the fact that employment insurance will now be much more inclusive. There are estimates that up to half a million people who were not eligible to be included in the benefits of the unemployment insurance will be included for benefits under employment insurance.

I cannot overestimate how important that provision is because it will allow many Canadians inside the system who currently are on income assistance in the province of New Brunswick to qualify. In many cases they could not find sufficient numbers of weeks to work but could certainly find the number of hours necessary under this provision. There will be people in my province who will be able to qualify with nine or ten weeks of work who might have needed to find fourteen or fifteen weeks of work in the past. They will have access to the program by virtue of the fact that the industries in Atlantic Canada are very seasonal. During peak periods they can work long hours but they cannot extend the long hours over a large number of weeks. It is very important that it has a very progressive outcome by virtue of that.

THE ROYAL ASSENT

[English]

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Madam Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, the Speaker with the House went up to the Senate chamber.

• (1710)

And being returned:

The Acting Speaker (Mrs. Maheu): I have the honour to inform the House that when the House did attend Her Honour the Deputy to His Excellency the Governor General in the Senate chamber, Her Honour was pleased to give in Her Majesty's name the royal assent to the following bills:

Bill C-93, an act to amend the Cultural Property Export and Import Act, the Income Tax Act and the Tax Court of Canada Act—Chapter No. 38.

Bill C-68, an act respecting firearms and other weapons—Chapter No. 39.

Bill C-61, an act to establish a system of administrative monetary penalties for the enforcement of the Canada Agricultural Products Act, the Feeds Act, the Fertilizers Act, the Health of Animals Act, the Meat Inspection Act, the Pest Control Products Act, the Plant Protection Act and the Seeds Act—Chapter No. 40.

Supply

Bill C-102, an act to amend the Customs Act and the Customs Tariff and to make related and consequential amendments to other acts—Chapter No. 41.

GOVERNMENT ORDERS

[*English*]

SUPPLY

ALLOTTED DAY—UNEMPLOYMENT INSURANCE REFORM

The House resumed consideration of the motion and the amendment.

Mr. Andy Scott (Fredericton—York—Sunbury, Lib.): Madam Speaker, one of the benefits of the recently announced employment insurance amendments has to do with the fact that coverage is going to be broadened quite considerably. Many people will have access to employment insurance who have not had access to it in the past.

Another significant advantage is the low income protection contained in the amendments. This will allow up to 80 per cent of insurable earnings to be covered for low income families with children.

There are also the advantages in terms of the long term political viability of the program in that high income earners will have a greater percentage of their benefits clawed back. As an Atlantic Canadian, I am somewhat tired of all of those who point to us and talk about all those wealthy people who are drawing unemployment insurance benefits after making large amounts of money. It does not happen very often. By introducing this clawback we will be able to establish that more quickly in the minds of Canadians.

I also point out the importance of the employment benefit programs that are part of the package. There were 39 in the past which have been reduced to five. Those five programs will now be managed essentially by local officials which means if one element of the package is more suitable to my constituency then all of the attention could be placed in that area. That is a huge improvement.

The job partnership program meets a very real need in my part of Canada. Many people do not acquire enough coverage for the full 52-week period. For example, people are eligible for 26 weeks of insurance benefits yet their summer job or their seasonal job does not start until 10 weeks beyond that.

One of the elements of the new employment benefit package is a job partnership program which will allow job creation opportunities in the communities. This will allow people to fill in that gap when they otherwise would not have benefits or income.

I pay tribute to the minister for last year's consultation. As an Atlantic Canadian, I have been particularly concerned about the bill and the UI changes. I can only say good things about the amount of consultation the minister has allowed and I under-

stand he is going to continue to receive when we look at the bill in committee.

The Acting Speaker (Mrs. Maheu): It being 5.15 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the business of supply pursuant to Standing Order 81(16).

Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mrs. Maheu): The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mrs. Maheu): All those in favour of the amendment will please say ye.

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 nays have it.

And more than five members having risen:

The Acting Speaker (Mrs. Maheu): Call in the members.

• (1740)

[*Translation*]

(The House divided on the amendment, which was negatived on the following division:)

(*Division No. 389*)

YEAS

Members

Ablonczy	Benoit
Breitkreuz (Yorkton—Melville)	Bridgman
Brown (Calgary Southeast/Sud—Est)	Chatters
Cummins	Duncan
Epp	Forseth
Grey (Beaver River)	Grubel
Hanger	Hanrahan
Hart	Hayes
Hermanson	Hill (MacLeod)
Hill (Prince George—Peace River)	Johnston
McClelland (Edmonton Southwest/Sud—Ouest)	Meredith
Mills (Red Deer)	Penson
Ringma	Scott (Skeena)
Silye	Solberg
Speaker	Stinson
Strahl	White (North Vancouver)
Williams—33	

NAYS

Members

Adams
Allmand
Anderson
Assad
Asselin
Axworthy (Saskatoon—Clark's Crossing)
Bakopanos
Bélanger
Bellehumeur
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Bevilacqua
Blaikie
Bonin
Brien
Brushett
Calder
Caron
Chamberlain
Chrétien (Frontenac)
Cohen
Comuzzi
Crawford
Davault
Deshaies
Dhaliwal
Dromisky
Duceppe
Dupuy
Eggleton
Fillion
Finlay
Fontana
Gaffney
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Gauthier
Godin
Graham
Grose
Guay
Harb
Harvard
Hubbard
Iftody
Jackson
Jordan
Kirby
Kraft Sloan
Landry
Laurin
Lebel
Leblanc (Longueuil)
Lefebvre
Leroux (Shefford)
Loney
MacDonald
Malhi
Manley
Marchi
McCormick
McKinnon
McTeague
Mercier
Milliken
Minna
Murphy
Nault
Nunziata
O'Reilly
Paré
Patry
Peric
Peterson
Picard (Drummond)
Pillitteri
Proud
Regan
Rideout
Robillard
Rock
Scott (Fredericton—York—Sunbury)
Sheridan
Skoke
Speller

Alcock
Althouse
Arseneault
Assadourian
Augustine
Axworthy (Winnipeg South Centre/Sud-Centre)
Bélair
Bélisle
Bellemare
Bernier (Gaspé)
Bethel
Bhaduria
Blondin—Andrew
Boudria
Brown (Oakville—Milton)
Caccia
Campbell
Catterall
Chan
Clancy
Collins
Cowling
Crête
de Jong
DeVillers
Discepola
Dubé
Dumas
Easter
English
Finestone
Flis
Fry
Gagliano
Gagnon (Québec)
Godfrey
Goodale
Gray (Windsor West/Ouest)
Guarnieri
Guimond
Harper (Churchill)
Hopkins
Ianno
Irwin
Jacob
Keyes
Knutson
Lalonde
Lastewka
Lavigne (Beauharnois—Salaberry)
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lee
Leroux (Richmond—Wolfe)
Lincoln
Loubier
Maclaren
Maloney
Marchand
Massé
McGuire
McLellan (Edmonton Northwest/Nord-Ouest)
McWhinney
Mifflin
Mills (Broadview—Greenwood)
Mitchell
Murray
Nunez
O'Brien
Pagtakhan
Parrish
Payne
Peters
Phinney
Pickard (Essex—Kent)
Plamondon
Reed
Richardson
Ringuette—Maltais
Rocheleau
Sauvageau
Shepherd
Simmons
Solomon
St-Laurent

Supply

St. Denis
Stewart (Brant)
Szabo
Telegdi
Thalheimer
Tremblay (Rosemont)
Vanelief
Volpe
Wappel
Whelan
Young

Steckle
Stewart (Northumberland)
Taylor
Terrana
Torsney
Valeri
Verran
Walker
Wells
Wood
Zed—190

PAIRED MEMBERS

Bachand
Bodnar
Canuel
de Savoye
Fewchuk
Hickey
Langlois
Martin (LaSalle—Émard)
Phinney

Barnes
Bouchard
Dalphond—Guiral
Debien
Galloway
Knutson
MacLellan (Cape/Cap-Breton—The Sydneys)
Ménard
Pomerleau

The Acting Speaker (Mrs. Maheu): I declare the amendment lost.

The next question is on the main motion.

Mr. Boudria: Madam Speaker, if you were to seek it, the House would probably give its unanimous consent that those members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting nay.

Mr. Duceppe: Madam Speaker, members of the Bloc Québécois will vote in favour of this motion.

[English]

Mr. Ringma: Madam Speaker, Reform members, except if they wish to do otherwise, will oppose the motion.

Mr. Solomon: Madam Speaker, members of the New Democratic Party vote no on this motion.

Mr. Bhaduria: Madam Speaker, I vote against the motion.

(The House divided on the motion, which was negated on the following division:)

(Division No. 390)

YEAS

Members

Asselin
Bellehumeur
Bernier (Gaspé)
Brien
Chrétien (Frontenac)
Davault
Dubé
Dumas
Gagnon (Québec)
Godin
Guimond
Lalonde
Laurin
Lebel
Lefebvre
Leroux (Shefford)
Marchand
Nunez
Picard (Drummond)
Rocheleau
St-Laurent

Bélisle
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Caron
Crête
Deshaies
Duceppe
Fillion
Gauthier
Guay
Jacob
Landry
Lavigne (Beauharnois—Salaberry)
Leblanc (Longueuil)
Leroux (Richmond—Wolfe)
Loubier
Mercier
Paré
Plamondon
Sauvageau
Tremblay (Rosemont) —42

Private Members' Business

NAYS

Members

Ablonczy
Alcock
Althouse
Arseneault
Assadourian
Axworthy (Saskatoon—Clark's Crossing)
Bakopanos
Bélanger
Benoit
Bevilacqua
Blaikie
Bonin
Breitkreuz (Yorkton—Melville)
Brown (Calgary Southeast/Sud—Est)
Brushett
Calder
Catterall
Chan
Clancy
Collins
Cowling
Cummins
DeVillers
Discepolo
Duncan
Easter
English
Finestone
Flis
Forseth
Gaffney
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Goodale
Gray (Windsor West/Ouest)
Grose
Guarnieri
Hanrahan
Harper (Churchill)
Harvard
Hermanson
Hill (Prince George—Peace River)
Hubbard
Iftody
Jackson
Jordan
Kirkby
Kraft Sloan
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lincoln
MacDonald
Malhi
Manley
Massé
McCormick
McKinnon
McTeague
Meredith
Milliken
Mills (Red Deer)
Mitchell
Murray
Nunziata
O'Reilly
Parrish
Payne
Peric
Peterson
Pickard (Essex—Kent)
Proud
Regan
Rideout
Ringuette—Maltais
Rock
Scott (Skeena)
Sheridan
Simmons
Solberg
Speaker
St. Denis
Stewart (Brant)
Stinson
Szabo
Telegdi
Thalheimer

Adams
Allmand
Anderson
Assad
Augustine
Axworthy (Winnipeg South Centre/Sud—Centre)
Bélair
Bellemare
Bethel
Bhaduria
Blondin—Andrew
Boudria
Bridgman
Brown (Oakville—Milton)
Caccia
Campbell
Chamberlain
Chatters
Cohen
Comuzzi
Crawford
de Jong
Dhaliwal
Dromisky
Dupuy
Eggleton
Epp
Finlay
Fontana
Fry
Gagliano
Godfrey
Graham
Grey (Beaver River)
Grubel
Hanger
Harb
Hart
Hayes
Hill (Macleod)
Hopkins
Ianno
Irwin
Johnston
Keyes
Knutson
Lastewka
Lee
Loney
Maclaren
Maloney
Marchi
McClelland (Edmonton Southwest/Sud—Ouest)
McGuire
McLellan (Edmonton Northwest/Nord—Ouest)
McWhinney
Mifflin
Mills (Broadview—Greenwood)
Minna
Murphy
Nault
O'Brien
Pagtakhan
Patry
Penson
Peters
Phinney
Pillitteri
Reed
Richardson
Ringma
Robillard
Scott (Fredericton—York—Sunbury)
Shepherd
Silye
Skoke
Solomon
Speller
Steckle
Stewart (Northumberland)
Strahl
Taylor
Terrana
Torsney

Valeri
Verran
Walker
Wells
White (North Vancouver)
Wood
Zed—181

Vanclief
Volpe
Wappel
Whelan
Williams
Young

PAIRED MEMBERS

Bachand	Barnes
Bodnar	Bouchard
Canuel	Dalphoné-Guiral
de Savoye	Debien
Fewchuk	Galloway
Hickey	Knutson
Langlois	MacLellan (Cape/Cap-Breton—The Sydneys)
Martin (LaSalle—Émard)	Ménard
Phinney	Pomerleau

(Motion negated.)

The Acting Speaker (Mrs. Maheu): It being 6.47 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[English]

INCOME TAX ACT

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.) moved:

That, in the opinion of this House, the government should amend the Income Tax Act to eliminate the payment of personal income tax on interest from personal savings accounts when the amount of interest is \$1,000 or less.

He said: Madam Speaker, I am very pleased to have the opportunity to introduce this motion today. I believe taking this action could benefit a great number of people, particularly our senior citizens.

Amending the Income Tax Act to eliminate the payment of personal income tax on interest from personal savings accounts when the amount of interest is \$1,000 or less is not a completely new idea.

In 1974 an exemption on the first \$1,000 of interest income was introduced as a way of counteracting the impact of inflation on the taxation of interest.

• (1750)

It was also believed the exemption would reduce tax evasion, as those with small amounts of bank interest would no longer have an incentive to ignore the interest they received when filing their income tax returns.

Another argument was that the exemption would increase savings by increasing the post-tax return of investment that produced interest. All of these were valid arguments in 1974 and remain valid today.

In 1988 as a result of a decision by the Tory government the exemption was removed. According to statements given by the witnesses to the Standing Committee on Finance in 1987 the people who had the most to lose if the exemption was removed were senior citizens.

It therefore stands to reason that senior citizens are the people with the most to gain if the exemption is reinstated. According to testimony before the committee more than 80 per cent of taxpayers over 65 claimed the \$1,000 deduction in 1983.

Despite the fact that the deduction was removed in 1988, 2,026,620 or about 70 per cent of all seniors who filed income tax returns in 1992 still included bank interest as a source of income. Bank interest was even more significant among the seniors 75 years of age and older, with 878,370 people or about 75 per cent naming bank interest as a source of income. It is obvious that for senior citizens keeping their money in a bank savings account is a way of life, the result of a lifetime of habit.

Think for a moment of the life of a person who is 75 years old. Think of the time they were born, the significant events of their lives and the lives of their parents. Think of the Great Depression. Think of the second world war. These people have known the hardship of trying to make ends meet when the ends just seem to get farther and farther apart.

The Great Depression hit Canada and Canadians hard. It was a terrible, grim time when all manner of personal indignities and deprivations became the norm. People lost their jobs, their homes, their dreams. Soup kitchens were a booming business. Men tramped the city streets trying to pick up 50 cents doing odd jobs or in desperation travelled the country in boxcars looking for work or a handout and the advice of those who still had handouts to give. It was always the same as that of John D. Rockefeller, always to save their money, not squander it. It was a lesson they took to heart.

Then the war came and blew the depression away. Suddenly there was a desperate need for everyone to work, but there was an equally desperate need for everything to go to the war effort. Rationing was introduced and people learned to barter and to save their butter and eggs for the important events in their lives.

Private Members' Business

People saved string from parcels. They saved paper. They saved buttons and zippers from discarded clothing, anything they thought could be used again.

Our senior citizens and many of their children still save everything useful. They are the original recyclers and they know how to clip a coupon. When they were finally able to work again they saved every cent they could squeeze from their carefully worked budgets as a down payment on their future.

Credit was a dirty word to our senior citizens. It meant you could not afford to pay your bills. It meant a loss of dignity.

• (1755)

Instead they saved to buy their homes. They saved to pay cash for their furniture, their appliances and their cars. They saved to pay for the education of their children. They saved for their old age so they would not have to do without in their sunset years, so they would not be beholden.

Now with interest rates so low their carefully hoarded nest eggs are yielding less and less. Seniors have been hard hit in recent years by falling interest rates. Unlike younger people who may have been able to accumulate savings, our senior citizens are usually unable to work. Their interest from their savings is their income. A \$1,000 exemption on interest will really make a difference to them.

Younger taxpayers still working may enjoy a tax advantage or an investment in an RRSP, but such investments and tax breaks are often unavailable to seniors. Many older people are not at ease putting their money into more adventurous avenues.

Often they do not feel comfortable turning their life savings over to a stranger to invest. They are afraid of losing what they worked so hard to save. They feel it is safe and secure in a bank savings account and they want to be able to withdraw their money at will.

Surely the people who built this country deserve a break. It was their money, carefully saved and invested, the banks had at their disposal when others came to borrow. Their habit of putting money aside for the future enabled the banks to invest in the dreams of other younger people when they wanted to start a business or build a new home.

I believe this would be a good habit to instil in the young people of today as well. I believe giving them an income tax exemption on the first \$1,000 of interest would prove to be an incentive.

As parents we always want things to be better for our children than they were for us. We try to teach them the importance of a strong work ethic. We show them ours is a society that celebrates success. We tell them they must always strive for person-

Private Members' Business

al excellence. We encourage them by stressing there is nothing they cannot achieve if they just try.

We know young people must be given the opportunity to learn to take responsibility for their own lives. Only then can they acquire the self-confidence and pride in their own accomplishments that everyone needs for self-esteem. Without self-esteem it is pretty hard to gain entry into the mainstream of society and virtually impossible to become the leaders we will need in the future.

Our youth are the future of our nation and our world. They will decide our destiny. The choices made by the young people of today will eventually define the world in which we all live.

There is little in this life more fulfilling than saving for a goal and reaching that goal through conscious effort and sacrifice. I can think of no better or more satisfying way to take control of one's own life and destiny.

Our government should do whatever it can to encourage our young people to be responsible citizens and consumers. Among young people age 25 to 29, 406,660 or 55 per cent included bank interest as a source of income in 1992. So it is already a significant means of saving, ready to increase with some encouragement. Young people who may be saving for a down payment on a house or for a new couch or refrigerator are not making much interest on their savings. They should not be penalized on what little they do earn.

• (1800)

An exemption would act as an incentive and would make more money available for banks to loan out as well. Many of the big ticket items like appliances have been purchased on credit cards in the past few years. Instead of the dirty word it was to our seniors, credit and the amount of credit available somehow became a status symbol.

Credit is incredibly easy to get. Everyone has heard of reports of children and even the family dog being offered credit cards. But credit card purchases cost consumers much more than waiting until one can pay cash. It is very easy to be sucked into the maelstrom of spending more than one actually earns.

In the first seven months of this year 36,118 consumer bankruptcies were filed across Canada. That is 16 per cent more than in the same span last year and one per cent more than in the first seven months of 1991, when the 12-month toll reached an unprecedented 62,277. According to some analysts, much of the cause of these consumer bankruptcies is credit card borrowing.

Saving is clearly a better way to go. For those with relatively modest incomes, an investment in a savings account is one of the few investment opportunities readily available.

There are plenty of tax breaks for those with large amounts of money to invest. An exemption on the payment of income tax on the first \$1,000 of interest from savings accounts would give a break to the little guy and help our senior citizens as well.

[Translation]

Mr. Pierre Brien (Témiscamingue, BQ): Madam Speaker, I too rise to speak to the motion by the member for Bramalea—Gore—Malton concerning the tax exemption of interest income from saving accounts generating interest of less than \$1,000.

I am convinced that this motion, in its present form, as the member explained in his speech, is aimed at helping people with low incomes, people who are not well off. However, it creates a huge void, because, of course, a motion is not a bill, it is not very precise. The motion provides:

That, in the opinion of this House, the government should amend the Income Tax Act to eliminate the payment of income tax on interest from personal savings accounts when the amount of interest is \$1,000 or less.

Let us look at it in today's context. Someone with \$10,000 in an account earning 9 per cent would make \$900. This means that this \$900 would be tax deductible. It might be a commendable goal. However, if I had \$50,000, I could make five \$10,000 term deposits in five different accounts and earn \$4,500 in interest, \$900 on each account, and pay no income tax. But in truth, I would not belong to the group the motion is aimed at. I am not convinced that he is not trying to help people with a high income or large savings to evade income tax.

For this reason, I find it difficult to support a motion whose present wording would create such an unprecedented tax loophole. Even if there is a precedent, it would still be a horrendous loophole.

• (1805)

If you put this debate in a larger perspective, you can see that the goal of the motion is to help lower income people. I am pleased that we are showing concern for people with a low income and few savings.

In politics we are very often influenced by the richest lobbies, we also go to bat for the neediest, but in between there are all the workers, all the wage earners, that we very often forget and that are probably the least organized. They very often belong to professional corporations or trade unions, but it is very seldom that we show concern in our speeches or political actions for the lower middle class. They maybe the least organized and this would explain the fact that they are the target of all government measures: they are not a political force.

If you look at this motion in the larger perspective, it shows a desire for equity. In the area of taxation everything is a matter of equity. However, I do not think that the solution is to increase the deductions we now have. With our deficit at around 32 billion dollars, such a proposal does not seem like a good idea at

the present time. Just as we cannot afford to forego tax revenues, because our tax system is extremely complex and some people can even afford tax experts to bypass the system. I am not talking about fraud or anything illegal here, just going over every comma and every sentence in the Income Tax Act to get the most out of it.

I am just back from a series of consultations held by the finance committee in western Canada, where even tax experts told us: "Look, we cannot even make sense of this Act ourselves, and we are not sure that the government can make sense of it either. One of these days, we will have to consider a real reform, whose first objective would be, even before the amount of tax revenues to be generated, to simplify the whole system". Of course, the second objective would be to determine the optimal level of revenues to be generated by a new tax system.

All of this brings me back to an issue which has yet to be settled. The people have the feeling that the current tax system is not working and they are not mistaken.

Take, for example, the GST which has been in effect for several years now and which will not generate more revenues this year than last year. There is a problem here. Even though the growth of domestic demand is weak, we see that taxpayers have developed a number of ways to avoid paying this tax, which is perceived as being extremely unfair.

This has been fuelled by the Liberal members who decried this tax, when they were in opposition, and promised to replace it, something they never did. By the way, we should also be concerned about that. People felt that their concerns were legitimate since they even had the support of a political party saying that the tax was unfair.

It is true that it is not perfect, that it is flawed, that it causes a lot of problems, but the Liberal Party was accused of demagoguery when it said that it was a new tax. The tax on services was new, but the tax on goods simply replaced the federal sales tax. In that context, it is not right to make the taxpayers angrier than they already are about the current tax system for purely political reasons.

I come back to the fact that we cannot afford today to add these types of deductions, but if we want people with low incomes and few savings to feel that there is some kind of justice, we have to ensure that our tax rules do not allow higher income people to avoid paying their fair share.

Sometimes people are right, sometimes they are wrong, but when we refuse to have a thorough debate on an issue, the perceptions that people have, whether good or bad, remain. An example of that is the perception that banks do not pay their fair share. I do not have a definite opinion on that, but I think that it is something that is worth looking into. It is not by avoiding the

Private Members' Business

issue or by making a fine statement that will sound great on the news, such as it is too generous, it is out of date, etc., that we will make progress. We will have to look into all this.

Perhaps when the Minister of Finance and the Minister of Revenue both consult Canadians on the budget next year they ought, instead of listening to all of the organized groups whose final word is always "Do anything you want to anybody else but me", to set some guidelines for a real debate, true consultation on various scenarios for tax policies and tax expenditures, in order to get a proper evaluation.

• (1810)

How much do the present measures cost? What are their objectives? Based on that, let us go out to Canadians so that they may make their own evaluation and come up with a final conclusion that "We can afford this, but not that. Here are what our priorities are for taxation for economic and social development".

Our taxation system pursues two objectives, obvious economic ones, but a major social objective as well: the redistribution of wealth. This ought never to be lost sight of. For that reason, if the taxation system is simplified, that second objective must not be lost sight of.

You do not deal with fiscal problems due to the fact that not enough tax revenue is being collected from people who could pay more, by increasing the number of deductions that already exist. We simply cannot afford it. How much would the measure suggested today cost? Good question. I repeat, those who are a little better off may manage to avoid this altogether by having more than one bank account, as I explained earlier, by having three or four accounts, for instance. That often happens.

I have two or three accounts myself. The point is to put your money into different accounts, keep your interest income below \$1,000 and thus avoid paying taxes on this income. I realize this technicality could be improved upon while maintaining the purpose of the motion which is that interest income of \$1,000 and less would not be taxable, but in the end, what have we achieved? How are we going to finance all that? The question lies here as well.

Therefore, out of a sense of fairness, yes, we have to work on it, but not necessarily in the way suggested. In the minute I have left, I wanted to say, because I heard mention of RRSPs, where accumulated interest is tax protected, that they are not really affected by such a motion, because RRSPs are taxable only when money is removed from them. This is when tax is taken, according to our income at that point.

So this would not promote saving necessarily. It would not have a particularly strong effect on saving, because the vehicle already exists and is already attractive enough, I imagine, from

Private Members' Business

all the funds successfully channelled and the financial institutions' aggressive campaigns to solicit RRSPs.

So, to avoid creating an additional tax shelter, which will cost us a lot and risks benefitting those who, in the end, perhaps have the income and ability to avoid it, we cannot support this motion.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Madam Speaker, Motion 497 seeks to amend the Income Tax Act to eliminate the payment of personal income tax on interest from personal savings accounts when the amount of interest is \$1,000 or less.

The rationale used by the hon. member for Bramalea—Gore—Malton is that the motion will do five things. First, it will promote savings. It is pretty hard to save these days. As the hon. member from the Bloc mentioned, this creates different avenues and ways to stuff your savings away where it will be harder for Revenue Canada to find it.

Second, the motion is intended to help the elderly who rely on savings and seldom enjoy the tax advantages of an RRSP later in life. This is an honourable objective and one I would agree with as a problem to solve. But solving it this way is unnecessary, especially if we were to devise a proper system of taxation.

Third, it is intended to compensate for falling interest rates. Why is this the responsibility of taxpayers, adjusting for the inflation component and interest income? That is not necessary. When institutions set their rates they base them on the performance of the economy. They are set at a regular time and over a period of ten years the average rate of return is adjusted for inflation.

Fourth, the rationale is to reduce administration costs because banks will no longer have to issue T4s for interest income, reducing the paperwork for Revenue Canada.

I believe the hon. member has it backwards. In April we all become employees of Revenue Canada and we work for free. We sweat for hours trying to get this income tax done and figure out how much we have to pay, make sure it is correct and then send it in. The information we use has to come from where we have earned our money or placed or invested our money. So whether interest income on savings is less than or higher than \$1,000, the banks will still have to issue the paperwork necessary to show you made less than \$1,000 or more than \$1,000.

• (1815)

We need to stop tinkering with the Income Tax Act and the income tax system. We should stop using it for direct social and economic engineering. This is another example of using it for social engineering. We are using it to solve a problem. I do not

deny there is a problem with money, with savings, and with how we look after ourselves, but the way to solve it is not through the Income Tax Act. We are making it too cumbersome and too difficult. It should be under a separate direct-spending program if we want to help seniors and children.

In 1917 the original purpose of income tax was simply to raise money. It was to pay for the first world war. Then the politicians and bureaucrats saw how nice and neat it was. I agree, it is a great way to deliver social and economic benefits. But problems have been created.

In 1992 the net revenue that was collected by the government on personal income alone was \$60 billion. That included all the exemptions, deductions, and tax incentives or loopholes. If there were no deductions, exemptions, and tax incentives, the revenue for 1992 would have been \$120 billion. That is \$60 billion we are leaving in the hands of people. We give it back to the people. We know it is unfair.

If we collected that revenue and put it into the spending envelopes of the people who are responsible for immigration, transportation, unemployment, and health care, then we would know what that costs. We would know who is responsible: an elected minister or a permanent deputy minister. Those people would be more responsible and accountable. The pressure would be on the government to rationalize and justify its spending. I believe there would be a downward pressure. The problem with our current income tax system is that it is unfair.

The GST is another example. It generates \$30 billion to \$36 billion, yet the net take of the government is \$15 billion to \$16 billion. There is the system of rebates, the high cost of compliance and the high cost of collection. It is ridiculous.

If we used taxation for the one simple purpose of raising money and then put the money into the areas where we want to spend it and where Canadians want it to be spent, it would be a more efficient and effective system of taxation than we presently have and we would no longer need all these rates.

We know the system is complicated, confusing, and convoluted. We need to make changes. Yet nobody addresses that. Everybody is afraid to look at a simple system of taxation because in simplicity the cost of transition from the current income tax system to a simple tax system would be too expensive and the transition would be unattainable. I heard that from the chairman of the Standing Committee on Finance, who is an income tax lawyer and an expert in his field.

In the name of deficit reduction and in the name of losing tax dollars, is the government afraid to look at a system of taxation that features a single rate and allows a generous tax-free portion so that the people who need the money most, the seniors and

low-income Canadians, do not have to pay any income tax? That line would be somewhere between the poverty line and the low income cut-off. Would that not reduce the pressure on our social programs? Would that not be a more efficient way of helping the people who need the help, rather than tinkering with the Income Tax Act, adding five more pages of definitions and rulings and three more reasons why auditors have to check every bank account, as the hon. member said earlier?

We have to look at tax reform. Tax lawyers are afraid to return from holidays to read the latest communiqués from Revenue Canada with the new rulings and definitions.

The current system is a disincentive to work. The more a person makes the higher the percentage they have to remit. They call that progressivity, but at a certain point they stop working for the government. Why? They see that government wastes money. If the government were spending the money on programs Canadians want and not what bureaucrats and politicians want, and if people could see their tax money being spent fairly and wisely, in a way that was responsible and accountable, in a clear and visible fashion, we would have more compliance. More people would pay. With a single rate everybody would know they are paying the same rate over a certain base that is tax free.

• (1820)

It costs us \$12 billion to send in our income tax. The personal portion we pay other people to do this for us costs \$3.7 billion. Revenue Canada is \$1.5 billion. The government cost for GST is \$0.6 billion. Corporate costs to do the T4s and their corporate tax is \$4.9 billion. The GST industry costs \$1.7 billion.

It is clear that our current system is unfair, unclear, and unacceptable. There is no reason we should keep up with it and there is no reason we should continue to promote ways and means of adding more to the confusion of the income tax. We should be cleaning it up, simplifying it, rewriting it.

We have had three major tax reforms since 1971. We went from 18 different brackets and a high marginal rate of 80 per cent in 1971 to 10 brackets and 43 per cent in 1981, to today, from 1988 until now, three brackets with a high marginal rate of 29 per cent. When each of those transitions and reforms went from 80 per cent down to 29 per cent it meant more revenue to the government.

Lower taxes mean more revenue. Simplicity means more revenue. Therefore we need one more major tax reform in this country, one more simplified tax featuring a single rate with a generous tax free portion that will look after the lower income and retain progressivity. It will introduce fairness. Everybody will know what they are paying. Reduce the rate to the area of 20 to 22 per cent, another 7 per cent reduction, and a single rate. I

Private Members' Business

would argue that would generate even more revenue for the government.

Some of the other principles we should keep in tax reform are keeping it simple and understandable and defining the purpose as raising money. Tax reform is not to add another element that the first \$1,000 you make in savings accounts is free because we are helping this sector; not to help the farming sector by giving this deduction over here; not to develop oil and gas by offering flow-through shares over here; not to help this by doing that over there; not to help charitable organizations by allowing generous exemptions over here; not to aid and facilitate seniors by having some moneys there.

The Liberals are neglecting their responsibility to the public in giving lip service to tax reform. They are not prepared to look at genuine comprehensive tax reform in this country. The Reform Party is and will. We will continue to address this issue.

Mr. John Maloney (Erie, Lib.): Madam Speaker, I wish to rise today in the House to speak on Motion No. 497. I would like to congratulate my hon. colleague from Bramalea—Gore—Malton for his hard work in getting this motion to the floor of the House of Commons.

Motion No. 497 reads:

That, in the opinion of this House, the government should amend the Income Tax Act to eliminate the payment of personal income tax on interest from personal savings accounts when the amount of interest is \$1,000 or less.

Federal taxes on foreign and domestic income received by Canadians and Canadian income received by non-residents are imposed under one statute, the Income Tax Act. The net income or profit received by Canadians is defined by that act.

Personal income taxes are imposed by both the federal and provincial governments. The federal government has agreements with all provinces except Quebec to collect personal income taxes on their behalf.

The federal government defines taxable income in the Income Tax Act and levies its personal income tax according to the rate schedule in the act. The agreeing provinces then levy their personal income taxes as a percentage of the basic federal tax.

In the last decade, the number of taxpayers has jumped from 10.4 million to 13.7 million. In 1988 there was a sharp drop in taxpayers due to the first year of the tax reform. Under it, a significant number of low income taxpayers were granted tax relief. Another decline in the number of taxpayers took place in 1991 and was caused by the recession of the early 1990s.

Between 1974 and 1988 the first \$1,000 of interest income was exempt. The exemption was introduced in 1974 as a way of counteracting the impact of inflation on the taxation of interest. It was also argued that the exemption reduced some tax evasion, as those with small amounts of bank interest no longer had

Private Members' Business

incentive to ignore the interest they received when filing their tax return.

• (1825)

Several arguments can be made in support of my hon. colleague's motion. The exemption of the first \$1,000 of interest income would promote savings. This is very important for those with relatively modest incomes. Often an investment in a savings account is one of the few investment opportunities readily available to a good number of people.

Under the existing system, by imposing tax on interest earned some consumers are more apt to choose to spend their income in the year it is earned because the interest earned on their already taxed income will be taxed should they save. "Spend it. We are only going to be taxed on it", they cry. This commonly held view dictates against the merits of saving money.

With the proposed motion there would be little distortion between present and future consumption. While there is some controversy about the magnitude of the change on savings resulting from income tax on interest, the general view is that it is a negative effect.

Some of us ask what are the consequences of reducing savings. It is generally felt that a reduction in savings will normally lead to a reduction in capital accumulation and in the long run to a reduction in output per capita.

In light of shrinking government budgets and the upcoming review of our role in the provision of pension income, we have and continue to encourage Canadians to invest in their retirement. There are deductions for RRSP contributions, but why is there no provision for savings account or Canada savings bond interest?

I realize that RRSP interest is taxed upon withdrawal, albeit generally at a reduced rate. There are real limitations in the deferral of taxation and these implications translate into economic choices.

Another argument in support of the motion is that it will help Canada's senior citizens. After the \$1,000 tax exemption was eliminated in 1988 there were some very convincing statements in favour of keeping the exemption, especially as it related to senior citizens.

In the 1980s over 80 per cent of our taxpayers over the age of 65 claimed this exemption. It was said that the elimination would have a disproportionate effect on senior citizens. Almost half the current generation of Canadian seniors, about 50 per cent, live at or below the poverty line. A small percentage, 5 per cent only, across Canada enjoy incomes of \$40,000 or more. The remaining 45 per cent had hoped during pre-retirement years to invest in something that would act as a supplement to their

pension cheques. This 45 per cent of Canadian senior citizens over the age of 65 would benefit by the restoration of the \$1,000 investment income deduction.

A third argument is that the exemption would compensate for falling interest rates. Although economic activity may in general be stimulated by falling interest rates, those whose incomes depend on interest bearing assets are being hurt by falling rates. Seniors have been hit hard in recent years by such falling interest rates.

While there are benefits for seniors and an encouragement of savings I also have some serious concerns about the motion. The proposal to exempt the interest on savings accounts runs counter to current trends toward increasing tax revenue. If all bank interest were tax exempt, the lost tax revenues would certainly be significant.

In the mid-1980s the \$1,000 exemption cost the federal government about \$900 million in lost tax revenue. In 1992 tax filers declared over \$18 billion in bank interest. This figure would be much higher if the exclusion were only for interest earned at financial institutions, as investors would adjust their portfolios to take advantage of the tax break.

Recently Revenue Canada instituted reporting changes for financial institutions. Beginning with the 1995 tax year, these institutions will be required to issue T5s for interest income at \$50, down from the current \$100 limit.

This new measure is meant to limit tax evasion. Some taxpayers with interest below \$100 have simply ignored that income for tax purposes, forgetting or ignoring that every interest dollar earned is to be included as income. However the new change seems to indicate the government considers bank interest an important source of tax revenue.

Revenue is obviously an important component of our deficit reduction policy and reducing revenue runs counter to this necessary policy.

Another concern I have with the motion is the difference in treatment of earned income and non-earned income. Those who work for minimum wage are taxed on the first dollar they earn. Those who earn income from interest revenue are treated equitably under the existing system. I understand that invested money was once income and was likely taxed at the time it was earned, but the interest too is income. Allowing exemptions for interest income will disproportionately benefit seniors. How can we balance this against earned income so that it is socially equitable?

I will also address a comment by my colleague from Rimouski. The bill indicates interest earned on savings accounts. This would include all savings accounts and it would be an accumulative effect. It would be the total of the interest that would be considered an income. We could not spread our savings over

five, six or ten different accounts. The exemption would apply to the full income no matter where it was.

• (1830)

While I have some serious concerns about the bill, I generally speak in support of it because the investment income exemption is one of the few tax initiatives that would reach out and touch most Canadian citizens, including my constituents of Erie, rather than just a select group of investors.

Taxpayers are crying out for tax relief and tax reductions, and understandably so. This initiative could be a possible means of partially satisfying these demands.

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General of Canada, Lib.): Madam Speaker, contrary to the private member's Motion M-497, the Government of Canada should not support the elimination of personal income taxes on interest from personal savings accounts when the amount of interest is \$1,000 or less.

As hon. members may remember, before 1988 individuals were allowed to claim a deduction of up to \$1,000 of interest income in computing taxable income. This interest income deduction existed at a time of high inflation as an approximate method of providing some allowance for income tax paid on the inflationary component of interest.

Inflation is now very low. Therefore this rationale would not apply today. In addition, the elimination of interest income deduction was one of a number of base broadening initiatives introduced as part of the 1988 tax reform. Those measures made possible a reduction in tax rates and the enrichment of certain tax credits.

The elimination of interest income deduction for 1988 and the subsequent taxation years was largely compensated by a \$1,730 increase of the basic personal amount.

Therefore it would be inappropriate to restore this deduction particularly at a time of very low inflation. The federal revenue cost resulting from allowing a deduction of up to \$1,000 of interest income for income tax purposes would be very high; in the order of \$1 billion per year.

Because of the fiscal situation of our country we simply could not afford to make such a change without making up lost revenue. This lost revenue would therefore have to be made up through a general tax increase, an increase in taxes across the board. Most of the burden would fall on the shoulders of the average income Canadians while the deduction would benefit only most higher income individuals.

The bulk of the efforts of the government on the income tax side since coming to office in the fall of 1993 has been directed at ensuring the tax system is fair. A number of tax advantages that did not meet the standards of fairness Canadians expect

Private Members' Business

were eliminated in the 1994 and 1995 federal budgets presented by the Minister of Finance.

Let me highlight a few of those more important changes that have contributed to making our tax system fairer. As hon. members are aware, the federal budget of February 22, 1994 proposed a number of personal income tax measures. First, the \$100,000 capital gains exemption was eliminated. This exemption largely benefited high income filers, and there was little evidence that it encouraged investment and job creation as it was first intended to do.

The tax exemption for premiums related to the first \$25,000 of coverage under employer provided life insurance plans was also eliminated. This measure ensures individuals with employer paid life insurance are not treated more favourably than those who purchase life insurance out of after tax income.

The government did not limit its elimination of tax preferences to those preferences that affect individuals. A number of tax measures affecting businesses were also introduced in the government's first budget. For instance, the deduction for meal and entertainment expenses was reduced from 80 per cent to 50 per cent of eligible expenses. This change makes the tax system fairer by reflecting the significant element of personal consumption involved in these or such expenses.

• (1835)

In addition, Canadian controlled private corporations with capital of \$50 million or more are no longer eligible for the small business deduction and the enriched research and development credits accorded to small businesses.

The government's commitment to tax fairness did not end with the tabling of its 1994 budget; quite the contrary. The federal budget tabled February 27 announced more steps the government was taking to make the tax system fairer. For example, it was announced that the tax deferral advantage enjoyed by individuals with business or professional income resulting from their ability to select their own year end for tax purposes was being eliminated.

As other Canadians, individuals who begin to earn business or professional income will have to report their income on a calendar year basis.

[*Translation*]

Moreover, the 1995 budget eliminated some of the tax benefits from family trusts. The government repealed provisions allowing the postponement of the implementation of a rule requiring a deemed disposal of assets after 21 years.

Our efforts to make our tax system fair did not start and do not end with budgets. The proof of that is the measures announced by the government in December 1994 to prevent the erosion of the tax base brought about by the active promotion of abusive

Adjournment Debate

tax shelters and a longer list of deductions in the calculation of the alternative minimum tax.

What the government has done in the last couple of years attests to its commitment to a fair Canadian tax system. Giving preferential treatment to interest income, as suggested in this motion, would not be consistent with the policy the government has adhered to from the start. Such a change would benefit mainly high income taxpayers, since they have more savings.

To conclude, and for all these reasons, I urge the House to reject private members' Motion M-497.

[English]

The Acting Speaker (Mrs. Maheu): There being no further members rising for debate and the motion not being designated a votable item, the time provided for the consideration of Private Members' Business has now expired and the order is dropped from the Order Paper, pursuant to Standing Order 96(1).

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

NATIONAL DEFENCE

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Madam Speaker, on October 3, I asked the minister of defence a question pertaining to separation expenses for members of the armed forces. Separation expenses are funds a member of the armed forces may apply for when being posted to a new place of duty away from his or her spouse and dependents.

This money is to temporarily assist the member with new accommodations while separated from his or her spouse and dependents. Temporary is the key word. The member's spouse and dependents are expected to eventually move to the location of the member's new posting.

Canadian forces administrative order 209-3, article 8, states a member may collect separation expenses for up to one year if the new posting will create undue hardship on the member's family and if the member's career manager feels it is in the best interest of the Canadian Armed Forces.

On October 23, I asked the minister why some senior officers were collecting separation expenses for a prolonged period of time. I pointed to two examples. In one case access to information documents show that Major-General Armand Roy, now a lieutenant-general and deputy chief of defence staff, collected separation expenses over a three-year period totalling over \$50,000.

Access to information documents show that Rear Admiral Keeler, the current chief of financial services at national defence headquarters, collected \$86,000 in separation expenses over a four-year period.

• (1840)

I told the minister that by allowing this type of action to continue while able seamen in Esquimalt collect welfare to feed their families was an example of the minister's mismanagement of his portfolio. I asked him how he could allow this to go on under his nose.

The hon. parliamentary secretary for defence stood on behalf of the minister but failed to grasp the meaning of the subject matter at hand. He gave me an answer that dealt with moving expenses. He said I had signed a report supporting the mobility of our soldiers. I was extremely dissatisfied with the parliamentary secretary's answer. I do agree with the mobility for our troops but did not sign any report to that effect.

The parliamentary secretary said that my question hurt the morale of our soldiers. Let me tell the parliamentary secretary, bread lines and welfare cheques hurt the morale of the Canadian Armed Forces, not questions pertaining to Canadian forces administrative orders. He did not address the subject matter at hand. He did not explain why general officers were permitted to collect separation expenses for a prolonged period at a great expense while some soldiers were having trouble feeding their families.

I will put my question again and hope that this time the parliamentary secretary, having had over a month to consider the question, will be able to provide Canadians and members of our armed forces with an answer.

How can the minister allow general officers to collect separation expenses for a prolonged period at great expense when other members of the Canadian Armed Forces are collecting welfare?

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Madam Speaker, I ask the hon. member to note that the separation expenses of which he speaks are offered to both officers and non-commissioned members of the Canadian forces to ease the disruption caused by the frequent relocation of Canadian forces members and their families. I believe he is quite familiar with that.

As the member is aware, certain current Canadian forces policies dictate that a member is expected to move their family to the new place of duty within a reasonable time. Should an occasion arise where the move to the new location does not meet personal or service needs, a member may apply to their career manager for an imposed restriction to receive separation expenses.

Adjournment Debate

Normally separation expenses are granted for a period of up to a year, but extensions are considered as an exception to the rule and are approved only when the circumstances justify it, and if it is in the best interests of the Canadian forces and the individual. Every member who requires an extension of separation expenses must submit a request through the chain of command. It is the responsibility of the individual to demonstrate that the reason for separation from dependents is valid.

Approval of an imposed restriction is granted for such reasons relating to a dependent's medical situation, the education of dependent children, or personal economic factors of an aging parent at home who has to be looked after by a spouse.

The receipt of separation expenses for more than two years is extremely rare, but changing circumstances may require extensions beyond that. We have to remain flexible.

The hon. member should note as well that it may be in the interests of the department in some cases to grant separation expenses to a member of the Canadian forces rather than paying the cost of two successive moves in a short period of time, if it costs less.

In the government's opinion, separation expenses provide our troops with the kind of financial support which I am sure the hon. member would agree is necessary to maintain mobility and ensure the welfare of all the Canadian forces personnel. After all, this was the report of the committee.

The Acting Speaker (Mrs. Maheu): Pursuant to Standing Order 38(5) a motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.45 p.m.)

CONTENTS

Tuesday, December 5, 1995

Point of Order

Motion No. 26—Amendment by Hon. Member for Calgary Southwest—Speaker's Ruling	
The Speaker	17197

ROUTINE PROCEEDINGS

Government Response to Petitions

Mr. Milliken	17197
--------------------	-------

Questions on the Order Paper

Mr. Milliken	17197
--------------------	-------

GOVERNMENT ORDERS

Supply

Allotted Day—Unemployment Insurance Reform

Mrs. Lalonde	17197
Motion	17197
Mr. Bevilacqua	17200
Mr. Breitreuz (Yorkton—Melville)	17201
Mr. Axworthy (Winnipeg South Centre)	17201
Mr. Dubé	17205
Mr. Breitreuz (Yorkton—Melville)	17206
Mrs. Brown (Calgary Southeast)	17207
Amendment	17211
Mr. Bevilacqua	17211
Mr. Dubé	17213
Mrs. Finestone	17216
Mr. Bevilacqua	17218
Mr. Dubé	17219
Mr. Gagnon (Bonaventure—Îles-de-la-Madeleine)	17220
Mr. Crête	17222
Mr. Breitreuz (Yorkton—Melville)	17222
Mr. Crête	17223
Mr. Breitreuz (Yorkton—Melville)	17225
Mrs. Sheridan	17227
Mr. Regan	17227

STATEMENTS BY MEMBERS

National Safe Driving Week

Mr. Keyes	17229
-----------------	-------

Air Transportation

Mr. Dumas	17229
-----------------	-------

Distinct Society Motion

Miss Grey	17229
-----------------	-------

Taxation

Mr. Bernier (Beauce)	17229
----------------------------	-------

Symbols of Canadian Nationalism

Mr. Shepherd	17230
--------------------	-------

HMCS Calgary

Mr. Regan	17230
-----------------	-------

The Late Phil Givens

Mr. Campbell	17230
--------------------	-------

Member for Brome—Missisquoi

Mr. Leroux (Shefford)	17230
-----------------------------	-------

Trans-Labrador Highway

Mrs. Ablonczy	17230
---------------------	-------

Medicare

Mr. Blaikie	17231
-------------------	-------

Victims of Violence

Mr. Lastewka	17231
--------------------	-------

Victims of Violence

Mrs. Kraft Sloan	17231
------------------------	-------

Manpower Training

Mr. Paré	17231
----------------	-------

Balkans

Mr. Mills (Red Deer)	17231
----------------------------	-------

Royal Arms of Canada

Mr. Gagnon (Bonaventure—Îles-de-la-Madeleine)	17232
-----------------------------------------------------	-------

Manpower Training

Mr. Discepola	17232
---------------------	-------

Bloc Quebecois

Mr. Bonin	17232
-----------------	-------

ORAL QUESTION PERIOD

Manpower Training

Mr. Gauthier	17232
Mr. Axworthy (Winnipeg South Centre)	17233
Mr. Gauthier	17233
Mr. Axworthy (Winnipeg South Centre)	17233
Mr. Gauthier	17233
Mr. Axworthy (Winnipeg South Centre)	17233

Unemployment Insurance

Mr. Loubier	17233
Mr. Axworthy (Winnipeg South Centre)	17234
Mr. Loubier	17234
Mr. Axworthy (Winnipeg South Centre)	17234

Federal—Provincial Relations

Mr. Manning	17234
Mr. Axworthy (Winnipeg South Centre)	17234
Mr. Manning	17234
Mr. Axworthy (Winnipeg South Centre)	17235
Mr. Manning	17235
Mr. Axworthy (Winnipeg South Centre)	17235

Unemployment Insurance Reform

Mrs. Lalonde	17235
Mr. Axworthy (Winnipeg South Centre)	17235
Mrs. Lalonde	17235
Mr. Axworthy (Winnipeg South Centre)	17236

Royal Arms of Canada

Miss Grey	17236
Mr. Dupuy	17236
Miss Grey	17236
Mr. Dupuy	17236

Unemployment Insurance Reform

Mr. Crête	17236
-----------------	-------

Mr. Axworthy (Winnipeg South Centre)	17236
Mr. Crête	17237
Mr. Axworthy (Winnipeg South Centre)	17237

Royal Arms of Canada

Mr. Strahl	17237
Mr. Dupuy	17237
Mr. Strahl	17237
Mr. Dupuy	17237

Unemployment Insurance Reform

Mr. Dubé	17238
Mr. Axworthy (Winnipeg South Centre)	17238
Mr. Dubé	17238
Mr. Axworthy (Winnipeg South Centre)	17238

Aboriginal Youth

Ms. Bethel	17238
Ms. Blondin-Andrew	17238

Royal Arms of Canada

Mr. Manning	17239
Mr. Dupuy	17239
Mr. Manning	17239
Mr. Dupuy	17239

Veto

Mrs. Venne	17239
Mr. Rock	17239
Mrs. Venne	17239
Mr. Rock	17239

Royal Arms of Canada

Mrs. Brown (Calgary Southeast)	17239
Mr. Gray	17240
Mrs. Brown (Calgary Southeast)	17240
Mr. Gray	17240

Customs

Ms. Minna	17240
Mr. Anderson	17240

Unemployment insurance

Mr. Axworthy (Saskatoon—Clark's Crossing)	17240
Mr. Axworthy (Winnipeg South Centre)	17240

THE ROYAL ASSENT

The Speaker	17241
-------------------	-------

GOVERNMENT ORDERS

Supply

Allotted Day—Unemployment Insurance Reform	
Consideration resumed of motion	17241
Mr. Nunez	17241
Mr. Grubel	17242
Mr. Massé	17242
Mr. Nunez	17243
Mr. Johnston	17244
Motion	17245
Mr. Patry	17245

Mr. Shepherd	17247
Mr. Rocheleau	17247
Mrs. Sheridan	17248

Committees of the House

Health

Mr. Milliken	17250
Motion moved and agreed to	17250

Subcommittee on HIV/AIDS

Mr. Milliken	17250
Motion moved and agreed to	17250

Recognition of Quebec as a Distinct Society

Notice of Closure Motion

Mr. Gray	17250
----------------	-------

Supply

Allotted Day—Unemployment Insurance Reform

Consideration resumed of motion	17250
Mr. Paré	17250
Mr. Rocheleau	17251
Mr. Shepherd	17252
Mr. Lefebvre	17253
Mr. Szabo	17254
Mr. Wells	17255
Mr. Szabo	17256
Mr. Paré	17257
Mr. Scott (Fredericton—York—Sunbury)	17257

THE ROYAL ASSENT

The Acting Speaker (Mrs. Maheu)	17257
---------------------------------------	-------

GOVERNMENT ORDERS

Supply

Allotted Day—Unemployment Insurance Reform

Consideration resumed of motion and amendment	17258
Mr. Scott (Fredericton—York—Sunbury)	17258
Amendment negatived on division: Yeas, 33;	
Nays, 190	17258
Motion negatived on division: Yeas, 42;	
Nays, 181	17259
(Motion negatived.)	17260

PRIVATE MEMBERS' BUSINESS

Income Tax Act

Motion No. 497	17260
Mr. Malhi	17260
Mr. Brien	17262
Mr. Silye	17264
Mr. Maloney	17265
Mr. Gagnon (Bonaventure—Îles-de-la-Madeleine)	17267

ADJOURNMENT PROCEEDINGS

National Defence

Mr. Hart	17268
Mr. Mifflin	17268

MAIL  POSTE

Canada Post Corporation/Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste – lettre

**8801320
Ottawa**

If undelivered, return COVER ONLY to:

Canada Communication Group — Publishing
45 Sacré–Coeur Boulevard,
Hull, Québec, Canada, K1A 0S9

En cas de non – livraison,

retourner cette COUVERTURE SEULEMENT à:
Groupe Communication Canada — Édition
45 boulevard Sacré–Coeur,
Hull, Québec, Canada, K1A 0S9

Published under the authority of the Speaker of the House of Commons by the Queen’s Printer for Canada.

Publié en conformité de l'autorité du Président de la Chambre des communes par l'Imprimeur de la Reine pour le Canada.

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Additional copies may be obtained from the Canada Communication Group — Publishing, Public Works and Government Services Canada, Ottawa, Canada K1A 0S9, at \$1.75 per copy or \$286 per year.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.

On peut obtenir la version française de cette publication en écrivant au Groupe Communication Canada — Édition, Travaux publics et Services gouvernementaux Canada, Ottawa, Canada K1A 0S9, à 1.75 \$ l'exemplaire ou 286 \$ par année.