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(HANSARD)

Monday, February 10, 1997

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Monday, February 10, 1997

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

[*English*]

PUBLIC SERVICE

Ms. Colleen Beaumier (Brampton, Lib.) moved:

That, in the opinion of this House, the government should introduce legislation to protect public servants who report wasteful spending, illegal activities or any other incidents which threaten the integrity of the government of Canada.

She said: Mr. Speaker, I am pleased to speak on Motion No. 263. Given the importance of this issue and the need to hear from as many members as possible, I ask for unanimous consent of the House to share my 20 minutes with the member for Ottawa West.

The Speaker: Is that agreed?

Some hon. members: Agreed.

Ms. Beaumier: Mr. Speaker, we are fortunate to have in Canada a public service which is the envy of the world. It is not overstating the fact to say that our public service is of the highest calibre.

Despite the severe cutbacks and historic change that the public service is currently enduring, Canadians continue to enjoy service from among the best and the brightest. However, the public service cannot maintain its tradition of excellence if the professionals who make up this body are not empowered toward excellence.

This means not only providing the best training and support, it means providing protection against those who do not aspire to the high standards met daily by the majority of public servants. It is the first step in the creation of a regime which empowers those committed to excellence to have a method of dealing with those who are not.

• (1105)

This motion is designed to address the absence of any legislated protection for public servants who report any fraudulent activities, suspected or otherwise. As members well know, public servants in Canada do not enjoy any special protection from reprisals should

they report any fraudulent activity on the part of their superiors. We lack the mechanisms necessary to ensure safe reporting of an investigation of such activities.

All too often, the only course that public servants feel they have open to them is to report their concerns to the media. Yet the media is often unable to act until after an abuse of power has occurred because it really is not news until it happens.

This is a problem that we need to address in a twofold manner. First, we need to construct an investigative regime which will protect the identity of the reporter. Second, we need to create a climate where individuals who contemplate such activities know they simply cannot get away with this kind of behaviour. The way to achieve this second objective is to be very effective in our treatment of the first.

I have worded this motion in very broad terms because parliamentarians from all parties, academics, interested organizations and, of course, public servants should have a say in the creation of this legislation. It is particularly important to hear from public servants to determine the shape this whistle blower legislation should take. It is the public servants who must feel that any such regime affords them the kind of protection to be effective.

The auditor general, in his 1995 annual report, stated that about one-third of public servants believe that their job security would be threatened if they were to report a conflict of interest involving a superior or senior manager.

I have been approached on several occasions by constituents who are public servants with reports of suspected abuse in their departments. My action in these instances was to report the suspected abuse while preserving the identity of my constituents. I have done this and their concerns were investigated. However, I was not happy with the process or lack of process to adequately deal with these complaints. It appears that the fox minds the hen house.

I am quite confident that my experience is not unique among members of Parliament. The experiences of my constituents are certainly not unique. We need whistle blower legislation.

There is a lack of balance in the current accountability regime. Under the terms of the Financial Administration Act, public servants are required to report any suspected fraud or face a fine of up to \$5,000 or five years in prison. However, there is no protection for those who act in compliance with the Financial Administration Act. We need to balance the requirement to report abuse with

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protection for whistle blowers who act in accordance with the law and in the best interests of Canadian taxpayers.

The legislation which this motion proposes the government introduce would serve two functions. First, it would provide protection for public servants who feel reprisal if they report abuse and it would function as an incentive for public servants to follow the letter of the Financial Administration Act and report any suspected fraud. It would also have an additional, very important effect: to create a chilly climate for fraudulent behaviour.

Although it would be up to the government to create the legislation, I would hope that process would include extensive public hearings to ensure that we are able to create effective whistle blower legislation.

The testimony that would come from these hearings would greatly assist the government in creating an effective whistle blower regime.

There has been some excellent work done in Canada on this issue. Two initiatives in particular deserve mention. In 1986, the Ontario Law Reform Commission released a position paper calling for the creation of an office of special counsel whose purpose would be to receive allegations of wrongdoing from public servants. The OSC would launch an investigation, if warranted, while ensuring the confidentiality of the complainant.

In 1994, the Professional Institute of the Public Service of Canada released a series of recommendations as part of its document entitled "Lifting the Silence". The institute recommended the establishment of the office of the ombudsman assigned to a function similar to that of the proposed OSC. The office of the ombudsman would also have the authority to ensure that corrective action is taken. We should draw on this work and other initiatives in this area in creating the whistle blower regime.

• (1110)

My colleague, the member for Portneuf, has introduced Bill C-318 on this issue. I appreciate his concern with this issue and I know that he is sincere in his efforts to address the very serious lack of whistle blower legislation. Unfortunately, I am not convinced that his bill would create an adequate whistle blower regime. The problem lies in the fact that he has prescribed a pivotal role to the office of the auditor general.

Under his proposed legislation the auditor general would investigate all complaints and the public servant in question would be protected from reprisal by the auditor general. I raise this bill because some would argue that this is a very natural role for the auditor general. I think that we have to be very cautious in this regard. If we were to review the literature on the auditor general

among academics and practitioners we would find a real concern with the direction that office is currently taking.

We often forget that the office of the auditor general was initially created for a very specific purpose, to conduct probity audits: that is to ensure that government money is being spent the way the government has said it is spending money. This has evolved into what is known as a comprehensive audit where the auditor general is making many value judgments on the manner in which the government funding is spent. The function of the office has become far more politicized and has gone far beyond its intended scope.

To assign a role to this office which includes investigating allegations of fraudulent activity of all kinds and protecting whistle blowers would represent a fundamental new responsibility. I am not ruling out such a possibility in the future but I think that we should consult with and examine the office of the auditor general before assigning such a role.

Finally, as a member of the Liberal Party of Canada, I am introducing this motion to ensure that the government fulfils a 1993 election commitment to introduce whistle blower legislation. At an Ottawa press conference held on September 9, 1993, a one page document was released which contained a commitment to create an effective whistle blower regime. That document reads in part: "Public servants who blow the whistle on illegal or unethical behaviour should be protected. A Liberal government will introduce whistle blowing legislation". It is important that this commitment be kept. The legislation is long overdue.

[Translation]

Mrs. Dalphond-Guiral: Mr. Speaker, I rise on a point of order. If you were to seek it, I believe you would find unanimous consent to have the recorded divisions scheduled for this evening on the amendment of the hon. member for Saanich—Gulf Islands, and on the motion of the official opposition tabled by the hon. member for Shefford to be deferred until tomorrow, after Government Orders.

The Deputy Speaker: Does the official opposition whip have the unanimous consent of the House?

Some hon. members: Agreed.

The Deputy Speaker: Could the hon. member succinctly explain to the member for Brampton what this is about, or does the member for Brampton now understand? It was explained to her? Very well.

[English]

Is there unanimous consent to move the motion?

Mr. Jackson: Mr. Speaker, I did not hear what happened.

Private Members' Business

Ms. Catterall: Mr. Speaker, I have just been made aware of this motion. I would like an opportunity to confirm that consultations have taken place. Would the member mind withdrawing it for the moment and perhaps we could come back to it after the debate proceeds, since I am the next speaker?

• (1115)

The Deputy Speaker: There are actually two parts to it. One, there has to be unanimous consent to hear the motion and, second, to pass it. We have basically gone through the first step but not the second. We will get back to this question in 10 minutes.

[*Translation*]

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, I am pleased to take part in the debate on the motion tabled in the House by the hon. member for Brampton.

The motion proposes that legislation be introduced to protect public servants who report wasteful spending, illegal activities or any other incidents which threaten the integrity of the government of Canada.

This means that such legislation could include appropriate sanctions against public service managers taking disciplinary measures as a form of reprisal against employees who disclose serious wrongdoing by their employer.

[*English*]

This proposal, like most legislation that comes before us, particularly in the area of wrongdoing, is not intended for the 99 per cent of people affected by it who act properly, who look always to do that which is right, fair and just and a responsible use of taxpayer money. However, like all laws that come before us, they are designed for those few who would choose to abuse a privilege, to act with disrespect or harmfully or viciously toward other members of society or toward their responsibilities.

A few years ago the previous auditor general suggested that we should set up a snitch line so that public service employees could call up and report abuses in their departments by other employees or managers. I was not terribly in favour of that because it sounded too much like repressive regimes around the world that have turned their citizenry into a nation of spies against their friends, relatives and co-workers.

However, I do think we want to encourage and, as my colleague from Brampton has said, the Financial Administration Act requires, members of the public to report any incident of abuse of public resources and to suffer consequences if they do not. On the other hand, employees are reluctant to do that because of fear of suffering the consequences through loss of a job, through the lack of opportunities for promotion and training. In other words, they

fear suffering real and significant consequences in their own careers and advancement.

What the member for Brampton is trying to do is ask that we look at legislation that would ensure that kind of punitive activity cannot take place because a public service employee has exercised his or her legal responsibility and duty to the country by reporting wrongdoing.

It recognizes that whistleblowing can be in the public interest and particularly if wasteful spending or illegal activities or even the integrity of the government itself is at issue. We are all interested in any proposal that would lead to improvements in the way government programs are delivered. It would lead to greater efficiencies and effectiveness and to the elimination of waste, mismanagement or misconduct. That is why I had some regrets that the motion before us is not votable. We want to try to foster that attitude in the public service where employees feel free to suggest better ways and feel free to come forward with knowledge about how public money is being wasted or used illegally.

Right now there is no mechanism to protect them. There are a number of measures in place that certainly provide opportunities. The grievance process in the public service, as part of legislation, is certainly one such mechanism whereby people who feel that they have been wrongly denied opportunities, perhaps for doing something that was their public duty to do, can certainly complain. But that is a long, onerous and often damaging process. It is a very confrontational process.

• (1120)

The harassment policy prevents an employer or manager from treating employees in an abusive way. This would certainly be the case if retaliation for the exposure of wrongdoing were involved.

The hon. member for Brampton is not alone in having dealt with constituents who know of wrongdoing or who suspect wrongdoing in the public service who are afraid to come forward to make a complaint to correct the waste and abuse of public resources.

I do not believe that legislation such as this would be a blanket answer. Legislation cannot protect against the bad will and malicious nature of some people. I say that emphasizing that laws such as this are written for a very small percentage of people who do not behave in a proper manner, either in their personal lives or in their work as public service employees. Legislation such as this would be irrelevant to 99 per cent of public servants, perhaps more.

We have to look at how legislation such as this might affect other obligations of employees. For instance, confidentiality is an obligation of all federal public servants by virtue of the Official Secrets Act and the oath or affirmation of secrecy taken by public servants upon entering the service.

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It is not a simple matter. I do not pretend that legislation could necessarily guarantee protection. However, it is an issue which Parliament should look into. Can we ensure that our employees feel perfectly comfortable when they identify serious faults and perhaps illegalities in coming forward in the public interest and making that information known? Unless the information is known, nothing can be done to correct the situation.

A number of other jurisdictions have taken such measures. We have a number of models which we could consider. This is something which employees of the public service have been asking of government for some time. I compliment the hon. member for Brampton for bringing forward this motion today.

The Deputy Speaker: The opposition whip, I understand, wishes to defer the two supply votes from today after Government Orders to tomorrow after Government Orders.

Did I hear a no?

If I understand her correctly, the hon. member simply wishes to defer the vote on the two supply motions scheduled for today to tomorrow after Government Orders.

I realize that the hon. deputy whip has not had time to speak with her colleagues. Does she wish a further deferral of the putting of this question to the House?

Ms. Catterall: We are prepared to deal with it now, if you wish, Mr. Speaker.

[Translation]

The Deputy Speaker: Is there unanimous consent in the House for the hon. opposition whip's proposal?

Some hon. members: Agreed.

• (1125)

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, as its name indicates, Motion M-263, presented by the member for Brampton, would protect public servants against reprisals for having, confidentially and in good faith, reported certain abuses by federal public servants.

This motion does not set a historic precedent as such. Our neighbour to the south, the United States, is increasingly favouring legal protection for employees who blow the whistle on unlawful practices. Whistle blowers in the American civil service are afforded some protection under the Civil Service Reform Act.

From state to state, in the U.S., protection varies considerably, with some states having legislation that covers both private and public sector employers, some having legislation that covers just one of these sectors, and yet others having legislation aimed only at certain specific problems or industries.

In many countries, particularly in the Commonwealth, there is more specific legislation concerning such areas as employment, health or the environment, that protect employees against reprisals to which they might be subject for availing themselves of the rights conferred on them under such legislation.

Ontario is the only province in Canada that has brought in legislation to provide general protection for whistle blowers in the public sector. The 1993 public service and staff relations amending legislation contains a part IV dealing with protection for whistle blowers. Although the bill received royal sanction on December 14, 1993, this part IV is not yet in effect, and since the Conservatives came into power in that province, no one knows when it will be.

All bills comparable to Motion M-263 presented to date in the House of Commons have shared the objective of protecting federal public servants who make allegations of wrongdoing by their employers.

Since 1987, there have been four such legislative measures debated in the House. I would like to list these: Bill C-229 by the former Conservative member Bill Vankoughnet; Motion M-57, by the former Solicitor General of Canada, the Hon. Bob Kaplan; the motion by the former Conservative minister, the Hon. Alan Redway, and finally Bill C-293 by former NDP member Joy Langan.

In addition to these legislative measures in the House of Commons, several organizations have made submissions, or indicated their agreement in principle with a bill such as the one proposed by today's motion. Those publicly stating the necessity of such a measure include the Public Service Alliance of Canada, the Professional Institute of the Public Service of Canada, and the Auditor General of Canada.

On the other hand, certain political parties have taken a stand in this debate on ethics in the public service. The Liberal Party of Canada, the New Democratic Party and, of course, the Bloc Québécois, have stated their intention to propose or support such a measure. As for the Reform Party, they have been endlessly stating since their election that they will support any measure aimed at eliminating waste by government institutions.

The doggedness of the Public Service Alliance of Canada in promoting such a legislative measure is certainly undisputable. On a number of occasions, it has criticized the situation and recommended passing a bill proposing the same objectives as Motion M-263.

In November 1994, in its document "In the public interest", one of the recommendations the Alliance made was:

That the Government of Canada pass legislation aimed at protecting members of the Public Service who disclose government wrongdoing, reprehensible practices and waste.

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• (1130)

In a press release dated May 12, 1995, the Alliance stated that speedy passage of the bill on whistle-blowers promised by the Liberal government during the election campaign would go far towards resolving the ethical dilemmas facing federal public service employees.

On May 11, 1994, the Bloc member for Portneuf tabled Bill C-248 in this House for first reading.

On June 19, 1996, the hon. member for Portneuf tabled Bill C-318 for first reading.

We feel there are a number of reasons why the auditor general should be allowed to receive and investigate complaints referred to as whistle-blowing.

The auditor general is by law responsible for the internal audit of the federal administrative apparatus. The auditor general is also known for his professionalism and the relevance of his reports.

Finally, the auditor general's office operates at arm's length from the government and politicians, which gives it a certain status and impartiality.

Considering the number of bills tabled previously by members of all parties; considering the election promises made by the Prime Minister and his Liberal colleagues regarding the introduction of such a measure; considering that all other political parties support such a proposal; considering that the unions are unanimous in their support for a tool including provisions that would allow whistle-blowing; also considering the number of government agencies that recommend this type of legislation and, finally, the urgent need for increased transparency and integrity in federal institutions, we should support Motion M-263.

For all the reasons just mentioned, the Bloc Quebecois will support the motion tabled in the House by the hon. member for Brampton.

[English]

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, I am pleased to address Motion No. M-263 brought forward by the member from Brampton. Motion No. M-263 asks:

That, in the opinion of this House, the government should introduce legislation to protect public servants who report wasteful spending, illegal activities or any other incidents which threaten the integrity of the government of Canada.

Clearly Canadians want and expect their government to conduct their business openly and honestly and that is what this motion is about.

The principles of this motion are similar to the principles of the Reform Party. The Reform Party has always advocated transparency in the federal government and the elimination of waste in public funds. As a result, Reform members have asked this government to introduce whistle blowing legislation in the past. For example, the

Reform member for St. Albert asked the President of the Treasury Board to introduce legislation to protect whistle blowers. We have yet to see this legislation introduced in the House.

Public servants must not only be allowed but also encouraged to report practices that would cause a specific and substantial danger or prejudice to the public health, safety or welfare, or entail wasteful or unjustified public spending. Employers should not be allowed to discourage, suspend or impose financial penalties on any employee who makes a disclosure. Public servants must be protected against employer reprisals in retaliation for disclosures that are made in good faith.

These measures were forward in the House before, as mentioned by my colleagues both on the Liberal side and the Bloc side, by the Bloc member for Portneuf as Bill C-248. The fact that this issue has not been deemed votable both times it has been brought forward before the House makes it rather clear that the government does not want to see whistle blowing legislation before this House.

Before the last election the Liberals promised to introduce whistle blowing legislation. In their approach to the public service the Liberals promised: "Public servants who blow the whistle on illegal or unethical behaviour should be protected". That is pretty clear. "A Liberal government will introduce whistle blowing legislation in the first session of the new Parliament". Well guess what. The first session has past, we are into the second session and there is still no whistle blowing legislation.

• (1135)

Many other countries are far ahead of Canada in this area. For example in the United States they have the false claims act. Under it whistle blowers receive 25 per cent of the savings of any whistle blowing event that they unearth. Over the first six years of operation of that act 407 lawsuits were filed and 37 were settled for a total of about \$147 million in savings. The average whistle blower received \$400,000. England has similar legislation. I believe this is the crux of what we are talking about here, protection at the same time as incentive.

The Americans saved \$147 million by people within their departments saying there was waste and showing that there was waste. The incentive was there. Twenty-five per cent of the savings that they identified went into their own pockets. It works very well. The government saves on the one hand, the employee picks up on the other hand and the protection is there. It would be worthwhile to look at some of the practices followed in other countries to draft a plan of our own.

We also have on the books existing legislation that makes it necessary for this government to introduce whistle blowing legislation. Such an act is necessary because at the same time that our Financial Administration Act states that a public servant who fails to report suspected fraud can be fined up to \$5,000 or sent to prison for up to five years, there is no corresponding protection for whistle

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blowers who act in accordance with the law. Clearly we require a balance.

The government knows full well that there is waste and abuse in the public service and the introduction of such an act will bring many of these wasteful practices under control. This type of bill would help restore the credibility of the government and the politicians who are, to a certain extent, responsible for public service waste and abuse.

As my colleagues have mentioned before, the auditor general has covered this. He emphasized the need for action on this issue in his 1995 report. The auditor general wrote: "Canadians are concerned about integrity in government and they have the right to expect the highest ethical standards in their governments. Leadership by members of Parliament, ministers and deputy ministers is critical to maintaining ethical standards and performance in government".

The auditor general went on to say: "If Canadians do not trust their governments to act ethically, governments will find that their actions have less and less legitimacy and effectiveness. Thus we believe that it is important to discuss the ethics in government and to take action to maintain and promote ethics within government".

The Liberals promised in their red book to restore honesty and integrity to government yet their actions speak otherwise. If we had honesty and integrity, we would not need Motion No. M-263. We would not need to waste this House's time asking the government to follow through on its election promise. However as it is, there is a need to protect public servants whose efforts to ensure honesty and integrity in our institutions are threatened by their government. Thus we need this legislation.

It is ironic that on the one hand we have a Liberal backbencher pushing to fulfil a Liberal promise yet on the other hand cabinet is acting to undermine the Liberal member's efforts. This is not a partisan issue. It is simply common sense. It is in the best interests of Canadians and the federal government to introduce this legislation.

In conclusion, I support Motion No. M-263. I believe that there is broad support for this motion within the House. We have heard it from the Liberal side, we have heard it from the Bloc and Reform. As such I would ask for unanimous consent in this House that this motion be deemed votable.

The Deputy Speaker: The hon. member is seeking unanimous consent that the matter be made votable. Is there unanimous consent colleagues to have this matter made votable?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: Colleagues, I hear a no and therefore it cannot be made votable.

• (1140)

Mr. Ovid L. Jackson (Parliamentary Secretary to President of the Treasury Board, Lib.): Mr. Speaker, I am pleased to participate in the debate today on the motion tabled by my colleague, the hon. member for Brampton, advocating legislation to protect public servants who report wasteful spending, illegal activities or any other incidents that threaten the integrity of the Government of Canada. The term whistle blowing has been used to describe such activities.

While the matter of legislating whistle blowing protection has been given a thorough airing in this House in the past, it is useful to bring it forward on occasion to see if the issues are real, if there are current mechanisms in place to assist public service employees who are fulfilling the legitimate requirements of their jobs, and if these mechanisms continue to provide the required degree of comfort for employees. It is useful as well to look at the experience of others in the area of whistle blower protection.

In Canada within the public service context, whistle blowing is rather loosely defined as making public disclosure of practices or actions related to fraud, mismanagement or waste. It is interesting to note that the current motion also includes a reference to items which threaten the integrity of the Government of Canada. It is very important for employees within the public service and in the private sector to have pride in their jobs and in their organization. Also I feel strongly that employees want to identify in a positive way with their employment and with their employer.

The issue which arises is what to do when an employee sees situations involving potential waste or mismanagement, or from a more positive perspective, when that employee sees a way for improving job efficiency or effectiveness. The concern is with those mechanisms that are available should the recommendations or suggestions not be welcomed or addressed.

I looked at some of the United States experience in the area of whistle blower protection legislation. As a bit of background, whistle blowing protection was legislated in the United States with the 1978 Civil Service Reform Act and in 1989 with the Whistle-blowing Protection Act. It was designed to provide protection against adverse employment actions for employees who blow the whistle.

The 1989 legislation allowed employees to appeal to the Merit Systems Protection Board to seek redress for alleged acts of retaliation such as reassignments and ratings. As a follow-up to determine the effectiveness of the legislation, the United States

government conducted employee surveys in 1983 and in 1992 with a number of interesting findings.

Survey data showed that from 1983 to 1992 fewer employees said they had personally observed or obtained direct evidence of one or more illegal or wasteful activities involving their agencies. However of these employees, an increased percentage said that they had reported the illegal or wasteful activities. There was also an increase in the percentage of employees who said they had experienced reprisal or threat of reprisal for having reported an illegal or wasteful activity, but there was a decline in the more serious forms of reprisal.

From the perspective of increasing efficiency and effectiveness it was noted that while a smaller percentage of employees reported seeing examples of illegal or wasteful activities, of those who saw them a much larger percentage were willing to report them. Some employees chose not to report for a number of reasons, primarily because they believed nothing would be done to correct the activity, or they feared retaliation. Of course, when employees do share information about problems they see, the receivers of this information must be receptive to the information and must be willing to work with the employees toward problem resolution.

The United States report reached the conclusion that agencies need to focus their efforts on creating an atmosphere in which employees and managers alike see the value both in identifying problems and in working together to resolve them and that threats associated with disclosing illegal or wasteful activities must be diminished. The report concluded that this can be done only by empowering employees with the control and the right to help make changes in the workplace.

• (1145)

Suggestions for improvement included the following. Agencies should emphasize organizational change and improvement. Agencies should examine their processes for selecting supervisors and managers to ensure that they are choosing management teams with whom employees will feel comfortable sharing information concerning illegal or wasteful activities. Agencies should ensure that employees understand the kinds of problems about which they should share information, how the information will be handled and what safeguards there are against reprisals. Agencies should actively solicit employees' views and give employees feedback concerning those views.

This leads to an interesting comparison with the approach within the Canadian public service. In terms of the Canadian approach, we think it is important that the government of the day works with the public service in a co-operative manner, and I feel a spirit of trust must be felt as we look to ways of eliminating waste and achieving effectiveness.

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At this time there are mechanisms within the public service to allow employees to bring to the attention of senior management any concerns they may have regarding illegal activities which they consider beyond the bounds of propriety. As well, there are a variety of mechanisms to protect employees from arbitrary disciplinary measures including the well established grievance and adjudication process.

The Public Service Staff Relations Act allows employees to grieve any perceived injustice or wrongdoing where there is no recourse provided in law. The Canadian Human Rights Act protects employees from discrimination and the Privacy Act provides a measure of protection as well.

In addition to the legislation provisions, the harassment in the workplace policy adopted by the Treasury Board for all public service employees specifically forbids harassment for any reason whatsoever, including specifically abuse of authority. It provides a simple mechanism that allows employees to bring their concerns to the attention of a neutral third party. In addition, the powers of the press and the public service employee unions have been influenced. The press and the unions have demonstrated a continuing interest in keeping government employees and public organizations on the straight and narrow, as we are all aware.

A fundamental principle of management in most successful organizations is that the employees are accountable for their performance to their senior managers. Fair play on the part of employees and superiors is an equally important element. There are in place remedial measures and available avenues of appeal that work efficiently to deal with abuses of authority. There are also sanctions in place to prevent, avert or penalize proven dishonourable conduct, criminal actions, waste, extravagance, discrimination or abuse of trust.

Employees are expected to inform their supervisors of any seeming impropriety and to suggest ways of improving public service actions. Recourse to internal channels where available and likely to be effective is required so that problems may be resolved internally.

The employee must consider whether that alternative is appropriate, not because the truth should be hidden but because internal remedy may be the most effective. There is an important message for internal managers here. Employees, according to a United States survey, are more likely to disclose issues in the context of where the issue is likely to be addressed.

For all the complexity of the government, the incidents that put employees in particular difficulties are remarkably few and far between. Existing mechanisms have been shown to be capable of dealing with them. New legislation in the area might well open a gulf between the employees and management, one which does not exist now.

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The Deputy Speaker: There are no further members wishing to speak. The hon. member for Brampton is entitled under the rules to give a short summary of the debate if she wishes to do so.

• (1150)

Ms. Beaumier: Mr. Speaker, I have listened to the debate and I think that all members are in general agreement that the legislation is necessary. I am just hoping that the government will take this as a lead to enact some sort of hearings for this legislation.

I have had a number of personal experiences with people reporting abuses. I do not find that even for a member of Parliament there is a satisfactory way to address these issues. Public servants are intimidated by talking to members. Often in a department one public servant will not even meet with a member alone. They want someone else there with them as a witness to protect themselves in case the member makes a complaint. They want their own jobs protected.

I have been a public servant. We have some of the most dedicated, hard working people in the public service of Canada. Unfortunately, the only things ever reported in the news media are the abuses long after they have occurred. I do not think it is fair to the public service to be tarred with the same brush by the perception being created out there by these odd stories.

I would like to encourage the government to proceed with fulfilling its commitment.

The Deputy Speaker: The hon. member is perhaps not aware of the fact that the proposer can sum up only if nobody else wishes to speak. Perhaps the hon. member could call it a point of order. He is not entitled to speak once the proposer has made a final summary.

Mr. Silye: Mr. Speaker, my point of order would be a matter of debate, and so I will sit down.

[*Translation*]

The Deputy Speaker: Since no other member wishes to speak and the motion is a non-votable item, the time provided for the consideration of Private Members Business has now expired and the order is dropped from the Order Paper.

[*English*]

Ms. Catterall: Mr. Speaker, may I suggest that the House be suspended until noon.

SUSPENSION OF SITTING

The Deputy Speaker: Is it agreed that we suspend the House until noon?

Some hon. members: Agreed.

(The sitting of the House was suspended at 11.54 a.m.)

SITTING RESUMED

The House resumed at 12.06 p.m.

* * *

EXCISE TAX ACT

BILL C-70—TIME ALLOCATION MOTION

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.) moved:

That in relation to Bill C-70, an act to amend the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related acts, not more than one further sitting day shall be allotted to the consideration of the report stage of the bill and one sitting day shall be allotted to the third reading stage of the said bill, and 15 minutes before the expiry of the time provided for government business on the day allotted to the consideration of the report stage and on the day allotted to the third reading stage of the said bill, any proceedings before the House shall be interrupted, if required, for the purpose of the order, and in turn every question necessary for the disposal of the stage of the bill then under consideration shall be put forthwith and successively without further debate or amendment.

Some hon. members: Shame.

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

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

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

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The Deputy Speaker: Call in the members.

• (1250)

[*Translation*]

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 216*)

YEAS

Members

Adams
Allmand
Anderson
Barnes
Belair
Bellemare
Bertrand
Bodnar
Boudria
Brushett
Calder

Alcock
Anawak
Augustine
Beaumier
Belanger
Bernier (Beauce)
Bevilacqua
Bonin
Brown (Oakville—Milton)
Caccia
Campbell

Private Members' Business

PAIRED MEMBERS

Cannis	Catterall	Arseneault	Assadourian
Chan	Clancy	Bergeron	Bernier (Mégantic—Compton—Stanstead)
Cohen	Collenette	Brien	Canuel
Collins	Cowling	Cauchon	Crête
Culbert	Cullen	Deshaies	Dubé
DeVillers	Dhaliwal	Dumas	Fillion
Discepola	Dromisky	Finestone	Fry
Duhamel	Easter	Godin	Harper (Churchill)
Eggleton	English	Landry	Laurin
Fewchuk	Finlay	Lavigne (Beauharnois—Salaberry)	Lavigne (Verdun—Saint-Paul)
Gaffney	Gerrard	LeBlanc (Cape/Cap-Breton Highlands—Canso)	Lefebvre
Godfrey	Goodale	MacAulay	Marleau
Graham	Guarnieri	Ménard	Parrish
Harb	Harvard	Payne	Pomerleau
Hickey	Hopkins	Robillard	Rocheleau
Hubbard	Irwin	Shepherd	Tremblay (Lac-Saint-Jean)
Jackson	Jordan	Tremblay (Rosemont)	Verran
Keys	Kilger (Stormont—Dundas)	Wappel	Wells
Kirkby	Knutson	Whelan	Young
Lee	Lincoln		
Maloney	Manley		
McCormick	McKinnon		
McLellan (Edmonton Northwest/Nord-Ouest)	McTeague		
McWhinney	Mifflin		
Mills (Broadview—Greenwood)	Minna		
Mitchell	Murphy		
Murray	Nault		
O'Reilly	Pagtakhan		
Peric	Peters		
Peterson	Pettigrew		
Phinney	Pillitteri		
Proud	Reed		
Regan	Richardson		
Rideout	Robichaud		
Rock	Scott (Fredericton—York—Sunbury)		
Serré	Simmons		
Speller	St. Denis		
Steckle	Stewart (Brant)		
Stewart (Northumberland)	Szabo		
Telegdi	Thalheimer		
Torsney	Ur		
Valeri	Vanclief		
Volpe	Zed—108		

NAYS

Members

Abbott	Asselin
Bachand	Bélisle
Bellehumeur	Bernier (Gaspé)
Breitkreuz (Yellowhead)	Chatters
Chrétien (Frontenac)	Dalphond-Guiral
de Savoye	Debien
Duceppe	Duncan
Epp	Forseth
Gagnon (Québec)	Gauthier
Gilmour	Gouk
Guay	Guimond
Harper (Simcoe Centre)	Hermanson
Hill (Prince George—Peace River)	Jacob
Jennings	Johnston
Lalonde	Loubier
Marchand	Martin (Esquimalt—Juan de Fuca)
Mayfield	McClelland (Edmonton Southwest/Sud-Ouest)
Mercier	Meredith
Morrison	Nunez
Paré	Picard (Drummond)
Sauvageau	Scott (Skeena)
Silye	Solberg
Speaker	St-Laurent
Strahl	Tremblay (Rimouski—Témiscouata)
Venne	White (North Vancouver)—50

The Deputy Speaker: I declare the motion carried.

CONSIDERATION RESUMED OF REPORT STAGE

The House resumed from February 6, 1997 consideration of Bill C-70, an act to amend the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related Acts, and of the motions in Group No. 3.

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, I am pleased to rise to speak to the motions in Group No. 3 put forward by the Bloc Québécois concerning this part of Bill C-70. Because this bill is very substantial, the amendments have had to be grouped.

I am pleased to rise today to express my opposition to Bill C-70, as my colleagues have done before me. As has already been said repeatedly, this bill is a hodgepodge of amendments to the GST, a rather thin and tasteless soup.

• (1255)

One of the aims of this bill is to harmonize the GST and the provincial sales tax of three maritime provinces in exchange for a paltry compensation of \$1 billion based on some particularly obscure calculations.

First off, I would like to point out that there would have been no debate on Bill C-70 had the Liberal government kept its election promises. In the last election, the Prime Minister promised to totally eliminate this federal sales tax. However, far from eliminating it, the government now wants to harmonize it, as it puts it, to better hide it. In addition to not fulfilling his election promise, the Prime Minister told Canadians and Quebecers he had never promised to eliminate the GST.

Canadians were probably not watching the right television channel when the Prime Minister said: "We want to scrap the GST; we want to abolish it; we want to eliminate it". Canadians were probably not reading the right newspapers when they read, written

Private Members' Business

in black and white, during the election campaign, statements made by the Prime Minister and his Liberal colleagues saying: "Yes, we will scrap the GST". Canadians were probably not tuning to the right radio stations when the Prime Minister, his ministers and other members opposite said: "We will abolish the GST; we will scrap it".

Today, we are told: "You misunderstood". And we misunderstood them in both official languages. This is all about respect.

Now, we all know what to make of the Liberals' promises, including future ones, because they will promise us the world again. We have proof that the Liberals are unable to fulfil their commitments. To make things worse, the Prime Minister was disrespectful to a citizen on the national television network when he told her: "No, we did not lie; this is what we meant, but we did not state it correctly".

Not only did the Prime Minister and his government renege on their word, they are now proposing a bill hastily thrown together, a bill that will cost us one billion dollars in compensation to just three maritime provinces. What a nice pre-election gift. They probably need it badly in that part of the country.

I will not discuss in detail the technical aspects of Bill C-70, but I have to point out the government's incompetence in this matter, and its lack of respect for the opposition and for Maritimers, who were not given an opportunity to be effectively consulted and heard.

Before Christmas, the Minister of Finance tabled a bill that has close to 300 pages. He tabled it just before the Christmas recess, giving the opposition 24 hours to review this technical piece of legislation and to prepare for debate at second reading. The purpose was obviously to prevent the official opposition from finding flaws in the bill. Unfortunately for the Liberals, there were flaws and there are still many. In fact, the government botched its work to the point that the Liberals themselves tabled over 100 amendments to their own bill. Their excuse is that they worked so quickly and did such a poor job that they did not have the time to read it over and so they have come up with 100 amendments to remedy matters.

The government has been moving full steam ahead with Bill C-70 so that the public will forget the GST fiasco before the next federal election. It shows, because this is a bad bill and the government is proving it by introducing so many amendments. Not only is Bill C-70 bad, but it is unfair, because it makes no provision for compensation to provinces that have already harmonized their provincial sales tax with the federal tax.

Oddly enough, the only province that has already harmonized its sales tax with the federal tax is Quebec. That is right, once again the Liberal government is thumbing its nose at Quebecers, by refusing to give them the money to which they are entitled. The Government of Quebec calculates the amount at \$2 billion. If you

work out fairly what Quebec should receive in light of what was handed over to the maritimes, this is the amount owing. We are not asking for a handout or anything extra, we are asking for what is owed us.

• (1300)

When the provincial premiers got together in Jasper last August, they reached an agreement that all provinces should be treated equitably by the federal government. All provinces including Quebec, since it is still part of Canada for a few years to come, are to benefit equally from the agreements regarding the harmonization of sales taxes, which naturally includes compensation.

On December 13, 1996, Quebec ministers Bernard Landry and Jacques Brassard officially requested \$2 billion in compensation for having harmonized Quebec's sales tax with the federal sales tax. Since that time, the Liberal government has refused to compensate the Quebec government for this harmonization.

It is worth pointing out that Quebec harmonized its sales tax in 1991, on its own and without financial assistance. The costs of this harmonization were considerable, and part of those costs were borne by Quebec businesses. Moreover, Quebec businesses are still paying the price, and are not even reaping the benefits the harmonized tax will offer, as proposed in Bill C-70. The bill neglects to even mention Quebec.

As for the three Maritime provinces, they will benefit fully and considerably from the harmonization of their sales tax with the federal tax. Unlike the Quebec businesses, those in the Maritimes will be fully reimbursed for input taxes, without the increase in taxes Quebec businesses had to absorb. One of the best proofs of the Maritimes' new advantage is the poaching by New Brunswick's Premier McKenna during Team Canada's latest trip to Asia. During this trade mission, Premier McKenna approached Quebec and Ontario businesses to get them to move to New Brunswick by pointing out the advantages of harmonizing their sales tax with the GST.

The federal government is therefore using some of the Quebec taxpayers' money to finance unfair and unethical competition by the Atlantic provinces. We are also paying for the tax cuts promised by the Government of New Brunswick, while such a luxury is out of reach for us in Quebec. Unfortunately, the harmonization of sales taxes by the Maritime provinces will cost us more than just the \$1 billion over the next four years. The reduction in sales tax from 19 per cent to 15 per cent will mean that Quebecers and all Canadians will be contributing more in equalization payments to the maritime provinces.

Furthermore, the federal government is guilty of a total lack of transparency and fairness in this matter. There is no way at the moment to justify the \$1 billion the maritime provinces are going to get. The reason is simple, unlike the practice, the standards and method of calculation used to establish the amount of compensa-

tion remain hidden and under wraps. This is unacceptable. The government is being neither professional nor honest in this matter.

Now, a quick word in closing on Bill C-70's supposed elimination of tax on books. Another snow job by the Liberal government in an effort to hide its mistakes. Bill C-70 provides for the elimination of taxation on books purchased by literacy and teaching institutions only. This is a start, it is true. We recognize that. However, it is thanks to the unrelenting demand of Quebec, which, by the way, has eliminated sales tax on all books.

In conclusion, the Bloc Québécois opposes Bill C-70 and its plan to harmonize the GST with the sales tax of the maritime provinces. This bill is jerry-built and based on nothing more than political and partisan considerations. The Liberal government is attempting to mislead the public with this bill and make them forget the empty promise of eliminating the GST, but people will not be fooled and will still remember in a few months' time.

[English]

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, it is a pleasure to speak to Bill C-70 and the third group of amendments on harmonizing the sales tax in the maritimes.

We have heard much about how the harmonized sales tax is unfair and complex. I am going to get into some solutions to the GST that the government could employ in order to give all businesses a leg up against competitors in other parts of the world.

The government had an enormous opportunity when it came into office three and a half years ago to finally help Canadian businesses to become competitive with their counterparts in the world. Instead the government has taken an entirely different approach other than business as usual. It has done the exact opposite and complicated our tax structures.

• (1305)

The most recent example is the HST. This sales tax does not make the taxation system simpler. It does not provide an impetus for the private sector. It does not create more jobs. It will do the exact opposite. It will cost jobs. There are some very sad examples of this, particularly since this affects the maritimes. It is supposed to help the maritimes but will actually have a devastating effect on many businesses.

Who is this going to affect? It will cost more for children's clothing, books, auto repairs, gasoline, home fuel. It is not the rich who pay for this but the poor on fixed incomes who really pay. Let us look at some real life examples of businesses on the east coast that are going to be affected by this.

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The Canadian Real Estate Association claims that the increasing cost of a new house in Nova Scotia or Newfoundland will be over three and a half thousand dollars. The GST harmonization in New Brunswick will cost almost 80 jobs in Moncton and Buctouche. There are other examples in New Brunswick. There is a 50:50 chance of other store closures in the Greenberg chain and a loss of over 70 jobs in places such as Atholville, Shediac and Moncton. This tax will not alleviate the strain and duress that Canadians from coast to coast feel. It will make things worse.

The Canadian Federation of Independent Businesses made it very clear that harmonizing the sales tax is good but that it has to conform to certain criteria. It stated that a properly harmonized tax is good, but it has to be one sales tax across the country at a lower rate than the present rate. It must have one set of rules, one set of audit procedures, a single remittance requirement and one tax collector.

The HST proposal that harmonizes the sales taxes will not do that. It violates the principles put forward to the government by the business community through the Canadian Federation of Independent Businesses. It said to the government: "Here are some good solutions. Take them and use them". What did the government do? It ignored them and went in the opposite direction.

I am sure many members will empathize with me. Before I got into this business, as a member of the public I often wondered why in the world did governments continue to propose solutions that have little or no relevance to what is actually going on in the trenches? I am no closer to answering that question today after three years in this House than I was before I got into this business, and that is sad.

It is a disgrace and a shame that we have repeatedly failed the Canadian public by not putting forward good, effective solutions to the problems that affect us. In no other realm have we violated the trust of the Canadian public more than in the field of economics. This opportunity to harmonize the sales tax was a great chance but a failed opportunity on the part of the government.

Some very good solutions could be put forward, but first I will talk a bit about the GST. I will not discuss the fact that the government violated the public's trust on this issue because that has been spoken about before. Once again I plead with the ministers of revenue and finance to please simplify this tax or eliminate it. It is a complicated tax. I do not know if they really understand the incredible stress and burden it places on the small independent businesses that are trying their hardest to eke out an existence. These businesses are getting it in the teeth and the simplification or the elimination of the GST would be a welcome respite for people who are the underpinning of our economy and the true creators of jobs in Canada.

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This tax is not applied fairly. In the medical field, the GST is not applied fairly at all. Physicians are actually singled out and treated unfairly by this tax. I will show members how.

• (1310)

Medical services are designated as tax exempt under the Excise Tax Act. Physicians, on the other hand, are denied the ability to claim a GST refund for purchases such as medical equipment and medical supplies that are necessary to deliver quality care.

Why did the government not support motions put forward by my colleague from Medicine Hat to make that issue fair for all medical personnel? Why are physicians being singled out? Only the government knows that. It is unfair and discriminatory to this group of individuals.

I would like to discuss some things we can do to try to improve the economy in our country. The first thing is to look seriously at introducing a simple, flat tax. The flat tax tells people that the harder they work, the more they are going to keep. Our present taxation system tells the Canadian public the more they make, the more the government is going to take from them.

That is a very serious problem because it takes away the incentive to go out and strive harder. A flat tax with a greater margin of exemption at the bottom takes out the lowest socioeconomic groups from paying taxes and puts more money in their hands.

My colleagues in the Reform Party have proposed that and we have the flat tax in our fresh start platform. It shows ways that the government can actually put more money into the hands of all Canadians, but in particular those who are poorest in our society. I encourage the government, once again, to take a look at that. Frankly, I am not very confident that it will take the initiative.

The complexity of the tax structure absolutely restrains, restricts and compromises the ability of the private sector to go out and be as aggressive as it can be.

Government regulation, in fact government over regulation, must be diminished greatly. If I was a private business person considering opening up a business, I would think very carefully about not doing it because of the level of government over regulation. Three levels of government are the hoops that many business people have to jump through, and that acts as a huge restraint on maximizing the great ideas that they have economically.

We must also deal with education. We need a much stronger education system and it needs to be brought into line with what is taking place in the global economy and what the needs of our country will be in the 21st century. Currently students, faced with an over 20 per cent unemployment rate, are having great difficulty earning the funds to get themselves through school. Almost two years ago Reformers suggested an income contingent loan replace-

ment plan which would provide more funds to students going to school.

Our educational system must reflect the needs of the 21st century. Therefore, closer co-operation between the private sector and the education system is essential if we are going to maximize the needs of our country and the needs of our students. The ICLR program would enable more money to be available for students to get the training required. We also need a far greater input into job training in the work force.

Much to my dismay, I have learned that our country is one of the lowest in all developed countries in investing in their workers in developing the trades and the educational systems they will require along with the skills to be aggressive in the 21st century.

In closing, if the government was to have a flat tax, decrease the complexity in our taxation system, have a strong educational system, decrease the tax burden on Canadians and simplify the tax structure, we could provide enormous input, incentive and impetus to our private sector. As a result, we would create more jobs and have a more secure future for all Canadians.

• (1315)

Mr. David Chatters (Athabasca, Ref.): Mr. Speaker, I am pleased to rise today to voice my opposition to Bill C-70. It is a thinly veiled attempt by the government to fulfil a red book promise to eliminate or redefine the GST.

I never fail to be amazed at the attitude of the government which has changed from such a short time ago when it was in opposition. I clearly remember the debate which went on in this place and in the other place when the former Conservative government brought in the GST. I remember the debate which went on in the other place for hours and hours, day and night, and the Liberal outrage over the proposed GST. The debate caused emotions which at times almost led to physical violence. All sorts of strange manoeuvres were employed to filibuster the bill, yet a couple of years later the Liberals who now form the government have completely flip flopped and seem to be defending this very unpopular and unfair tax in the interests of all Canadians.

When we read some of the debates from the last Parliament we see the Liberal comments which were voiced every time the Conservatives invoked closure on a bill. The Liberals howled and shouted their outrage. Now they are on the other side and they invoke closure on a regular basis. It is almost a daily order of business. There is a lot of hypocrisy in that kind of action.

The imposition of the GST had a lot to do with what happened to the Conservative Party in the last election. It will probably have somewhat the same effect on the Liberal members from Atlantic Canada in the next election if they do not start speaking up and representing the views of their constituents on the harmonized version of the GST. It has all the same problems and faults which the original GST had when it was imposed on Canadians, except

those problems and faults are now magnified. Instead of a 7 per cent tax we are looking at a 15 per cent tax.

The whole concept was sold to Atlantic Canadians on a bill of goods which said they would be better off, that the provincial tax would be lower and that it was the best thing since sliced bread. Atlantic Canadians are quickly coming to realize that the picture is not quite as rosy as the one they were sold.

The provincial sales tax was a tax on goods. Now it has become a tax on goods and services. On top of the billion dollar incentive which was given to the Atlantic provinces by the rest of the Canadian taxpayers to induce them to enter this agreement, the base of the tax will be hugely expanded compared to what was covered by the provincial tax. It has become quite evident to Atlantic Canadians that their cost of taxation will be substantially higher than it was with the two tax system.

On top of that, there is the fundamental dishonesty about trying to bury the GST in the price of the goods so that every time an Atlantic Canadian buys a good or a service they will not be reminded of the hated GST. That it is hidden in the price does not seem to be a very upfront and honest way of trying to make this whole controversy go away and make Canadians forget the most hated tax in Canadian history.

• (1320)

On top of that, a number of well known organizations have exposed the cost of this harmonized tax to Atlantic Canadians. It is certainly going to kill jobs in a major way. It is going to put expansion plans of a number of fairly major retail chains on hold. It will not only cost in investments but it will also cost jobs for Atlantic Canadians.

Of course we can go back to the whole issue that has been plaguing this House for the last three and a half years, which is the difference in what the Prime Minister and other Liberals promised during the campaign and what they have delivered since the election. The recent town hall meeting brought to light very clearly the difference between the two. The expulsion of the member for York South—Weston has certainly exposed the fraud in this whole issue.

There is no doubt that the promise to eliminate the GST after the election, because it has been such a very unpopular tax with Canadians since its implementation, had a very major impact on the number of seats the Liberal Party gained in the last election. Doing a flip-flop and turning its back on that promise will have a major impact on the next election. I do not even think this attempt to harmonize the tax will cover the failure to fulfil that promise by this government.

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We in the west and even those in Ontario, the largest province in Canada, have shown little interest in joining in this effort to harmonize the tax for the same reasons that now, after the faults have been exposed, Atlantic Canadians are rejecting it. In Alberta where we have no provincial sales tax, the implication of a blended tax is of little interest to Albertans and would do nothing but cost a substantial amount of money.

Alberta, Ontario and British Columbia are the three provinces that are not even willing to talk about the proposal. It appears that even the provinces of Saskatchewan, Manitoba and Prince Edward Island are quickly backing away from having any input into the whole proposal. It is simply no better than the GST which Canadians have been rejecting for so long.

It is understandable why the provincial governments of some of the Atlantic provinces did fall into the trap set by the federal government to get them into this scheme. It was simply because of the billion dollars which was put up by all Canadians through their tax dollars to bribe them into becoming part of the scheme. There is also the very complicated issue of tax credits where one tax is applied on top of another tax and the province receives a rebate in those instances. One can see how it could be appealing to a provincial government if in fact it is looking after its interests instead of the interests of the people it represents, the people of the Atlantic provinces.

While it might have more appeal to the governments in the Atlantic provinces, certainly for the same reasons as for all other Canadians it has little appeal to Atlantic Canadians. That is probably one of the reasons the Liberal government refused to hold public hearings on this issue in Atlantic Canada.

• (1325)

Certainly, considering the implications of this bill and the tax the government is proposing, it would only be natural that the committee would have travelled to Atlantic Canada to hold public hearings and hear the opinions of all Atlantic Canadians but that just was not to be. I find it quite curious that this government would not have been willing to go there to hear the opinion of those most affected.

We oppose the GST in its entirety and we oppose this bill to harmonize the GST, but to somehow neutralize at least some of the problems with it we introduced a number of amendments. It will be realized that with the imposition of closure on the bill the Liberal government is not interested in hearing any amendments to improve the bill any more than it is interested in hearing any more debate on the bill.

The Deputy Speaker: I am sorry to tell the hon. member that his time has expired. The hon. member for Cumberland—Colchester.

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, it is a privilege to stand before this House today as a

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member from the Atlantic region to talk about the Atlantic region. I wish to clarify the point that some of the members from the third party have referred to it as the maritime region when in fact we are talking about the Atlantic region of Canada. The harmonized sales tax is indeed an issue for intelligent discussion in this House.

The member indicated that members of the finance committee did not go to the Atlantic region because we were afraid to hear what the people might have had to say. That is not the case. We were in the Atlantic region in November. We held hearings across the country on the GST and we had open discussions. We even had political leaders from other parties attend our hearings here in Ottawa. It was the generous availability and the invitation of members of the finance committee that brought them to Ottawa.

Some key points in the harmonized sales tax that are being missed are really valuable. A point of fact is that on average, a Canadian consumer and in fact a consumer in the Atlantic region visits the grocery store approximately two times each week. In the items the average consumer will buy, approximately 40 per cent of them are taxable. What this means in the Atlantic region is a reduction of that tax through a harmonized process. In Nova Scotia alone that reduction is almost four percentage points. In the other Atlantic provinces, such as Newfoundland, it goes down even much further. In fact consumers at the grocery store will see a benefit in a reduced tax of up to four percentage points at the minimum in buying approximately 40 per cent of their goods on average twice a week in the average consumer pattern.

There is another important point. I talked to farmers in Atlantic Canada this very morning. The Nova Scotia Federation of Agriculture and the Canadian Federation of Agriculture are very pleased with what this tax will do in the farm sector. Barns and new silos are being built across my constituency already. This is in the event that when the tax comes into place on April 1 these farmers will get a rebate of 15 per cent on all capital expenditures.

Let me tell this House that Ontario farmers are now saying: "Why can't we have this in Ontario?". That is the message which is coming from the farm sector in this country. They want what Nova Scotia, Newfoundland and New Brunswick are getting in the farm sector. This 15 per cent tax credit looks a heck of a lot better to the average farmer than does a 7 per cent GST rebate.

When we talk about the input tax credit, the 15 per cent input tax credit that is available to all manufacturing sectors in the harmonized zone is a benefit to the Atlantic region. Why is it a benefit? Because it will sustain those who are manufacturing and creating long term jobs in our area.

• (1330)

This is the real benefit to our harmonized tax and the single tax system. Why is it a benefit? People have been asking us what to do

in terms of simplifying tax. We have heard the hon. member speak about a flat tax here today. This is not about a flat tax and this is not part of this reform. It is about a harmonized tax.

In the Standing Committee on Finance we had companies in Ontario that manufacture goods for this nation say to our committee: "We will be looking at the harmonized zone. There is an incentive in that for us to even look at relocating to a harmonized zone because a simplification of a single tax, no tax on tax, is beneficial to the manufacturing sector and to the long term sustainable sector of our society that will keep our economy employing young people and generating an economy that will sustain us as we move into the 21st century".

A controversial point in this whole debate is a tax in pricing. Those who are making the most noise regarding tax in pricing are the multinationals and the internationals. When they come to Atlantic Canada they have told us that they do not benefit from the 15 per cent input tax credit because they do very little infrastructure in the harmonized zone. They have cashiers and people who work at the front line who stock shelves but the money for the most part is simply in employment wages and it leaves the region in the benefits from the sales. My invitation to the multinationals, if they really wanted to get the maximum benefits from the harmonized sales tax, was to come to the Atlantic region, to the harmonized tax zone and set up basic infrastructure, develop the long term sustainable businesses that will generate our economy.

For several decades now, maybe even a century, we have lost a large part of our economy. We have been an underprivileged region accepting large transfer payments. That is not because we want to, that is not because we are hard workers and that we do not have large numbers of entrepreneurs. I can give the history of my own businesses. We had put money where our mouth was and started a scientific company that has since went on to the stock exchange to become a very successful international company. We wanted to manufacture in the Atlantic region. We wanted to hire young scientists to create jobs and to be sustainable so that we would not have to be that have not province and have to take those transfer payments that we have depended for so long.

Some of the hon. members are advocating that this is not good news for the Atlantic region because they would like to continue for us to be that transfer receiving province and dependent on the provinces that are more sustainable economically. This is a chance for us to change that pattern.

There are comments from APEC, the Atlantic Provinces Economic Council, that this harmonized tax is good news for the Atlantic region. There are comments from the CIBC this morning saying the Nova Scotia resale sector was strong in 1996 and the introduction of the harmonized sales tax is expected to further increase sales.

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The harmonized tax does many things for our region but above all it allows us as Atlantic Canadians to have a stronger resource sector, a stronger manufacturing sector and to develop those jobs that can be sustained through a modern global competitive economy, and that is what we want. There will be some costs associated with the transfer of new cash registers or change over but these are minimal to the benefits of the overall 15 per cent harmonized tax and that 15 per cent input tax credit.

I could go through sector by sector, whether it is fishing, farming or manufacturing, but all those sectors in our economy, the building supply sector, the grocery store sector, have invited us to push forward with this harmonized tax and to make it forceful and make it strong. As I indicated moments ago, talking to our farmers this morning from the Nova Scotia Federation of Agriculture, they are pleased with this. They are being told from the Ontario farmers they would like to have the same thing. I expect that farmers in Ontario, a strong, vibrant part of our economy, will put the push on the government there that it join in and get a harmonized tax as well.

• (1335)

To display some of the myths about this whole tax is that it is a two package deal. It is a harmonized tax at the manufacturing and business level and it is a tax in pricing at the consumer level. The reason it is a package deal is want the consumers of the Atlantic Canada and of our nation to eventually receive this through put in the reduction of prices of a tax in pricing. When we see a commodity on a shelf, whether cat food, dog food, lumbering supplies or whatever, we will know that the price which is marked on the shelf is the price we will pay when we go through the cash and exit the store. That is the benefit—

The Deputy Speaker: The hon. member's time has expired.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I rise today to address Bill C-70.

However, I would like to make a correction on the facts that were just presented by the member from Cumberland—Colchester. She indicated that the HST-BST committee had gone to Atlantic Canada, when in fact it is not true. That was a prebudget consultation hearing that went to Atlantic Canada. For her sake and the sake of my colleague I would like to clarify that the Reform Party member was correct when he said that the committee did not go to Atlantic Canada, nor did it receive people from there at the hearings.

I would like to refer to a document I got permission to quote quite liberally, from Mr. Mitchel Gray who writes for the Canada

Taxpayers Federation, Alberta division. He calls this weekly commentary paper "Let's Talk Taxes".

It is ironic that my little newsletter that I put out through the House of Commons two or three times a year is called "Let's Talk". I like the title. I will stray from time to time but I will give him credit for the gist of the commentary on this issue.

The same people who told us they would scrap, kill and abolish the GST are bringing in legislation now to harmonize the GST, to include the GST in our lives forever with this harmonization in three provinces of Atlantic Canada.

Harmonize is a nice word. Aside from its soothing musical connotation it implies a sense of unity, togetherness and co-operation. When applied to the GST, however, harmonization means coercion, confusion, cost and cover-up. Here is how Mitchel Gray describes these four words, and I concur with his views.

Coercion. Part of the harmonization plan would force businesses to hide the new harmonized sales tax, HST, which our party prefers to call the blended sales tax, the BST, in a price of the product or services being sold.

Shopkeepers who make a mistake and sell a product without including the tax in the price would face fines, jail sentences or a permanent criminal record. That is right. It is off to the gulag. With all these g words these days, between gonads and gulag, we are getting an education in this House.

It is off to the gulag for those brave souls who would reveal how much tax Canadian consumers are paying. When I say gulag I am not kidding. While rapists and robbers can be granted conditional or absolute discharge by a judge under sections 763 and 737 of the Criminal Code, pops down at the corner store will be excluded under these sections and will rot in jail for not including the HST/BST in the price of a chocolate bar. We will need a magnifying glass in case the tax inclusive price is not the right size it is supposed to be. This gets very confusing.

Confusion. It is probably confusing enough to have a combined provincial-federal sales tax in three of Canada's provinces, two separate sales taxes in six provinces and one sales tax in one province.

• (1340)

If members need more confusion, how about this. The HST/BST legislation will exempt some items from the hidden tax rule and allow businesses to show both the tax inclusive and tax exclusive prices as long as the former is displayed. I think people are confused already. I will go real slow in the next part.

Private Members' Business

Shoppers could conceivably be faced with four different prices for the same marked down item. I will go real slow for the Liberal members because I know this is intended to simplify, clarify and make it a lot easier for people to understand—

An hon. member: Consumers are more intelligent.

Mr. Silye: —the original price with the tax, the original price without the tax, the sales price with the tax and the sales price without. The next point is cost.

An hon. member: Just to complicate it for the Reform.

Mr. Silye: At least this party does not go along like a herd of sheep and follow the democratic dictatorship that we have elected. When the backbenchers of this Liberal government go back and face their constituents they will have to answer why they are bringing in more taxes, new taxes in a region that is subsidized by the rest of Canada after the finance minister calls it pan-Canadian. We will see how pan-Canadian it is after this is fleshed in out in about 10 or 12 months after this tax has been in place.

Companies will have to develop dual inventory. They will have to have two pricing systems, computer and advertising systems in order to accommodate this change. It will be confusing and it will be costly. It is a shame that a government cannot look at a plan and implement it all across Canada rather than just doing it piecemeal in one part of the country only.

In addition to the direct costs there is the cost of lost jobs. A card company and Woolworth, as my colleague has previously mentioned, will be forced to lay off hundreds of people with this increase in costs or pass it on to consumers. That is what we have been arguing all along.

It makes no matter if someone can deduct this as input costs. It is a 15 per cent deduction. Come and create the jobs. What matters is whether this benefits the Canadian taxpayer, the Canadian consumer. The answer is unequivocally no. Take a look at what is being done here.

A tax is being increased on a lot of goods and services in these provinces. Yes, the overall combined tax is lower in those provinces, but Canadians have to pay \$974 million to do that. It is a prepayment to get a tax reduction in one part of the country at the expense of the other part of the country. Then what happens to the people in that part of the country?

Are they going to be better off at the end of the day? I submit no, because when they buy their goods and services they will be paying 15 per cent on a lot of goods and services they were not paying on before. Their out of pocket costs will go up and when those consumers find out, the premiers, the politicians in those provinces are going to be in deep goo-goo, sticking to the g alliteration.

The final word I have to say is cover-up. Hiding the HST and BST will allow Ottawa to cover-up future rate hikes. That is the

danger in this legislation. Other countries have combined a value added tax with a local sales tax to have just one tax. Governments then go on and raise it from 5 per cent to 10, from 10 to 15, from 15 to 18. It just gets easier and easier to raise the tax.

This Liberal government, should it be so lucky to enforce a harmonized sales tax all across Canada, will then be in a position to raise this tax forever.

This cover-up is nothing more than trying to keep a promise that it never intended to keep in the first place. Those members said they would scrap the GST, abolish the GST, and now they have done the very thing that they argued against in this House of Commons when they were in opposition.

This is not about money. This is not about creating jobs. This is about integrity and honesty in politics. I am embarrassed to have to say the politicians on that side, now in government, especially the cabinet ministers, are now saying things opposite to what they did over here.

When the minister of defence was on this side he said the GST should not be tax included, that tax should always be obvious and clear. Now he is favouring a hidden tax.

When the finance minister was on this side he said if you combine a provincial sales tax with a goods and services tax, you will entrench the GST forever. For a party and two people who ran on the platform to scrap, abolish and get rid of the GST, to entrench it in our lives forever, to guarantee that it stays with us forever, is hypocritical, duplicitous and is not serving the general public.

They should be ashamed of changing their minds and doing exactly the opposite once they get over on the other side. This piecemeal, ad hoc legislation is not good for Canada. It is not the solution. If we are going to do something and we want to have one tax, then let us just have one tax but have it as low as possible, have it all across Canada and not force companies, businesses and consumers to listen to this confusion all the time.

● (1345)

We oppose this legislation because it is being done for the wrong reasons. It is being done just to keep a promise that has been long broken and should be buried. The minister of heritage quit over this. She admitted that the promise was broken. The finance minister admitted the Liberals broke their GST promise. It is only the Prime Minister who will not admit he broke his promise to abolish the GST.

For political and not economic reasons the Liberal Party should reconsider this bill. It should look at it and say: "We should not go ahead. Tax inclusive pricing is divisive, there is a lot confusion. Let's back off on this. Let's wait and see if we can convince all the other provinces to come on board".

I will leave the government and the Liberal backbenchers with this thought. Answer this question: If the HST is so good, why have the other provinces not jumped on board and proclaimed the wonderful advantages and benefits of this ridiculous Bill C-70?

Mrs. Brushett: Mr. Speaker, I rise on a point of order to clarify a point. The hon. member for Calgary Centre indicated that we did not go to the Atlantic region in January. That is a fact and true. The finance committee was there in November. We invited anyone in the region to come to Ottawa for the hearings and paid their—

The Deputy Speaker: The hon. member is engaging in debate.

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I am very pleased to speak again on Bill C-70 because I believe it is good policy and good legislation. In the world of politics and government we have to deal with the art of the possible. We often are not fortunate enough to have perfect solutions to everything but I believe the HST comes very close to that.

I would like to correct the member for Calgary Centre on one point. The premier of Ontario is quoted as saying—I do not have it in front of me now—that the harmonized sales tax would be the best thing Ontario could ever do. It is on the record. However, in the interim he has been involved in the politics of this issue and he does not want to move on it. We are finding that with so many issues.

Ms. Augustine: His Reform friends.

Mr. Cullen: Exactly. His Reform friends are influencing that deliberation.

I am pleased the member for Calgary Centre acknowledged that he got some material from someone who has to be respected. Unfortunately we often hear a lot of rhetoric from the other opposition party. We wonder if it would be attributed to the Fraser Institute or to Newt Gingrich or if they would make the same kind of attribution that the hon. member so rightly did.

I want to discuss tax included pricing. The opposition parties are creating a lot of confusion and debate around this point about which I will provide some clarification. At the time the GST was first promulgated under the Conservative government, I thought if they were going to bring it in they should have it out front and centre so that people could see it. That was a reasonably honourable thing to do.

However, if people opposite were frank with themselves they would acknowledge what we are now hearing from Canadians, myself included on this point. When Canadians go to the cash register they are continually surprised when tax is added on to their

items. A \$100 item becomes \$115 dollars. Canadians are fed up with that.

Contrary to what the member opposite says, the HST will not be hidden. It will be on the receipt. If you travel to Europe or other places you will see the taxes are included on the bill and also on the sticker price. We are moving to what many other countries have moved to, and the tax will be there and visible for all eyes to see.

In Atlantic Canada we are reducing the GST component of the HST so why would we want to hide it? Why would we want to hide a tax we are reducing? It makes no sense. It argues the point quite well that we are not really trying to hide a tax; we are trying to respond to what Canadians are asking for from sea to sea.

• (1350)

I would like to comment briefly on the origins of the HST. When the GST was brought in, the manufacturers' sales tax was eliminated. Many Canadians, myself included, did not factor that in very heavily at the time. Independent surveys showed that the manufacturers' sales tax on white goods and big appliances in most cases was passed on to the consumer. We have lost the benefits of the manufacturers' sales tax.

When we campaigned in 1993 we said that we would do everything we could to replace the GST because it was not a popular tax. We looked at a whole range of options. The red book said that we would harmonize the GST and make it simpler and more equitable. The HST will do that.

An aspect which is sometimes forgotten is the notion of the embedded PST. That is a term which deserves an explanation. When Atlantic Canada moves to the HST, the whole tax collection and remittance system will become a value added type tax.

Those Canadians who have small businesses, medium sized businesses or who work in the accounting offices of big companies know how the GST works. They take all the GST they have paid on the goods they have purchased, deduct that from the GST they have charged to customers and remit the net. Essentially it is a value added tax.

When the tax is harmonized in Atlantic Canada, the provincial sales tax which is currently in the cost of goods that businesses buy will be relieved. Therefore, the cost of the goods which are produced by those companies will be reduced. The result will be that the companies in those provinces will be more competitive.

Some of the Atlantic premiers, such as Frank McKenna of New Brunswick, are very aggressive when it comes to developing and attracting business. They know that the harmonized sales tax will position their provinces very well. In fact, Quebec has moved along a similar avenue.

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In Ontario the Harris government is doing nothing because it likes to play politics. We have run into that on a whole range of issues, such as CPP reform, but that is an issue for another day.

If we faced reality in Ontario, the taxes could be harmonized. Instead of a 15 per cent tax there would be a 14 per cent tax. Perhaps in the future it could be reduced even more. In doing so, businesses would be more competitive. Things would be simpler for businesses. Right now they fill in the GST forms and then they fill in the PST forms. It is very complicated. People spend their time filling in forms when they should be focusing on expanding markets or developing new opportunities. When the tax is harmonized there will be one form to complete and one cheque to remit. With the new tax commission things will be simplified even further.

Some Canadians might say: "What does that do for me?" If businesses in Ontario and the other provinces are more competitive, it is good for all of us. Their businesses will grow and they will be able to hire more people. They will be able to expand their markets. Some of those benefits will flow to consumers. We have independent research which shows that happened after the GST was implemented a number of years ago.

If we had the perfect solution we would eliminate all taxes. This debate has gone on and on and we are left with looking at what are the practical alternatives. The HST is a practical alternative. In addition, it will create some real benefits for people in Atlantic Canada. If other provinces would follow suit they would realize the same benefits.

• (1355)

We all know that if the tax is harmonized in Ontario there will be some difficulty because consumers will now have to pay this harmonized tax on services at a higher rate than they paid before. That is the reality.

What do we do? Do we go dig a hole and lose ourselves in some of those facts? Or do we say that it will be better for industry. Businesses will be more competitive. They will be able to compete better with Atlantic Canada and Quebec in world markets.

Exports are what it is all about. Growth in the economy has come through exports. If businesses are not competitive, even within our own provinces, then we are going to have some difficulties. I think Ontario should take the lead of Atlantic Canada and Quebec and harmonize the tax.

The member for Calgary Centre talked about the fact that people who do not comply with this law would be sent to jail, debtor's prison and all this sort of rhetoric. I do not think the hon. member was around for the debate subsequent to that announcement. There was some legitimate confusion among Canadians about people being thrown in jail and the way in which people would be charged

under summary convictions or under various areas of the Criminal Code. The fact is that people will not be thrown in jail.

I find it ironic that Reform Party members, who stand up and talk about law and order and crime and punishment and who go on and on about the underground economy, the minute the government stands up and says: "Look, if you are start fiddling around with your HST, we are not going to throw you in jail but, yes, we are going to take it very seriously. We are going to treat that as a pretty serious—

The Speaker: As it is almost 2 p.m., we will proceed to statements by members.

STATEMENTS BY MEMBERS

[English]

JAMES BUCHANAN

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, I would like to inform the House of a program called "Encounters with Canada". The program was developed by the Council for Canadian Unity, a non-profit organization, to give young Canadians the opportunity to meet and get to know one another, enhance their knowledge of Canada and to gain a greater awareness of our country.

Each year Encounters with Canada welcomes over 3,000 Canadian high school students to Ottawa where a one-week program of studies built around a central theme of Canadian institutions and a sub-theme of their choice.

This week I have the pleasure of welcoming one of my young constituents to Ottawa to participate in the program. James Buchanan, or Jimmy as his friends like to call him, attends Sir Winston Churchill Collegiate in my riding of Scarborough Centre. Jimmy was picked by his school for his outstanding achievement in both academics and extra-curricular activities.

I want to congratulate Mr. Buchanan on his accomplishments and encourage him to take full advantage of the program being offered to him this week. Congratulations, Jimmy.

* * *

GOVERNMENT POLICIES

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, like most other MPs, I spent Christmas break travelling around my riding of Skeena listening to the concerns of my constituents.

The majority of those concerns, as members may guess, deal with their unjust treatment at the hands of this Liberal government.

News of the day issues like silencing of the Somalia inquiry, the mishandling of the Airbus affair, the blood scandal, the broken GST promise and the bungling of the Pearson airport deal are all at the top of their minds.

There are also a litany of concerns specific to my constituents. Coast guard cutbacks, de-staffed light stations and DFO mismanaged fisheries top the list in Prince Rupert. People living in Terrace, Kitimat, Stewart and the Bulkley Valley seem incensed with the government's cramming gun control, native land claims and increasingly punitive taxes down their throats.

However, the most frequently asked question in Skeena is: "When is the Prime Minister going to call an election?" They and Canadians right across the country want to start counting the days until they can hold this government accountable for its broken promises.

* * *

PEACEKEEPING

Mr. Leonard Hopkins (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, I rise in the House today to congratulate the members of the Canadian forces currently serving in Haiti who just this past weekend received a UN medal recognizing their contribution to the United Nations support mission in that country.

The UN recognizes and honours personnel of member states who participate in UN missions in support of its wider goal of maintaining international peace and security. Canada has been a stalwart support of the UN participating in nearly every UN peacekeeping mission.

• (1400)

Canada has played a significant role in the international community's efforts to build peace in Haiti. The Canadian forces have done much to restore hope for those people.

Canada currently has 750 Canadian forces personnel deployed in Haiti, including members from Canadian Forces Base Val Cartier and personnel drawn from 427 Tactical Helicopter Squadron from my own home community of Petawawa.

We congratulate them and we are proud of them. As Canadians we wish them well.

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SPECIAL OLYMPICS WORLD WINTER GAMES

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Mr. Speaker, this past week Collingwood in my riding of Wellington—Grey—Dufferin—Simcoe co-hosted the sixth Special Olympics World Winter Games.

I was pleased to present medals to athletes and to witness Collingwood events, including alpine skiing at Blue Mountain and cross-country skiing and snowshoeing at Duntroon.

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The mission of the special Olympics is to provide year round sports training and athletic competition in a variety of Olympic type sports for children and adults with mental disabilities. Special Olympics gives these athletes continuing opportunities to develop physical fitness, to experience courage and joy and to participate in sharing gifts, skills and friendship with other athletes from around the world.

Everyone involved with the 1997 Special Olympics World Winter Games should be proud of their success and inspired by the courage and talent of the athletes. A great deal can be learned from the special Olympics oath: "Let me win. But if I cannot win, let me be brave in the attempt".

* * *

SPECIAL OLYMPICS WORLD WINTER GAMES

Hon. Roger Simmons (Burin—St. George's, Lib.): Mr. Speaker, they are all winners, the more than 2,000 athletes from 76 countries who took part in the Special Olympics World Winter Games last week.

Three cheers for Team Canada and especially for those athletes who represented the province of Newfoundland and Labrador. All three Newfoundlanders went home with medals from this major multi-sport event.

For nordic skier Janet Hanham of Fortune, a gold and a bronze medal; for snowshoer Louise Wall of Codroy Valley, a silver medal; for Gordon Reddy of St. John's, two bronze medals in nordic skiing. This is another fantastic accomplishment for our athletes, for our province and for the country.

Congratulations to all, the Olympians, their coaches, their families and all the volunteers who made dreams come true last week.

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[Translation]

SAINT-CÔME ICE SCULPTURE FESTIVAL

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, on the weekend, the fifth ice sculpture festival in Saint-Côme drew to a close.

This year again, the village of Saint-Côme was literally turned into an ice sculpture museum, to the delight of tens of thousands of visitors who came from all over Quebec and beyond to admire the works of local artists.

This year again, the festival was a success, thanks to the solidarity, co-operation and team work of the organizers, the chamber of commerce, many volunteers and the sculptors themselves.

After two weeks of outdoor events and games, I want to congratulate all those who contributed to the immense success of this young but promising festival.

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As honorary president of the fifth festival, I would like to thank the people of Saint-Côme for their warm reception, a tradition in this region.

Yes, Gilles Vigneault was right: "Mon pays, ce n'est pas un pays, c'est l'hiver". In Saint-Côme, we are proud of that, and we celebrate that pride.

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[English]

SPECIAL OLYMPICS WORLD WINTER GAMES

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, this past Saturday marked the end of an extremely successful and enjoyable week for the athletes taking part in the Special Olympics as well as those who attended the various events.

Special Olympians from around the world came to Collingwood and Toronto to compete for medals in sports such as alpine skiing, speed skating, figure skating and floor hockey.

As with any event of this size, the Special Olympics required an enormous organizational effort and an army of volunteers. The residents of both cities should be commended for their efforts on behalf of the athletes, their coaches and their families.

Participants from around the globe return home this week with a renewed sense of accomplishment both in view of their personal successes and because of the efforts of the hundreds of volunteers and organizers who made the event possible.

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[Translation]

NATIONAL FORUM ON HEALTH

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, the National Forum on Health cost taxpayers \$12 million and made unacceptable recommendations that would open the door to even more federal interference in an area of provincial jurisdiction by reducing the provinces to the rank of mere trustees.

However, the provincial governments did not wait for the federal government before taking action. In Quebec, as was pointed out by a member of the forum, Dr. Marc Renaud, we already have a head start in areas like home health care, family policies and drug plans.

• (1405)

The government poses as a champion of the existing health care system while at the same time taking billions of dollars out of health care budgets. Once again, this government is not practising

what it preaches. The Bloc will be glad to remind Quebecers of this in the next election.

* * *

VOYAGEUR FESTIVAL

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, I would like to invite all my colleagues to attend the Voyageur Festival this week in St. Boniface.

This festival, which takes pride in being known as the largest winterfest in western Canada, celebrates the history, traditions and culture of the French and Metis people.

This is a time when Manitobans, other Canadians and people from all over the world come and visit Voyageur Park, Fort Gibraltar and the winter promenades to honour the contribution of the founding nations of Manitoba.

For two weeks, St. Boniface will host Franco-Manitoban, Quebec, Acadian and Cajun performers who will act, sing and dance, all in French.

Mr. Speaker, my colleagues, once again, I invite you to join us in celebrating the tenacity of the Metis and French speaking communities of western Canada. Have a great time.

* * *

[English]

COMPUTING DEVICES CANADA

Mrs. Beryl Gaffney (Nepean, Lib.): Mr. Speaker, Nepean has once again distinguished itself as a home to leading edge technology. On Friday, Computing Devices Canada was awarded a high profile defence contract to develop integrated protective clothing and equipment for soldiers.

A trailblazer in the Nepean high tech community, CDC has nearly 50 years of experience as a defence supplier to over 20 nations. CDC will lead an industrial team of companies from across Canada. Their task is the design, development, integration and manufacture of enough prototypes for an infantry platoon to extensively test the clothing and equipment in the field.

The project will draw from emerging technologies and systems integration such as a satellite navigation system and a wearable computer with a helmet mounted display.

I applaud CDC and other members of the industrial team. This contract enhances CDC's already strong international reputation. It is because of companies like CDC that Nepean and Canada are so well respected in the high tech sector.

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[Translation]

LIBERAL PARTY OF CANADA

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, yesterday, Denis Coderre was officially nominated as the Liberal candidate for the riding of Bourassa in the next federal election.

With the vast majority of the social and cultural associations in his riding behind him, the new Liberal candidate for Bourassa can also count on the formal support of the three provincial Liberal members from his riding.

Joining him on the stage, Yvon Charbonneau, Jean-Claude Gobe and Marcel Parent made a strong plea for unity within Liberal ranks.

Mr. Charbonneau said that the provincial Liberals were fighting the same battle as the federal Liberals to get rid of the Bloc Quebecois.

Our pre-election campaign is under way in Quebec, and we will wage a relentless battle against those who have nothing better to propose than the separation of Quebec and the breakup of Canada.

* * *

TRIBUTE TO GEORGES GROULX

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, today, the Quebec theatre industry mourns the loss of Georges Groulx, who died at the age of 74.

Georges Groulx can be described as a great creator, an extraordinary actor and stage director, as well as an outstanding educator. During his career, this theatre personality deeply touched those who worked with him: Gilles Pelletier, for one, spoke about the humility and joviality of the man he considers the pillar of the Nouvelle Compagnie théâtrale; as for Françoise Faucher, she remembers him as an exceptional artist who was able to make fun of his own fears.

Georges Groulx worked with a number of seasoned actors in the Compagnons de Saint-Laurent company and helped train several Quebec actors at the Théâtre du Nouveau-Monde and the Conservatoire d'art dramatique. He was also a stage director at the Rideau Vert and a Radio-Canada producer.

The Bloc Quebecois joins the artistic community in mourning this great theatre personality, whose generosity was only matched by his talent.

[English]

NATIONAL CITIZENSHIP WEEK

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, today is the beginning of National Citizenship Week and it is a very special anniversary.

● (1410)

Prior to 1947 anyone who was born in Canada was not a Canadian citizen but rather a British subject resident in Canada. It is ironic that Canada has existed as a nation for almost 130 years, yet Canadians as a people have existed for only 50 of those 130 years.

While Canadian citizenship is something to be proud of, it is often difficult to celebrate. Just last year while filling out my census form I had the option of marking my ethnic background as Chinese, Japanese, Korean or Filipino. I could not say I was Canadian unless I marked "other".

Canadian citizenship should be something we can be proud of regardless of race, creed, colour, ethnicity or when our ancestors came to this land. Maybe we will even be able to indicate this pride during the census.

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NATIONAL FORUM ON HEALTH

Ms. Maria Minna (Beaches—Woodbine, Lib.): Mr. Speaker, I rise today to offer my congratulations to the National Forum on Health, which presented its report this week.

Our health care system is the pride of our country. The forum reaffirmed the belief of Canadians that the single tier, publicly funded health care system is the best model to deliver the best care for the best results for the best price.

The forum produced some excellent recommendations. Among some of the most interesting recommendations is that the government examine publicly funded home care and medication. The report also underlines the link between poverty and health, especially in children.

I support these recommendations, as they clearly indicate that health care as a prevention method is the best way to go.

* * *

[Translation]

NATIONAL INFRASTRUCTURE PROGRAM

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, on Friday, our government and the Alberta government signed an agreement to extend the national infrastructure program until March 31, 1998.

Oral Questions

The minister responsible pointed out the very positive economic and social benefits that resulted from the first infrastructure program. He also stressed the increased competitiveness of the communities that benefited from the program.

Our objective is to create more jobs during the 1997 construction season. We believe that extending the national infrastructure program should help create between 15,000 and 20,000 new jobs.

The program is a major success. To this day, it has helped create over 100,000 new jobs. Our government sees this as further proof that our federalist system is flexible and helps create jobs when the various levels of government work together.

Alberta was the first province to sign. I hope that "la belle province", the Province of Quebec, will not be the last one.

* * *

[English]

SMUGGLING

Mr. Lyle Vanclief (Prince Edward—Hastings, Lib.): Mr. Speaker, as part of the national action plan to combat smuggling, the government in 1994 committed \$315 million over three years to help the RCMP, Revenue Canada and the Department of Justice to increase border protection, close down smuggling operations, dismantle organized crime networks and reaffirm the uniform application of Canada's laws.

The plan has been very successful. That is why the government recently announced it would renew the full range of enforcement measures at a cost of \$100 million.

As well, last Monday my colleague, the solicitor general, announced in Washington after meeting with American Attorney General Janet Reno that he will be creating a new, high level anti-smuggling co-ordinating group to work with the counterpart American group. The aim is to have an additional mechanism to work on border enforcement issues of mutual interest, thereby maximizing our activities against smuggling.

The anti-smuggling effort of this government is a prime example of how we work daily to safeguard the safety and security of Canadians.

* * *

YOUNG REFORMERS

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the Reform party has seen its future in the persons of 220 young people who energized Ottawa this last weekend. They came here from all 10 provinces to meet right thinkers like Michael Coren, David From and Ted Byfield. The young Reformers interacted with Reform MPs, election strategists and, most important, with each other.

Reformers call for balanced budgets and lower taxes that will create jobs and put more money into the real economy. They demand tax fairness for low income families and government policies that will strengthen the family unit.

The young Reformers are going to work tirelessly for Canadian unity, putting money back into the health care and education system and a massive overhaul of Canada's criminal system.

• (1415)

What impressed me the most about these Canadians was their drive, determination and youthful enthusiasm. They have seen this great nation's future and it not only includes them, it is going to be built by them.

ORAL QUESTION PERIOD

[Translation]

NATIONAL UNITY

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, in an interview with the *Toronto Star*, the Prime Minister said he thought he had done everything possible on the national unity front. He said, and I quote: "I don't have to campaign on that, it's not a big issue, we've done it".

Since the Prime Minister claims he has delivered the goods, are we to understand that, with the phoney resolution on distinct society, a regional right of veto and still unresolved negotiations on job training, the Prime Minister feels that the promises he made in Verdun to Quebecers have been kept?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, as promised, we passed a resolution in the House of Commons in December of 1995 in favour of distinct society status for Quebec, and everyone noted that the Bloc Québécois does not want Quebec recognized as a distinct society in Canada.

We passed a bill in the Parliament of Canada establishing regional veto rights that gives the Province of Quebec a right of veto. Once again, Bloc members do not want Parliament to give Quebec a right of veto. All this could be entrenched in the Canadian Constitution, as I have said, when the provinces give their agreement.

We voted here in Parliament, but once again the leader of the Quebec government, when he was leader of the Bloc Québécois, voted against both these measures. Still, we pursued it. In the speech from the throne last year, we said that we were withdrawing from a number of areas of activity in Canada.

We are no longer involved in mining or forestry. We have found common ground with the provinces on tourism. We have negotiated very useful clarifications on environmental matters and, at this time, we have offered the provinces new arrangements with respect to manpower training, a very important issue for Quebec.

Oral Questions

We have signed an agreement with the Government of Alberta, another one with the Government of New Brunswick, and the minister is now working on an agreement with the Government of Quebec.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, it is not a question of what the present, past or future leader of the Bloc Québécois would like. We are talking about promises made by the Prime Minister. We are talking about promises made by the Prime Minister himself, on his own initiative, before the referendum, in front of all Quebecers. Let us not shift the blame.

I am going to put the following question to him: If his distinct society resolution is so important, when has the government taken it into account? What has it meant for Quebec since it was passed, this resolution that is not worth the paper it is written on, this meaningless resolution that has produced nothing, and that does not absolve the Prime Minister from his promises?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Liberal party and the government undertook to pass a distinct society resolution and we have done so. We have taken it into consideration, for, in the speech from the throne, we vowed to work on improving the federation, one problem at a time, and I have just given a fairly long list of what we have done.

What is fascinating in all this is that, while we are working daily to improve the situation, the people across the way do not want Quebec to be recognized as a distinct society. They do not want Quebec to have a veto, because if they truly did, all they would have to do is pass similar resolutions in the Quebec National Assembly.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, it is too bad. We told Quebecers not to trust what the Prime Minister said. We told all Quebecers. Unfortunately, there are still some who trust the Prime Minister.

• (1420)

When all is said and done, when the Prime Minister tells us today there is nothing more he can do for Quebec, is he not just confirming what we have always told Quebecers concerning him and his promises: that there is nothing he can do for Quebec and that Quebecers should certainly not expect anything from him?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I will have to repeat myself. We in this House, over which this government does have some authority, passed a resolution recognizing Quebec as a distinct society and another one giving that province a right of veto.

We have withdrawn from the mining and forestry sectors. We have concluded agreements on tourism and the environment. We

are now in the process of working out the most important issue, manpower training. We said we were going to find a solution to this problem and we have done so with two provinces thus far. The minister is working very hard to reach an agreement with Quebec. We were hoping that they would sign an agreement in January, but apparently the Government of Quebec is in no hurry to settle this matter, as it was for—

Some hon. members: Oh, oh.

Mr. Chrétien (Saint-Maurice): Agreements were reached very quickly with Alberta and New Brunswick. I do not see why the same conditions could not be met in Quebec.

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, my question is for the Prime Minister.

In an interview with the *Toronto Star*, the Prime Minister states that he has “kept all his promises to Quebec”. Let us not forget that this is the same Prime Minister who claims he has kept his promise on the GST.

Is the Prime Minister getting ready for his next election campaign by telling Canadians and Quebecers that everything he says during his campaign will be worth no more than what he said during his 1993 election campaign and in his Verdun speech in 1995?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have discussed this. We would have liked to have done more on the GST, but we have succeeded in doing as promised in the red book, harmonizing it with three provinces, and the process is almost complete in Quebec as well.

As for the resolutions on the distinct society, we voted in this House, and the Bloc members, including the hon. member who has just spoken, voted against Quebec being a distinct society. Her constituents will remember that.

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, in that same interview, the Prime Minister stated that, if he did not want to speak of national unity during the next election campaign, this was because the premiers of the other provinces were not prepared to recognize Quebec's demands.

Will the Prime Minister admit that the promises he made in Verdun were nothing but smoke and mirrors, and that we are still at the point of no return from Charlottetown: that what is not enough for Quebec is already too much for the rest of Canada?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, as the Minister of Intergovernmental Affairs has said on a number of occasions, several provinces would be prepared to vote for distinct society, but it is very difficult to force recognition on the Government of Quebec, when it does not want such recognition.

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If the hon. member wants the federal government to impose distinct society against the will of the Government of Quebec, let her say so. She should have done this when she had the chance to vote in favour of distinct society. It is not very edifying to see her rising to speak today, when she has voted against distinct society. She should think about that.

* * *

[English]

EMPLOYMENT

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, according to the Prime Minister, the next federal election will be about jobs and he is willing to run on his record. Here is the record: the worst string of jobless numbers since the great depression; 76 months with the unemployment rate over 9 per cent; 1.5 million Canadians unemployed; two million to three million underemployed; 700,000 Canadians moonlighting just to make ends meet; 17 per cent of our young people out of work; one out of four Canadians worried about losing their jobs. This is the jobs record that the Liberal government will be running away from at the next federal election.

Why should Canadians trust a Prime Minister who says he is proud of the worst string of unemployment numbers since the great depression?

• (1425)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I said and I will repeat that I will never be satisfied with the level of unemployment that we have in Canada. We are working very hard to make sure it goes down.

The leader of the third party should recognize that 771,000 new jobs have been created in the last three years in Canada. He should be able to recognize that more jobs have been created in Canada than have been created in Germany, France, Great Britain and Italy combined. He should be able to recognize that in January 1994 we were at 11.5 per cent and that at this moment we are at 9.7 per cent. I will never be satisfied with the level as long as people want to work.

He should be obliged to recognize that we have put the finances of the nation in order. We have the lowest interest rate in 40 years in Canada. That is why in the last few months all the indicators have shown a new confidence among Canadians. They are buying more cars and building and buying new houses because they know this government is on the right track.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the Prime Minister repeats the numbers that his spin doctors give to him and he conveniently ignores the other statistics.

He ignores the fact that our unemployment rate is higher than the average of the G-7 countries; it is higher than all three of our major trading partners: Japan, Great Britain and the United States. Our unemployment rate is higher than that of New Zealand, higher than that of Switzerland, higher than Sweden's, higher than Australia's, higher than Austria's; it is even higher than the unemployment rate in Mongolia.

Instead of trying to make an atrocious 9.7 per cent unemployment rate sound good, why does the Prime Minister not do something different? Why does he not unleash the job creating power of consumers and businesses by balancing the federal budget, making the government smaller and giving Canadians much needed tax relief?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, everybody recognizes this government has done better than expected on the balancing of the budget.

Journalists came to Canada from Japan to interview me and some ministers. They were wondering how we have managed to reduce the deficit from 6.2 per cent of GDP to less than 3 per cent in three years. They do not know how to do that and they are coming to Canada to find the recipe.

We have to stay the course. The leader of the third party does not want to reduce the deficit because he is trying to buy votes by promising tax cuts before the books are balanced.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, if the Prime Minister would read our fresh start platform, he would find that it balances the budget first and delivers tax relief second.

Canada's unemployment situation is a human tragedy. Yet the Prime Minister always responds to these questions in this House with questionable statistics or political rhetoric. We never get a response from the heart. It is the same attitude that was shown at the town hall meeting on TV when he told that jobless woman "some are lucky, some are unlucky, that is life".

How can Canadians believe that the Prime Minister even cares about the tragedy of unemployment when he has the nerve to tell a jobless person that is life under a Liberal government?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, since we formed the government three years and a few months ago, our main preoccupation has been jobs. We knew when we formed the government that we had a deficit of \$42 billion. We knew that the entire international financial community had lost faith in Canada. Some were comparing Canada to a third world situation. Today everybody says that we will do better than any other G-7 nation in 1997-98.

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• (1430)

We were also the government that was not afraid to tackle the problem of the deficit and really do something about it. When a government does that, it has to stay the course. We are not about to try and buy the votes of the Canadian people the way the leader of the Reform Party is trying to do with tax cuts before we have reduced the deficit to zero. This is the only responsible way.

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[Translation]

FRENCH LANGUAGE

Mr. Jean-Paul Marchand (Québec-Est, BQ): Mr. Speaker, the Minister of Human Resources Development told the young Liberals that it was thanks to Ottawa that the French language was preserved in Canada and Quebec and that the federal government had protected the French fact against all odds.

The minister's statement is nonsense. The Minister of Human Resources Development forgot to mention the billions of dollars that a succession of Quebec governments have spent on developing and preserving French language and culture.

Will the Minister of Human Resources Development rise in the House today and apologize to Quebecers for the incredible nonsense he told the young Liberals in Drummondville?

Hon. Don Boudria (Minister for International Cooperation and Minister responsible for Francophonie, Lib.): Mr. Speaker, it is a pleasure to rise in the House today on behalf of the Minister of Canadian Heritage and inform the hon. member opposite who just asked this question that yes, during the sixties and seventies and historically, the federal government invested and has always invested in the cultural sphere and in promoting the French fact and Quebec culture through instruments such as the CBC, the National Film Board, the Canada Council, the Science Council, and so forth, at a time when there were no similar instruments at the provincial level.

Mr. Jean-Paul Marchand (Québec-Est, BQ): Mr. Speaker, if the answer is so straightforward, perhaps the minister would bother to rise and answer this question: how can the minister honestly give his own government credit for saving the French language in Quebec, when its policy has speeded up the assimilation of francophone and Acadian communities in Canada?

What explanation does he have for the fact that the same policy by the same government can have the exact opposite effect?

Hon. Don Boudria (Minister for International Cooperation and Minister responsible for Francophonie, Lib.): Mr. Speaker, the hon. member opposite who is a Franco-Ontarian like me would certainly not say today in this House that he and I are assimilated.

We survived as a society in Canada thanks to the instruments of the federal government.

And I would also like to say to the hon. member opposite who, today, is criticizing cuts by the federal government that the Quebec government itself did some downsizing at Radio-Quebec by getting rid of nearly half the employees, so that now there are 329 instead of 629. That is the government of the Parti Québécois, his big brother in Quebec City.

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[English]

THE ECONOMY

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, just so the Prime Minister understands this, the Reform Party believes in balancing the budget before we reduce taxes. I should point out that when it comes to buying votes, the people at Bombardier and the people who are benefiting from the infrastructure program know that the Liberals are experts at it.

Canadians are really starting to wonder just how in touch the Prime Minister is with what is going on in the real world. This weekend he told the Toronto *Star* that from his privileged perspective everything looks just fine. There is a 9.7 per cent unemployment rate, record bankruptcies, record high levels of personal debt and record levels of taxation.

When will the Prime Minister come out of his bubble and come to the realization that his record is nothing to be proud of, nothing to run an election on but instead is something he should be ashamed of?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I said I would be very comfortable to run the next campaign in Alberta because in the last budget we gave big incentives to ensure a huge tarsands development in the north of the province. We were applauded by all the people in Calgary for our energy policy. It has been a long time since we have had a minister of energy in Alberta with as much acclaim as the present minister of energy.

• (1435)

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, that is not going to buy any votes in Alberta. Just because someone is running around and handing out money does not mean he can buy votes. We remind the Prime Minister what happened to the last energy minister from Alberta.

The Prime Minister really does not get it. This fall he said to the media regarding across the board tax cuts: "I do not think it is the right thing to do in a society like Canada".

Can the Prime Minister explain to Canadians why he thinks it is okay to have 17 per cent unemployment for youth in this country, to have unemployment rates of over 9 per cent for 76 months in a

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row, but somehow it is wrong or immoral to have low taxes that create real jobs?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I know of one former minister of energy who travelled a lot in Alberta and is now the Prime Minister of Canada. That means some former Liberal ministers of energy have done pretty well.

We are very proud of what we have done in the hon. member's province for the oil industry and the development of the tarsands. There is not only one province in Canada. There are other provinces in Canada that need some help. We are doing that across Canada because we believe the federal government is there to create opportunities everywhere in the country. That is why we are happy to do things for Alberta, B.C., Quebec and Ontario. They are all Canadians and they all want to have the good government we are trying to provide to them.

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[Translation]

QUEBEC CULTURE

Mr. Gaston Leroux (Richmond—Wolfe, BQ): Mr. Speaker, it seems to me that the Minister of Human Resources Development was speaking much more forcefully in Drummondville on the weekend than he is today in the House. In an arrogant and condescending speech, he displayed his ignorance and self importance for all to see by saying that the Quebec governments from past to present, and I quote "never spent a bloody cent on culture".

How can the Minister of Human Resources Development treat the various Quebec ministers of culture, including his own colleague, the Minister of Citizenship and Immigration, with such disdain and ignorance, when the Quebec government is one of the major investors in culture, contributing more than even Ontario and the Government of Canada?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I spoke these words in Drummondville this week, where I addressed 150 young Liberals as they get ready for the next elections. They were very enthusiastic, and their enthusiasm was catching.

I was explaining to our young Liberals, who do not always have the opportunity to hear all of the arguments in support of Liberal Party policy, that everyone felt in Quebec that the Canadian economic union was grand in all respects and served the interests of Quebecers well. The vast majority recognized that Quebecers benefit enormously from the Canadian social union.

I also showed that, in terms of political association, Quebecers were proud of Canada's foreign policy and could identify therefore

with it. What I said was, that in cultural and linguistic terms, the Liberal Party of Canada had set up institutions that have made an exceptional contribution to the growth of the French language in Canada and of culture in Quebec, and I gave as examples Radio-Canada, the National Film Board and the Canada Council.

Mr. Gaston Leroux (Richmond—Wolfe, BQ): Mr. Speaker, this government is suffering from the same malady as its Prime Minister. On television, it is one thing and, in the House, it is another.

In connection with the three institutions mentioned, I remember the government's commitment to provide stable funding, whereas they cut \$414 million and 4,000 jobs from the CBC and \$20 million from the National Film Board and they moved the board of directors of Telefilm Canada from Montreal to Toronto. That is what this government is all about.

● (1440)

Culture and the French language are the product of the efforts of generations of artists and craftspeople. They were funded, regardless of what the minister may think, by the taxpayers of Canada.

Some hon. members: Oh, oh.

Mr. Leroux (Richmond—Wolfe): We can feel the tension in this government on the eve of an election.

The Speaker: Kindly put your question now.

Mr. Leroux (Richmond—Wolfe): By giving Ottawa full credit for culture in Quebec, is the minister not insulting the artists and craftspeople who have produced it and have created the cultural institutions that ensure its dissemination?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I must congratulate Quebecers on the extraordinary effort they have put into promoting culture. I never said that they had not contributed to it.

What I did say is that the Government of Canada provided Quebec creators, artists and actors with means they had never had at their disposal. I was looking back to the years when the nationalists, the forebears of the members opposite, saw culture as useless piano players. That is what I was talking about.

No one is more exquisitely aware of the huge contribution Quebecers have made to their own culture than I am. The means given them was first and foremost Radio-Canada and the National Film Board, and now Telefilm, and I am extremely proud of them. Long live Quebecers and long live what Canada has done for them.

The Speaker: Dear colleagues, kindly shorten your questions and answers a little.

[English]

IMMIGRATION

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, Canadians are embarrassed by the Liberal's pathetic record in dealing with Nazi war criminals. Now they appear to be taking the same attitude toward a new group of war criminals.

At least 250 suspected war criminals from Afghanistan, Bosnia, Iraq, Somalia and various Latin American countries have been allowed to remain in Canada despite being denied refugee status and having their appeals rejected.

Can the Minister of Citizenship and Immigration please explain why the Liberal government is protecting war criminals?

Ms. Maria Minna (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, Canada does not protect war criminals. In fact, Canada is not a safe haven for war criminals or persons who have committed heinous crimes.

As a matter of fact the CIC set up a specialized unit in April 1996 which is in the process of finalizing a report that contains the inventory of modern war criminals now in Canada to assist officials who are taking enforcement actions against them. Action is being taken. These people will be removed. They will not be allowed to stay in this country.

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, we have heard this promise before from the government and it has not done the job.

It has been reported that the backlog for refugee claims has increased 75 per cent since the government took power, that thousands of genuine refugees have to wait years to have their cases heard because of bogus refugee claims made by war criminals, convicted criminals and terrorists.

When is the government going to develop the fortitude to rid the country of all undesirables starting with the 250 war criminals?

Ms. Maria Minna (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, first of all, it is not true that the war criminals have not been identified. They have. That is why they are being removed from the country. As soon as they are identified and under which class they fall, they will be deported.

Second, with the backlog in refugees some measures have already been taken by the IRB which has total responsibility for administering the refugee system and addressing the issues.

Furthermore, Bill C-49 which is in front of the House and with which Parliament is dealing, contains provisions that will reduce the refugee division panels from two to one member. This

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legislation change will improve the efficiency of the IRB while realizing efficiencies in that kind of a system.

• (1445)

If the hon. member would assist us in passing this bill, it would go a long way in dealing with the issue.

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TAXATION

Mr. Harbance Singh Dhaliwal (Vancouver South, Lib.): Mr. Speaker, my question is for the Minister of National Revenue.

The new foreign reporting requirements have generated considerable concern in British Columbia. In response to these concerns, the Minister of Finance recently announced that these rules would not take effect until 1998.

Can the minister tell the House why the T-1 income tax form sent to Canadians for the upcoming tax season contains three questions relating to foreign property reporting?

Hon. Jane Stewart (Minister of National Revenue, Lib.): Mr. Speaker, I am glad to have the opportunity to clarify this important point for the House and to say that for the 1996 tax filing year, Canadians will not have to complete the section of the income tax form dealing with the reporting of foreign assets.

As the House knows, Revenue Canada prints its forms in advance, often in anticipation of legislation. In this case, legislation was changed late in the year and Canadians will not have to report on their foreign assets until April 30, 1998.

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[Translation]

JOB CREATION

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

Employment is the number one concern of Quebecers and Canadians. Despite the Prime Minister's fine promises, his government's record on job creation is pitiful. We still have 1.5 million people out of work, almost as many as in 1993. The unemployment rate has remained above 9 per cent for more than 76 consecutive months, the longest stretch since the Great Depression.

By telling us that he wants to run once again on a platform of job creation, is the Prime Minister not in fact recognizing, admitting that he failed to fulfil his 1993 promise of jobs, jobs, jobs?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, what the Prime Minister said and what we, on the government side, are saying is that we are extremely concerned about the prolonged employment crisis. The situation is the same almost everywhere in the western world, and

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it is extremely difficult to fight unemployment successfully right now, with the new economy and technological changes.

We made a commitment to create jobs. We are not afraid to admit that not enough jobs were created. But we are also saying that we have done much better than most other western economies and that, everywhere we go, we are praised for managing to create more than 700,000 jobs in the Canadian economy while putting our fiscal house in order. That is not enough, but we are saying it is a very good start.

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, instead of playing with statistics and comparing Canada with those nations with the worst record in terms of job creation, the minister should recognize that 15 of the 26 leading industrialized nations have a lower unemployment rate than Canada.

Why does he claim that Canada is the best country in the world by comparing it with countries that have achieved less?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, that is precisely why our government is putting so much energy into doing even more for job creation. I will be discussing this matter with several of my colleagues in the near future, because we are indeed very concerned about the unemployment situation, particularly among young people. In the next few days, I hope to be able to outline our government's concrete strategy for helping young people who are unemployed.

My own department, Human Resources Development Canada, has set up and spent millions of dollars on programs designed to help the unemployed return to the labour force. These programs are extremely effective and will hopefully produce even greater results in the years to come.

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• (1450)

[English]

SOMALIA INQUIRY

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, my question is for the Prime Minister.

The defence minister has reversed previous Liberal commitments not to interfere with the Somalia inquiry, yet Justice Letourneau has called the defence minister's interference in the inquiry: "a serious challenge to democratic institutions and to democracy itself".

The minister claims that he wants to see justice done. By shutting down the inquiry he is making the junior ranks pay a price while senior bureaucrats and Liberal insiders seem to go untouched.

Does the Prime Minister agree with the analysis of Justice Letourneau? Is this interference really a travesty of justice and an interference with democratic institutions?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, as was requested by the leader of the third party, we are making sure the inquiry is completed in time so it will not be going on at the time of an election. I think the Minister of National Defence explained his position extremely well and we are supporting him.

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, the Prime Minister knows that he has another year and a half before he has to call an election. There is plenty of time for a full investigation.

The defence minister has been attacking the inquiry by suggesting that Justice Letourneau can call any witness he wants. Yet Justice Letourneau said last week: "It is not true the inquiry has plenty of time to call all the witnesses such as Mr. Fowler and Mr. Anderson. Evidence on important matters presented without the possibility of real or substantial testing risks producing a whitewash of the alleged cover-up, rather than investigation of it".

Why would the Prime Minister allow a whitewash of this inquiry? Why would he allow that to happen when it is only the low ranking officials now who have been under charge?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I am happy to realize that the hon. member is not keen to go to the polls and would rather have an election in 18 months. However, that is not a subject for discussion at this time.

When the Minister of National Defence announced that the inquiry was to be terminated in June, it gave the commission three more months because its mandate was that the inquiry be completed in March. After he made the announcement the commission had two and half months to call the witnesses it wanted. Of course, it is up to the commission to choose which witnesses it wants to hear. We have nothing to do with that.

We will see by the end of the inquiry to which witnesses the commission decided to listen and to which it decided not to listen. But there were two and a half months after the minister's decision for the commission to call any witness to testify.

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[Translation]

ASBESTOS INDUSTRY

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, my question is for the Prime Minister.

On September 16, the Prime Minister formally pledged, in the House, to discuss France's decision to ban asbestos with President

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Jacques Chirac. As you know, that industry accounts for thousands of jobs in the asbestos region.

Following his official two day visit to Paris, on January 22 and 23, can the Prime Minister tell us the outcome of his efforts to defend Quebec's asbestos industry?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the hon. member is aware that the issue was raised with France's President and Prime Minister. In fact, during our joint press conference, Prime Minister Juppé clearly indicated that France had no intention of reconsidering its decision in that regard.

Moreover, during a reception with Prime Minister Juppé, I introduced to him two residents of the asbestos region, Raymond Setlakwe and his wife. Mr. Setlakwe had asbestos in his jacket to prove that it is not a very dangerous product. The Prime Minister found the whole episode quite funny.

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, considering the Prime Minister's reply, I am inclined to think that he did not get any concrete assurances for the asbestos region, which includes the towns of Thetford and Asbestos.

• (1455)

Given France's refusal to reconsider its decision to ban asbestos, will the Prime Minister tell us why his government stubbornly refuses to lodge a complaint to the World Trade Organization, so as to stop the domino effect of France's decision in Europe?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, during my visit to France, we had an opportunity to discuss the issue with the French Prime Minister. We informed him that the Royal Society of Canada had produced a very detailed report showing that it is possible to use asbestos safely. I asked the Prime Minister to have that document examined by his experts, and he agreed to do that.

As for going before the international courts, the Minister for International Trade is currently looking into the possibility and when he has a public announcement to make he will do so, hopefully in the near future.

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[English]

CULTURAL POLICY

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the Minister for International Trade said that our cultural restrictions may be costing us greater exports and foreign markets, yet the Minister of Canadian Heritage wants to increase those restrictions. That is her answer to cultural protection. The heritage minister has said that Canadian culture should not be treated like pork bellies, it is not a commodity. On the other hand, she boasts that Canadian culture has created lots of jobs through exports.

When is she going to wake up and smell the Colombian coffee? We live in a global economy. The heritage minister has said that Canadian culture is a valuable export. Who speaks for the government, the heritage minister or the Minister for International Trade?

Hon. Arthur C. Eggleton (Minister for International Trade, Lib.): Mr. Speaker, if the member is trying to show some division between myself and the Minister of Canadian Heritage he is barking up the wrong tree.

Both the Minister of Canadian Heritage and myself are strong supporters of the Canadian cultural sector. We want to see it grow. We want to see it prosper. That is what the government is solidly behind.

We all recognize that these are changing times. There are changing technologies and we need to keep our policies and our programs on the leading edge. We have faced those kinds of challenges before. The government is solidly behind the Canadian cultural sector.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, I was very pleased to see the international trade minister answer that question. At least he is not an embarrassment to the government, as the heritage minister was this morning when she said: "Celine Dion would not be where she is today if government policy did not require that we play a certain number of Canadian songs on the radio". That is not only shameful, it is frightening. As far as she is concerned the only way that our Canadian artists can get ahead is if they are protected by the government.

My question is for the Prime Minister. Is it not about time that he turn over the culture portfolio from the heritage minister to the trade minister because at least he is not an embarrassment?

Hon. Don Boudria (Minister for International Cooperation and Minister responsible for Francophonie, Lib.): Mr. Speaker, the Government of Canada has done much to assist the cultural sector in this country and we are very proud of our accomplishments in that regard.

Canadian artists, Canadian musicians, are good. The fact that the government has been able to contribute to their success is something of which we should all be proud. I wish the hon. member would join us in that pride.

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CHILD POVERTY

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, my question is for the Prime Minister.

Child poverty is a major problem in this country because parents of poor children remain chronically unemployed. The NDP governments of British Columbia and Saskatchewan are addressing child poverty by investing in programs to help these children and their families. Meanwhile, the only investment the Liberal government

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made was to pass Bill S-9 which gave millions of tax dollars to wealthy Canadians through generous tax breaks.

When is the government going to make a committed investment in the future of children living in poverty with a national child benefit instead of giving huge tax breaks to the very wealthy of this country?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, the government is very concerned with child poverty in the country. We have already done a great deal. Over \$5 billion has been invested in the child tax credit and we have invested a lot of money in the working income supplement to help low income families.

The member certainly knows that over the last four months, with the provinces, we have negotiated and brought about a consensus and both the provinces and the Government of Canada have agreed to move toward an integrated national child benefit.

• (1500)

This is going to greatly help the situation of kids living in low income families. I hope very shortly the government will be able to announce the way it will proceed. However, it will be designed with the provinces over the next few months.

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INTEREST RATES

Mr. John Maloney (Erie, Lib.): Mr. Speaker, my question is for the Minister of Industry.

The credit card interest rate situation has not improved despite three parliamentary inquiries.

Mr. Minister, what has Industry Canada done to protect consumers against high credit card interest rates?

The Speaker: Before I let my colleague answer the question, I remind hon. members to please address the Chair.

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I would be happy if that question went to the Chair.

I am sure my colleague shares the concern that I have expressed about the fact that the rate of interest charged on consumer credit cards has tended to drift higher in relation to the Bank of Canada prime rate than it was historically. The concern the government has is that those rates should be tracking one another.

On the positive side of the ledger, may I point out to him that what we have undertaken to do in Industry Canada is ensure that consumers are well informed about the variety of choices available to them in credit cards and of the interest rates available. I point out to him that the availability of a low interest card has become

much better known by Canadians in recent months. According to an Angus Reid survey, as recently as last April only 30 per cent of Canadians were aware of these cards. More recently that number is up to 57 per cent.

I am sure the member will agree with me that an informed consumer who is interested in ensuring that they get the best value for their money is the best way to make sure that a market system works.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of the House to the presence in the gallery of Mr. René van der Linden and Mr. Ismail Cem, Rapporteurs from the Council of Europe.

Some hon. members: Hear, hear.

ROUTINE PROCEEDINGS

[English]

ORDER IN COUNCIL APPOINTMENTS

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to table, in both official languages, a number of order in council appointments which were made by the government.

Pursuant to the provisions of Standing Order 110(1), these are deemed referred to the appropriate standing committees, a list of which is attached.

* * *

GOVERNMENT RESPONSE TO PETITIONS

Mr. Paul Zed (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 15 petitions.

* * *

[Translation]

COMMITTEES OF THE HOUSE**PUBLIC ACCOUNTS**

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, as chairman of the Standing Committee on Public Accounts, I have the honour to present the fourth report of this committee. This report deals with the 1996 auditor general's report, chapter XI in particular, which addressed Revenue Canada's battle against income tax evasion. This report includes some very

important recommendations we hope the government will follow up on.

• (1505)

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

[*English*]

PROCEDURE AND HOUSE AFFAIRS

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have the honour to present the 52nd report of the Standing Committee on Procedure and House Affairs regarding the membership of some committees. If the House gives consent, I intend to move concurrence in the 52nd report later this day.

* * *

[*Translation*]

CRIMINAL CODE

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ) moved for leave to introduce Bill C-369, an act to amend the Criminal Code (gaming and betting).

He said: Mr. Speaker, the purpose of the bill is to allow the operation of casinos on board international cruise ships. As you know, the configuration of the Gulf of St. Lawrence, its estuary in particular, is such that it requires cruise ships to shut down their casinos off Anticosti Island. They must remain closed for up to two days.

This bill has been awaited for a number of years. It is a bill on which not only all stakeholders involved in shipping in the Quebec City area are unanimous, but also those in the greater region as well. The bill has the support of the Corporation des pilotes du Bas-Saint-Laurent, SODES, the Secrétariat à la mise en valeur du Saint-Laurent, the Quebec Port Corporation, and many others.

In closing, I would like to point out that this is a bill which might be of interest not only to MPs from the greater Quebec City region, but also to all whose ridings lie along the Gulf of St. Lawrence, and even those along the Great Lakes, as far inland as Thunder Bay.

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

* * *

[*English*]

INCOME TAX ACT

Mr. David Chatters (Athabasca, Ref.) moved for leave to introduce Bill C-370, an act to amend the Income Tax Act (income deferral from forced destruction of livestock or natural disaster).

Routine Proceedings

He said: Mr. Speaker, I would like to introduce this private member's bill which has come about as a result of severe flooding in my riding last summer which forced the sell-off of substantial numbers of livestock. I discovered that although under conditions of drought producers are allowed to defer income from the forced sale of livestock, that does not extend to forced sale of livestock under any other conditions. This bill would extend that provision for deferment of income to other natural disasters and statutory destruction of livestock.

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

* * *

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if the House gives its consent, I move that the 52nd report of the Standing Committee on Procedure and House Affairs, presented to the House earlier this day, be concurred in.

(Motion agreed to.)

* * *

• (1510)

PETITIONS

YOUTH

Mr. Maurizio Bevilacqua (York North, Lib.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present to this House petitions signed by residents of York North.

The first petition calls on Parliament to ensure that the government creates opportunities for youth through internship programs, information technology, improved Canada student loans, summer student job programs and programs targeted directly to youth at risk.

JUSTICE

Mr. Maurizio Bevilacqua (York North, Lib.): Mr. Speaker, the second petition deals with the security and safety of all Canadians. We are fortunate that York region has the lowest crime rate in the country.

The petitioners therefore call on Parliament to continue to take a tough line on crime and enact laws that will provide Canadians with safe homes and safe streets, which they so rightly deserve.

EMPLOYMENT

Mr. Maurizio Bevilacqua (York North, Lib.): Mr. Speaker, the third petition calls on Parliament to ensure the government continues to aggressively pursue and apply new technology with the aim of creating opportunities for all Canadians.

Routine Proceedings

The Speaker: My colleagues, I point this out only so that you will know. Usually two petitions is all right; three if you read them very quickly.

[*Translation*]

GASOLINE TAX

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, I wish to table a petition that concerns the federal excise tax on gas. This is of course a petition in which the undersigned call upon Parliament not to raise this tax, since, in the past 10 years, it has already been increased by 566 per cent, so that taxes make up 52 per cent of the price per litre.

I take pleasure in tabling this petition on behalf of these people.

[*English*]

NATIONAL HIGHWAY SYSTEM

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, I have petitions here today which request that the federal government join with the provincial governments to make the national highway system truly a national system and dedicate fuel tax revenue to that cause.

POLICE DOGS

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, I have a petition with over 1,100 names. It sprang from a case in my riding where a police dog was killed.

The petitioners ask that the Criminal Code of Canada be amended to specifically include and protect police dogs, and to include fines and/or imprisonment for the wrongful injury or killing of police dogs.

JUSTICE

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, the last petition now has a grand total of 29,500 names that I have presented.

This petition is with regard to the release of sex offenders, notification in the community, and to prohibit for life sex offenders working in a position of trust and responsibility with children. That has been an ongoing tirade of petitions that I have been able to present for people.

YOUTH

Mr. Tony Valeri (Lincoln, Lib.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to table a petition on behalf of the constituents of Lincoln.

The petitioners draw to the attention of the House that Canada's future depends on giving our children the opportunity to be productive citizens.

The petitioners therefore pray and call on Parliament to ensure that the federal government embark on a national strategy to tackle youth employment.

HEALTH CARE

Mr. Tony Valeri (Lincoln, Lib.): Mr. Speaker, the second petition also comes from the constituents of Lincoln and it draws to the attention of the House that Canadians of all ages view our health care system as a defining element of Canadian society.

The petitioners pray and request that Parliament continue to uphold the fundamental principles of the Canada Health Act so that public health care remains accessible, comprehensive, portable, universal and publicly administered.

CHINA

Mr. Clifford Lincoln (Lachine—Lac-Saint-Louis, Lib.): Mr. Speaker, I have two petitions. The first petition opposes the sale of CANDU reactors to China for several reasons, including China's human rights violations. It says CANDU exports are irresponsible given the health, environmental, economic and safety concerns relating to nuclear power.

Therefore the petitioners request that Canada immediately withdraw from all arrangements concerning financial and technical assistance to China for nuclear reactor technology and ensure that the Government of Canada does not finance or subsidize the sale of CANDU reactors to China or any other country.

NATIONAL HIGHWAY SYSTEM

Mr. Clifford Lincoln (Lachine—Lac-Saint-Louis, Lib.): Mr. Speaker, the second petition, produced in English and French, relates to our national highway safety system.

[*Translation*]

The petitioners point out that 38 per cent of the Canadian highway system is not up to standard, and that Mexico and the United States are now improving their national road systems.

• (1515)

[*English*]

The petitioners therefore call on Parliament to urge the federal government to join with the provincial governments to make the national system upgrading possible.

[*Translation*]

That the federal government join with the provincial governments in making the national system upgrading possible.

[*English*]

GASOLINE TAX

Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.): Mr. Speaker, I have three petitions. The first one is from residents of the Mankota district in my riding.

The petitioners, looking forward to February 18, are calling on the government not to increase the excise tax on gasoline in the next budget.

NATIONAL HIGHWAY SYSTEM

Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.): The next two petitions are identical in form and content, both coming from the city of Swift Current and bearing a total of 239 signatures.

The undersigned residents of Canada draw to the attention of the House that 38 per cent of the national highway system is substandard, that Mexico and the United States are upgrading their national highway systems, that the national highways policy study identified job creation, economic development, national unity, saving lives, avoiding injuries, lower congestion, lower vehicle operating costs and better international competitiveness as benefits of the proposed national highways program. Therefore the petitioners call on Parliament to urge the federal government to join with provincial governments to make the national highway system upgrading possible.

GASOLINE TAX

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, I have three petitions to present on behalf of constituents and others in Saskatchewan. The first one pertains to the excise tax on gasoline which has risen by about 566 per cent over the last 10 years.

These petitioners request that Parliament not increase the federal excise tax on gasoline in the next federal budget.

TAXATION

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, the second petition relates to the GST and the tax on reading materials.

These petitioners from all parts of Saskatchewan ask Parliament and provincial governments to zero rate reading materials under the proposed harmonized sales tax and they are asking the Prime Minister to carry out his party's repeated and unequivocal promise to remove federal sales from tax books, magazines and newspapers.

NATIONAL HIGHWAY SYSTEM

Mr. John Solomon (Regina—Lumsden, NDP): The final petition I have, Mr. Speaker, pertains the national highway system.

The petitioners request that Parliament urge the federal government to join with provincial governments to make the national highway system upgrading a reality as soon as possible.

[Translation]

GASOLINE TAX

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, pursuant to Standing Order 36, I would also like to table a petition concerning the excise tax.

Routine Proceedings

[English]

The petitioners remind the government that in the last federal budget there was an increase of 1.5 cents per litre and that another 2 per cent seems to have been proposed by a parliamentary committee.

Therefore the petitioners ask the federal government not to increase the tax in the next upcoming budget, and I concur with them.

The Speaker: You do not really have to concur one way or the other. I know you know that.

TAXATION

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, literacy supporters want the government to ensure that books, magazines, newspapers and other reading material are not subject to the tax system that is proposed in terms of the provincial and federal harmonized sales tax.

The petitioners are calling on the government to remove GST from books and reading material.

Mr. John Murphy (Annapolis Valley—Hants, Lib.): Mr. Speaker, I rise to present three petitions today. The first two petitions, signed by thousands of my constituents, urge the government to eliminate all sales tax on reading material, including books, magazines and newspapers.

NUCLEAR WEAPONS

Mr. John Murphy (Annapolis Valley—Hants, Lib.): The third petition, which has also been signed by many constituents in Annapolis Valley—Hants, calls on Parliament to support the immediate initiation and conclusion by the year 2000 of an international convention to set a binding timetable for the abolition of all nuclear weapons.

OBSCENITY LAWS

Mr. Glen McKinnon (Brandon—Souris, Lib.): Mr. Speaker, I have the pleasure to present two petitions on behalf of the citizens of Brandon—Souris. The first, signed by residents of Melita, Killarney, Pierson and Virden, calls on Parliament to have our present laws on obscenity strictly upheld.

TAXATION

Mr. Glen McKinnon (Brandon—Souris, Lib.): The second petition, primarily from citizens in Brandon, calls on Parliament to zero rate books, magazines and newspapers from the goods and services tax.

• (1520)

NATIONAL AIDS STRATEGY

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have several petitions from constituents of Etobicoke—Lakeshore.

These constituents call on Parliament to ensure dedicated AIDS funding beyond March 1998 and to renew the national AIDS strategy now. The national AIDS strategy, phase II, will expire on

Routine Proceedings

March 31, 1998 and there has been no commitment to renew or extend it.

Canada's economy loses more than \$1 billion each year because of person years lost to AIDS.

NATIONAL HIGHWAY SYSTEM

Mr. Paul Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, pursuant to Standing Order 36, I am pleased to present a petition from lower mainland residents, many from my riding of New Westminster—Burnaby, who are concerned that Canada's national highway system is substandard.

These petitioners are calling on Parliament to urge the federal government to join with provincial governments to make the national highway system upgrading possible.

GASOLINE TAX

Mr. Paul Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, I have a second petition from over 100 New Westminster—Burnaby constituents and others from the surrounding area who are greatly concerned with the price of gasoline and the overall structure of our highways.

These petitioners request that Parliament not increase the federal excise tax on gasoline and strongly consider reallocating its current revenues to rehabilitate Canada's crumbling national highways.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I have the honour to present a petition pursuant to Standing Order 36 from residents of my constituency, virtually all from the city of North Battleford, with a couple from Spiritwood, Speers and Radisson.

The petitioners note that the availability of a low cost energy source is the natural advantage Canadians have to set off the high cost of transportation because of the great distances required to reach markets, that Canadians are paying approximately 52 per cent of the cost of a litre of gasoline at the pumps in the form of government taxes, that over the past 10 years the excise tax on gasoline has risen some 566 per cent.

The petitioners request that Parliament not increase the federal excise tax on gasoline in the next federal budget.

HUMAN RIGHTS

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have two petitions. The first comes from the city of Brantford, Ontario.

The petitioners bring to the attention of the House that the rights and freedoms of all Canadians, including the freedom from discrimination, is already protected by Canadian law.

Therefore the petitioners pray and call on Parliament to oppose any amendments to the Canadian Human Rights Act or any other federal legislation that would provide for the inclusion of the phrase sexual orientation.

NUCLEAR WEAPONS

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition comes from my riding and city of Mississauga South.

Whereas Canada and all state parties in the 1969 United Nations Treaty on Non-Proliferation of Nuclear Weapons reaffirm their commitment May 1995 to undertake and to pursue negotiations in good faith to the cessation of the nuclear arms race, the petitioners pray and request that Parliament support an immediate initiation and conclusion by the year 2000 of an international convention which will set out a binding timetable for the abolition of all nuclear weapons.

CO-OPERATIVE HOUSING

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, I have several petitions to present. The first is from members of the Andy Andras, the Westboro and the Dovercourt co-op areas in my riding.

The petitioners draw to the attention of Parliament that co-operative housing is one of Canada's great success stories, that it brings people together to meet their housing needs and to create safe and supportive communities.

They express their concerns about transferring the management of this housing to the province of Ontario, calling on Parliament to consider the proposal put forward by the Co-operative Housing Federation to administer these housing communities.

CHINA

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, the second petition is from a number of residents of my riding who are concerned Canada's financing the sale of CANDU reactors to China and calling on Parliament to immediately withdraw from all arrangements concerning financial and technical assistance to China for nuclear reactor technology.

GASOLINE TAX

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, the third petition is requesting that Parliament not increase the federal excise tax on gasoline in the next federal budget.

Mr. Speaker, finally—

• (1525)

The Speaker: I think we will have three strikes and you are out.

NATIONAL HIGHWAY SYSTEM

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, it is a pleasure for me to present a petition on behalf of citizens

of northern British Columbia, many of whom reside in my riding of Prince George—Peace River.

The petitioners note that our NAFTA partners, Mexico and the U.S.A., are currently upgrading their national highways system. The petitioners call on Parliament to urge the federal government to join with provincial governments to upgrade our national highway system as soon as possible because they note it is substandard.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

EXCISE TAX ACT

The House resumed consideration of Bill C-70, an act to amend the Excise Tax Act, the Federal Province Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account act and related acts, as reported (with amendment) from the committee; and of the motions in Group No. 3.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, usually we say it is a pleasure to rise and enter into the debate. Frankly, I wish I did not have to give this speech today because it is one of such distress to Canadians. It is the one that turned the previous government on its ear and turfed it out. Primarily it was the imposition of the GST on the Canadian people that turned the people against the government of the day.

I would like focus on what this means to business. In order to do that, I have chosen to back into *Hansard*. It will be four years in March that the GST was being debated in the House. There was a bill brought forward which amended the GST rather substantially. That generated a lot of debate.

At that time the Liberals were in opposition. I went to *Hansard* to see what the Liberals said in the last Parliament about the GST, particularly about how it affects business.

There were several members who spoke about this. There are three people I would like to draw attention to. One is the Deputy

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Minister, another is the member for Broadview—Greenwood and the third is the member for York South—Weston.

I cannot help but have a great deal of sympathy for the voters of this country when they feel cynical about government. These three people very distinctly and explicitly gave the Liberal position on the GST. In fact, every one of these people took action on the side of the government when the GST had not been rescinded the way they promised during the election campaign.

I do not know whether the logic escapes Canadian people but, for example, the Deputy Prime Minister told the voters in her riding that she would resign if the GST were not abolished. There are really only two possibilities here. The first is that she, like millions of other Canadians, did not read the red book and the fine print in it. Therefore she actually fell into the group that really did not fully understand the Liberal policy. In that case, I recommend that she be considered quite incompetent because on such a major issue during the election campaign she should have known her party's policy. The second is she tried to deliberately deceive the voters in order to gain their vote without telling them the actual truth. We do not want to believe that but it is a possibility which should not escape our consideration.

I would like to talk about the member for Broadview—Greenwood who, previously in this Parliament, actually left the Liberal fold for a short time to sit as a Liberal independent, or whatever the name was that he chose, and then later on returned. I challenge him personally and all Liberal members to live up to what they committed themselves to in the campaign on behalf of the Canadian people in order to restore the trust and confidence that Canadians ought to have in this institution.

• (1530)

I will quote from *Hansard* of March 12, 1993, pages 16902 and following. This what the hon. member for Broadview—Greenwood said: “This whole GST operation by the government has been the worst initiative that any government has ever perpetrated on a people”. He said that the GST is “a tax that has done a great deal to dampen and suppress entrepreneurial spirit and consumer confidence in this country. I know in my own riding it has practically cut the restaurant business in half, not to mention what it does to students who tend to work their way through either high school or college by working in restaurants part time. They count on not only this type of work in the restaurant-tourism business but on the tips. It has just gutted the hopes for half-decent, part time income for tens of thousands of university students right across Canada”.

Earlier today in question period we were talking about jobs and the jobless rate in Canada. The fact is that 17 per cent of our youth are actively looking for jobs. I know what that means. I have a son who for over a year has been looking for a job. He cannot find one. The economy does not say to him to come and work because it is

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so depressed. Partially it is because of the pervasive effect the GST has had on it.

The hon. member for Broadview—Greenwood said: “It has throttled people with this bureaucratic nightmare of a GST”. Those are the words spoken by that member almost four years ago. The hon. member for Broadview—Greenwood quoted the leader of the Liberal Party of the day, the current Prime Minister, by saying: “My leader three weeks ago said that this GST will be scrapped. Make no mistake about it, the GST will be scrapped if we are given the trust to run the Government of Canada”. That is a direct quote from *Hansard*. Here is another one: “This GST has done much damage to the retail business in this country. It has done much damage and caused much unemployment and welfare”.

When the hon. member for Broadview—Greenwood was on this side of the House, he identified the true implications of the GST. He made a great point of expressing those sentiments. He went on to say: “If you developed a fair tax system in this country and if you put 400,000 or 500,000 people back to work, you could find \$15 billion within four or five months, not to mention the fact that we would start giving people back their dignity. We have to understand that there are close to two million people in this country who are out of work”.

Listen to these beautiful words from that member. I am happy to quote him because he is right. It is unfortunate he has changed his mind. He said: “I cannot imagine a single member of Parliament in any party in this House of Commons wanting to defend the status quo in terms of tax law in this country. In fact I have not met a member of Parliament who believes that the tax act of this country is fair, simple or efficient. We all agree that this 2,400-page document with its rules and regulations and its exceptions and its exceptions to exceptions is no longer intelligible. This tax act combined with the GST has caused an underground economy of cash deals in this country. Experts estimate that right now there are over \$100 billion of cash transactions in this country”.

He continued: “All kinds of schemes are going on in this country right now. The underground cash economy is just out of control”. He then went on to discuss this.

• (1535)

It is very clear to me from this sample of three that there must have been many other members of the Liberal Party, but particularly these three, who said explicitly that they were going to scrap the GST. The fact that they have not done so and have changed their views, their words and their actions since they were elected to government is unconscionable.

The member for Broadview—Greenwood said that the tax act is so complex. He went on to say:

The GST has exacerbated that. No matter how many amendments or refinements the government brings in on this bill it cannot make a silk purse out of a sow's ear. The GST is a sow's ear and the Canadian public is never going to accept it.

I agree with that. I still continually hear complaints about the GST, about its draining of much money from our economy, of its preventing people from getting jobs and of the great complexity and annoyance of having to file the rebate statements and all of the administrative costs that are associated with it.

I will quote again from *Hansard*. At page 16906 the same member said:

We have a situation today where the government wants us to support a bill to refine the GST. I am totally opposed to the GST. It is an inefficient, unfair tax. Small businessmen despise the GST. They want it replaced. They definitely want to make sure we do it in a responsible way. We cannot just snap our fingers and pull something out of the hat. There has to be a serious debate on tax reform, but they do not want us to defend the status quo which the Conservative government wants to defend. We are not going to defend the status quo. There is no way. There is absolutely nothing that could ever make me change my attitude toward the GST.

Well it appears that being elected to the government side actually did change his attitude to the GST. He of all the members made one of the braver attempts to change it.

The Speaker: According to what I have heard the member's time is up.

Mr. Epp: I am surprised.

The Speaker: I am surprised too because I was enjoying it so much. I think we will pass on to the hon. member for Saint John.

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I would first like to say that I am pleased to be able to speak to the report stage of Bill C-70.

I would also like to inform my colleagues from the Reform Party, notably the member for Prince George—Bulkley Valley and the member for Medicine Hat, that the member for Saint John has spoken out against the HST on a number of occasions. I also brought the Retail Council of Canada to my riding of Saint John, New Brunswick for a luncheon with the board of trade and the business community. I have spoken in this House several times and have written several articles for the paper as well. I just wanted to clarify a couple of statements that were made in this House.

The concept of harmonization is worthwhile, however not this government's version. I cannot support a bill which will hide taxes, shut down stores in Atlantic Canada and kill jobs for our people. This bill is nothing more than a political solution to cover up the Liberal failure to scrap the GST. Who is going to pay the price for a promise made during the heat of an election? The people of Atlantic Canada.

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The amendments made in committee and the amendments we are debating today do not address the problems because the bill is fundamentally flawed. This comes as no surprise when we have a government rushing to live up to a poorly thought out campaign promise before the election rolls around.

But it is more than just that. There were hearings up here on the Hill and no one informed our people back home in New Brunswick, Nova Scotia and Newfoundland that if they wanted to come and make a presentation, the government would pay their way. No one mentioned it to them. They did not know this because no one told them. Is that because the government did not want to hear from them?

• (1540)

It is ironic that the majority of those affected by the HST have not had their say about this legislation. I am sure many Atlantic Canadians would have been delighted to come here to make it clear how much they oppose the legislation on this harmonized tax with tax in pricing. One also has to question why hearings were not held, as I have stated, in New Brunswick, Nova Scotia and Newfoundland.

One of the biggest problems with this legislation is the tax included pricing component. Retailers, businesses and restaurant owners to name just a few have explained what it will cost in dollars to switch to a tax in pricing system. More important, they have also explained the cost in real terms, in terms of jobs, jobs, jobs. Twelve stores have already stated that they will be closing down because of the harmonized tax and the tax in pricing.

It is also ironic that while the government is trying to make Canadians believe it has lived up to one campaign promise, it is renegeing on the other promise of jobs. A representative from K Mart Canada said that the company will face an inevitable loss of jobs as marginally profitable locations become unprofitable due to increased costs.

One only has to look at the population of the area of Nova Scotia, New Brunswick and Newfoundland. Take a look. As the Retail Council of Canada stated, it is a much smaller population than central Canada, Quebec, or out west. It said that the profit there is very marginal and asked: "What would you do if you were us? Would you stay there or would you just stop? Would you pull out?"

This is a very serious situation. Those who have come to see me up on the Hill are: the Hudson's Bay Company, Canadian Tire, Sears, Eaton's, Shoppers Drug Mart. The list is long and they are all saying that they may pull out of Atlantic Canada.

When the Liberal MPs from our area vote for this, they will be going against the wishes of their people. How can they possibly do that? How can any of the MPs from these provinces possibly vote for this when, as the hon. member from the Reform Party just quoted, they stated when in opposition that it was no good? They

said that this was wrong and that if they formed the government, they would never do it.

The hon. member for Acadie—Bathurst, who is now Minister of National Defence and Minister of Veterans Affairs, said: "The sign of the times is that so long as we have a tax that is hidden from the consumer, we are going to have problems that are a lot more serious than we understand". He also stated: "The whole idea of visibility was seen by many Canadians as being a deterrent to free-spending governments which would just raise the tax, get the money it needs at election time for promises and spend it foolishly". These were statements in *Hansard* in 1990.

How are Canadians to hold this government accountable when they do not know which position to believe because it changes from year to year? Perhaps the government members opposite could clarify their position and explain why it has changed so drastically now that they are the government.

It has just been brought to our attention that Assumption Life in New Brunswick must now charge HST on its management fees for segregated funds. However companies headquartered outside the harmonized zone do not have to charge the HST. If you were someone in New Brunswick, would you go to Assumption Life now knowing this? Any company selling mutual funds will choose not to locate in our area of New Brunswick, Nova Scotia and Newfoundland. Companies already in the harmonized zone would be better off relocating to a non-harmonized province which is what they are telling us every day.

This legislation will drive business away from the Atlantic region. We do not want to be have not provinces. We want to contribute to our country, but we cannot do this if this government continues to cut off our legs from underneath us when it brings in a tax such as this.

Representatives from One Voice, The Canadian Seniors Network came to see me. They explained that seniors will be paying more. One little senior called me and said: "I have very little money but when this new tax comes in, I must pay it on my heating bill, I must pay it on my hydro bill". She said further: "I do not believe that I will be able to go to the hair stylist any more to get my haircut. I cannot afford any more, Elsie. I can barely meet the needs that I have today with the money and income that I have. In addition, some groceries and children's clothing will cost more". This legislation is not good for the people of Saint John, my riding. It is not good for the people in New Brunswick, Nova Scotia and Newfoundland.

• (1545)

One must ask oneself why only New Brunswick, Nova Scotia and Newfoundland agreed to the HST. Would it be because these three provinces are the only provinces left in Canada with Liberal premiers? Would it be because all three provincial governments received a substantial monetary gift from the federal government on agreeing to implement the HST? Did they have any choice, because of politics? Why would all other premiers across the nation

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say no and only the three Liberal premiers say yes? The answer is quite obvious to all Canadians.

I will conclude by urging the government to rethink the legislation. Please do not make Atlantic Canadians pay the price for ill-conceived campaign promises and hasty attempts to live up to them.

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, I am delighted to have the opportunity to join in the debate on this most important topic.

For the benefit of the House we should take the opportunity to review the famous GST and where it came from. As most members are well aware it is derived from the former manufacturers' sales tax. The previous administration decided that it would have a GST at 7 per cent across the country. Of course the proposal was that the government would use it to reduce the deficit.

We know the legacy that the Tories left us in paying the deficit, that each and every goal and projection that was set went in the opposition direction. For some reason instead of the deficit going down, it continued to go up until this government assumed office and assumed a \$42 billion deficit at that time.

What happened to that \$14 billion to \$15 billion that was projected as new revenue from the GST? It went into the general revenue fund. The manufacturers' sales tax had disappeared. The new GST was here. Contrary to what others have said, and I admit I can only speak for myself, I know what the policy was of my party when I was campaigning. People did ask me what I thought would happen to the GST. Of course they loved it so much they wanted it left completely alone.

I said it would be changed to a fairer and more equitable tax system both for the small business people in our communities as well as for the consumers. I pointed out very clearly and in many cases said it twice: "Hear me, it has to be replaced in order to provide approximately the same amount of revenue".

Originally we were told that the GST would provide enormous additional dollars in revenue that would expedite paying down the deficit and we would reach a balanced budget much faster in the early 1990s.

• (1550)

It was projected that the \$14 billion or \$15 billion that came from the manufacturers' tax which was replaced by the GST actually came to approximately \$28 billion. When the rebates and the additional administration costs were taken off so we were back

to the the \$14 billion or \$15 billion figure which was the level of income from the previous manufacturers' tax.

When the government looked at possible ways of replacing that revenue, the finance committee travelled across the country from one end to the other, including my home province of New Brunswick of which I am very proud.

In New Brunswick I listened to presenter after presenter. Some were from the business sector, some from the industry sector, some from agriculture, some from the education sector and some from the consumer sector. They said we had to have a simpler system. We had to come up with a harmonized system that would reflect the total of the taxes they are paying. I agree it has to be very up front and very forward.

Following all of the presentations and hearings across the country after some two and half years, the finance committee came forward with its recommendation to harmonize the two taxes, the provincial sales tax and the GST into a new harmonized sales tax.

The first three provinces that came on board, in addition to the province of Quebec that had the harmonized sales tax, were the provinces of Newfoundland, Nova Scotia and New Brunswick. Some have criticized and complained about the formula that was arrived at, not for those three provinces, but for every province in Canada to use. It is a formula that would be fair and equitable to all provinces and treat each and every one in the same fashion.

What does harmonization do for the business sector and the retail sector? I have talked to many business people. First of all it means that they have to keep one set of books instead of the previous two. It means that they have to issue one cheque instead of the previous two. It means that one tax auditor will come in and review their books instead of two. It is a much simpler system for every business person throughout the communities that are involved in the retail sector.

What does it do for the consumer? Report after report and survey after survey have indicated that the consumer does not want any more surprises when he or she arrives at the cash register and wants to know exactly what amount must be paid.

There is no intent to hide the total amount of taxation that would be paid on any product that is taxable at the cash register. As a matter of fact the proposal stated very clearly that consumers want it shown on the cash register tape the price of the product, the tax that is included and the total. On the shelf the consumer will see the price that is being paid which includes the taxes.

• (1555)

It is not a hidden tax. It is a tax that is very up front. Right on the cash register tape is everything that is purchased. Let me look at some of the key elements.

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It says: "Consumer in participating provinces will benefit from the removal of the provincial retail sales tax from business inputs. This advantage, combined with the benefit of a lower rate and lower compliance costs for businesses, will lead to lower consumer prices on many goods. Tax inclusive pricing rules will ensure that consumers know the full price of the good or service before paying for it while keeping the amount of the rate of sales tax payable visible on the receipts".

As I mentioned, it is simpler for the business community, simpler for the consumer and it provides the revenue toward decreasing the deficit that we know the government assumed at \$42 billion plus. We know that Canadians want the government to put its financial house in order. That is exactly what is being done.

We are not the first government ever to set goals. There have been others. However, I suspect we are the first government in recent time to have been able to achieve those goals, to meet or exceed them in each and every instance and we will continue to do so.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, I am pleased to join the debate on the report stage of Bill C-70.

Some members opposite would have us believe that the debate is about harmonization of the GST with the provincial sales tax in the Atlantic provinces. They would have us believe that the debate is about doing taxation better. That is not what it is about.

I take my cue from a headline on the Saint John *Telegraph Journal* editorial in January which said: "Most people can hold their breath longer than the Liberals can hold their principles". That is basically what the debate is about.

The debate we are having today is about integrity, about responsibility and accountability; the lack of accountability of the government to the Canadian people. The debate is about the government's failure to keep its election promise to scrap, kill and abolish the GST. It is about why Canadians cannot trust the government.

Integrity is important to Canadians. When I travel around my riding in British Columbia, people stop and tell me that they do not expect miracles from their politicians, but they do have some expectations. They expect politicians to show compassion, expect them to care and to set an example and to keep their word. The Government of Canada has fallen short of these expectations. It has not kept its word. It has broken faith with those who trusted it. Canadians cannot trust the government for three major reasons.

The first reason they cannot trust the government is because during a CBC town hall on October 18, 1993 the Deputy Prime Minister promised Canadians: "I have already said personally and very directly that if the GST is not abolished, I will resign". The Liberals refused to abolish the GST and it took months of denial,

cover-up and flip-flops before the Deputy Prime Minister finally did resign to run again in a byelection. She resigned only after a poll told her that she would win. This is not resigning. This is not responsible action. This is not integrity.

● (1600)

It is like saying "you caught me this time, I will go through the motions but I still don't have to be accountable". Canadians do not trust this government.

Let me share with members again the second reason why this is the case. The finance minister said on April 4, 1990: "I would abolish the GST". That is what he said. Instead of abolishing the tax and keeping his word after being elected, the finance minister tried to cover up his broken GST promise. He hid behind the coat-tails of the new tax he created, the harmonized sales tax.

Yes, the finance minister, instead of keeping his word, bribed three Atlantic provinces with about \$1 billion cost to the rest of the country to harmonize their provincial sales tax with the GST. This is his way of saying that the GST has been abolished.

Mr. Szabo: Mr. Speaker, I rise on a point of order. I understand that debate does get a little hot, but the member has just imputed motive to the Prime Minister, talking about bribing the electorate with regard to the arrangements in the maritimes.

Would the Chair raise this matter with the member with the view to withdrawing that comment?

The Deputy Speaker: Perhaps the hon. member for Cariboo—Chilcotin would indicate what it was he said in the context of what has been raised by the member for Mississauga South.

Mr. Mayfield: Mr. Speaker, what I said was that the finance minister, instead of keeping his word, bribed the three Atlantic provinces with \$1 billion to the cost of the rest of the country to harmonize the provincial sales tax with the GST and that this is his way of saying that the GST has been abolished.

The Deputy Speaker: The dictionary is on the table and if we look in it we will see that "bribe" means to give money to or induce somebody to do an illegal act.

I realize that we cannot get into a definitional fight over every word that is used, but I would ask the hon. member, if he accepts that definition, if he might consider rephrasing that.

Mr. Mayfield: Mr. Speaker, I would be happy to do that. The Deputy Prime Minister used the money of the rest of Canadians to enforce the GST, to entice the Atlantic provinces to accept this GST.

Canadians cannot trust this government. That member is one of the reasons why. Think for a moment about what \$1 billion could do for the hospitals that are closing down in this country and for the

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students who cannot go to school because their tuition is too high. Such is the price of a broken promise.

I know the finance minister apologized about breaking his GST—

Mr. Culbert: Mr. Speaker, I rise on a point of order. I apologize to stand on a point of order again, interrupting the speaker across the way. That is not my intent.

However, he referred to an individual member. I am not certain whether he is referring to my colleague who just spoke on a point of order with regard to comments that were made or if he is speaking about some other colleague. I would like to have clarification.

The Deputy Speaker: Incidentally, this time will not come out of the speaker's time. He will recapture the time that has been lost with points of order.

I was listening carefully this time to the hon. member and I do not think he was accusing the member for Mississauga South or any other member of doing something that was beyond the pale. I appreciate that the member for Carleton—Charlotte thinks he was but I am sorry, your Speaker cannot find anything that was said that is not within what happens here every day—the member may say unfortunately—all day in debate.

Mr. Mayfield: Mr. Speaker, with perseverance we shall endure. I know the finance minister apologized about breaking his GST promise, but saying "I am sorry" does not pay the bills. It does not help the sick. It does not help the most vulnerable in society.

The federal legislation for the harmonized sales tax is before this House today, Bill C-70. It should not be called a harmonized sales tax but perhaps a coat-tail tax or a tax that entices provinces with other people's money.

Bill C-70 is a reminder to all Canadians that the Liberals cannot be trusted to keep their word. Bill C-70 is a symbol of broken trust.

• (1605)

Why cannot Canadians trust this government? The Prime Minister leaves us with a third and final reason. In October 1990, during an interview with the *Toronto Star*, the Prime Minister said: "The Liberals will scrap the goods and services tax if they win the next election. I am opposed to the GST, I have always been opposed to it and I will always be opposed to it".

In October 1993, just before the election, the Prime Minister spoke again about the GST: "Yes, I will abolish it". In May 1994, after winning the election, he said about the GST: "We hate it and we will kill it".

However, just yesterday in the *Toronto Star*, the Prime Minister said: "I have always said we want to replace the GST with a harmonized tax". Come on, let us speak the same language.

The Prime Minister not only told the Canadian public that he would scrap, kill and abolish the GST, he told the Liberal caucus the same thing. The member for York South—Weston told the House on December 12, 1996, from page 7467 of *Hansard*:

Mr. Speaker, I think what is compounding the problem is that the Prime Minister refuses to recognize what his promise was. He has now had the opportunity to review both the audio and video tapes. Not only did he promise Canadians that he would scrap the GST, he also promised caucus on a number of occasions that he would scrap the GST.

After being elected the Prime Minister changed his tune. He started to say that he had always promised to replace and not abolish the GST. This got him into big trouble at a CBC town hall in December. When asked at the CBC town hall why he did not scrap the GST, the Prime Minister said: "That is not what we said on that. We never said in the red book or directly that it was to be scrapped". It was clear to everyone that the Prime Minister broke his word to Canadians.

Compounding the problem over the next couple of days, the Prime Minister denied ever saying he would scrap, kill and abolish the GST. He said: "We have not lied. We have always said there would be a replacement tax. I recognize that it is not always been clear and has remained a problem in public opinion". It seems the Prime Minister at this point was trying to pass the blame for his broken promise on to the Canadian public but it would not fall for it. It knew he had broken his word.

Therefore the Prime Minister tried to set the record straight a couple of days later by saying the following: "If I and others left the impression with anyone that we would be able to do away with the tax without replacement, I want to tell them I am sorry". Only after experiencing incredible public pressure was the Prime Minister willing to admit he was wrong. Canadians can no longer trust this Prime Minister or believe his words.

This truth is reflected in public opinion today. Let me quote from a letter sent to me earlier this year: "The CBC town hall meeting with the Prime Minister is the best of what CBC is all about. The Prime Minister again was not honest with Canadians. I don't trust the Prime Minister. I don't believe a word the man says". This is what average Canadians are saying about the Prime Minister. Canadians cannot trust this government.

In closing, I want to say what a Reform government will give Canadians. It will give four tools to keep its elected officials accountable to their promises. These four tools are the following. First, free votes in Parliament so that MPs ultimately take their voting instructions from their electors, not the party whip. Second, the right to binding referendums so that Canadians have a direct say in issues affecting their interests. Third, the right to citizen initiatives so that Canadians can force an issue on to the referendum ballot if the government chooses to ignore it. Fourth and most important of all, the right to recall, to fire MPs who fail to keep their commitments to the people and lose their trust.

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The GST fiasco has taught Canadians that they cannot trust this Liberal government. In fact, Canadians have learned that they can only trust themselves. If we give Canadians the tools that I just mentioned they will continue to build this great country. They will build a strong country, built not only on the foundation of peace, order and good government but on the foundation of integrity, responsibility and accountability.

• (1610)

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, I am pleased to speak at report stage of Bill C-70. Despite the diatribe that has been heard before me, this debate is really about harmonization. This debate is about the new single harmonized tax system. This debate is about a simpler, fairer and more economically efficient harmonized tax system. This debate is about benefits that would be realized by individuals, communities and groups.

I will speak about five different areas in which the new single harmonized tax system will benefit consumers and businesses. I want to talk about the economic benefits it will have for all Canadians. I want to talk about the lower administrative costs. I want to talk about organizations such as colleges, schools, hospitals, universities and the registered charities which will benefit from this system.

My colleague spoke about consumers. He spoke about the benefits which will be realized as a result of the tax inclusive pricing rules inherent in Bill C-70. Those rules will ensure that consumers know the full price of a good or a service before paying for it, while keeping the rate of sales tax visible on receipts.

Another of my colleagues spoke about businesses which will have to deal with only one set of sales tax forms. There will be one set of operating rules. There will be one tax administration.

There is a business in my area run by Mr. Cinelli, a hairdressing salon. He has spoken about the time and the effort which he has to expend because of the GST. It is complicated and it affects his business.

There are benefits for Atlantic Canada. Members of Parliament from Atlantic Canada have spoken about the benefits the new system will have for business.

Would we in Ontario have such benefits? All Ontario members of Parliament are awaiting Premier Mike Harris' pledge to harmonize the system. We appeal to him at this point in time to get onboard and to consider the harmonized system which he knows will benefit the province of Ontario. It will benefit the businesses of Ontario, especially the businesses that currently have to deal with so much administration.

We have also heard from members across the way a whole series of difficulties they see with the system. They do not seem to understand the intent of harmonization. Or maybe they refuse to understand the benefits which a single, harmonized tax will provide for businesses. Economic benefits will flow from the

removal of tax on business inputs. There will be lower administration costs.

A lot of time has been spent talking about the Prime Minister and individuals who spoke while in opposition without fully considering the low administrative costs which businesses will realize. The intent must surely be to ensure that Canadian businesses survive and grow and that administrative and economic benefits are provided to those businesses so they can provide jobs.

We have in Canada 73,000 to 75,000 registered charities. Four thousand of them are comprised of hospitals, universities, public colleges and schools. They are not for profit organizations engaged in charitable activities.

In my riding there are several hundred registered charities. They vary from small relief organizations, anti-poverty groups, benevolent groups, the cancer society to others like the children's aid society, the YMCA and YWCA. Those charities are small. They have unsophisticated accounting systems and rely heavily on volunteers. Those organizations will benefit from the harmonized sales tax system. The administration of those organizations and the workload of their volunteers will be simplified as a result of the harmonized sales tax.

• (1615)

Bill C-70 is designed to significantly simplify that burden for charities. What I consider to be the four or five important measures that will assist those organizations—

The Deputy Speaker: The hon. member for Swift Current—Maple Creek—Assiniboia, on a point of order.

Mr. Morrison: Mr. Speaker, the hon. member's eloquence is being wasted here. There are only nine people in the Chamber. I call for a quorum.

The Deputy Speaker: Yes, the hon. member is correct. Call in the members.

And the bells having rung:

[Translation]

The Deputy Speaker: Since there are 20 members in the House, we can proceed.

[English]

Ms. Augustine: Mr. Speaker, Bill C-70, the new single harmonized tax system is designed to significantly simplify the sales tax rules for charities. The legislation includes measures to streamline the definition of charity to make the application of sales tax rules simpler. In speaking with several of the volunteer organizations and charities in the riding of Etobicoke—Lakeshore, those measures in Bill C-70 please them greatly.

The bill raises the existing small supplier thresholds applicable to taxable supplies and gross revenue, reducing the number of charities required to register for sales tax purposes. The measures the small charities in my riding see of benefit consolidate and simplify the rules governing the charities' taxable activities. These

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measures within Bill C-70 are designed to assist charities. They are designed to ensure that volunteers can work productively within those charities without spending administrative time. These are benefits within Bill C-70. Another measure simplifies the requirements for filing returns and claiming rebates. Again we know the volunteer hours that are spent doing those two important tasks.

The overall effect of the changes are really what we should be focusing on; that is, simplifying the rules, reducing the workload that volunteers give of their time and effort. All of this would seem to be outside pure accounting and economic lines. Those are reasons that Bill C-70 needs to be supported.

It is also important to note in this debate that Bill C-70 speaks about efficiency, fairness and simplicity in the tax system. It calls on every one of us in this House on behalf of our constituents to ensure that we are providing them with the ways in which they are able to respond to bureaucracy, government measures, revenue issues and taxation. We are providing them with those measures.

• (1620)

It is important that this is supported. All members on all sides of the House must realize the discussion is one that speaks to a harmonized system that would benefit our entire country. They too have spoken about a difficulty with the old GST, the difficulty in the system, the labour intensity in the system and the fact that it is a tax that stands in the way of businesses doing what they should do and could do for all Canadians.

I call on all members on all sides of the House to recognize that this debate is about harmonization. This debate is about a single harmonized tax system. This debate is about simplicity, fairness and an economically efficient tax system. I call on all members to focus on the debate and support the bill.

[Translation]

The Deputy Speaker: 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 Leeds—Grenville—national gun amnesty; the hon. member for The Battlefords—Meadow Lake—agriculture.

[English]

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, I appreciate the opportunity to take part in this debate on the Group No. 3 amendments to Bill C-70.

The issue here is not the GST or the HST in debating the harmonization of the GST. The real issue here today in this House is accountability, integrity and responsibility. The issue here is

damage control, damage to this Liberal government for a failed broken promise.

Earlier today, and I think it is the 27th time, this Liberal government brought in closure to cut off debate. Time allocation is the nice term that is used but it is a violation of the democratic process which would allow a full debate on an issue that is so important as this one.

This is one of two major broken promises made by this government. There may have been 170 or 180 promises in the red book but there are only two promises in that red book that counted heavily with about 90 per cent of Canadians who put their trust in this government. One of course was jobs, jobs, jobs and the other was the fact that the Liberals were going to scrap, abolish and get rid of the GST. We do not have the jobs and we do have the GST. We have the old campaign of say whatever to get elected and then once elected do whatever.

Let us talk about jobs before I get back to the GST. This government cannot run and hide from its failure in jobs. The UI stats prove monthly its ongoing failure to create the jobs that our children and grandchildren are looking for. The government cannot avoid that.

Three years have been spent trying to deal with that problem and with no success and still no understanding of what has to be done. This Liberal government has still failed to connect the fact that high taxes are what contribute to high levels of unemployment. The Liberals ran on a \$6 billion infrastructure program that was supposed to kick start the economy and create the jobs that they had promised in the red book and they failed.

As a matter of fact the auditor general has criticized the \$6 billion infrastructure program as a waste of tax dollars and a failure in creating the jobs. Unbelievably, the Liberals are looking at another one, only this time instead of being \$6 billion which failed, apparently they believe that something less than that will be successful. Is there no one in the government asking the question: What we are doing is not working, why should we be looking for a better way?

• (1625)

The Prime Minister got up in the House today and talked about jobs. The only jobs that we can take credit for in this country right now really have come about because of free trade and NAFTA, two programs the Liberal government strongly opposed when in opposition. As a matter of fact, another red book promise was that the Liberals were going to rewrite NAFTA. Thank God they did not because it is creating a few jobs in this country.

Let me come back to the GST, the other major broken promise. I would like to quote the member for Mississauga South who in debate in the House on February 6 said that the Liberals had wrestled with this GST problem, debated it at great length, held

hearings and lo and behold, what did they discover? They discovered that the best replacement for the GST is the GST. Yes, the best replacement for the GST is the GST, as far as the member for Mississauga South is concerned.

The member for Mississauga South is a new member, like myself, new to this place and new to the debate. However, I would point out that there are 19 members in the cabinet of this government who were here in opposition when the GST was introduced. They knew what the chances were of harmonization. As a matter of fact the current finance minister opposed harmonization. He said it would be a terrible mistake.

We should look at some of the quotes from the Liberals when they were in opposition. Here are some of the things they said. I do not think we need to talk about the Deputy Prime Minister again. Canadians from coast to coast know very well what she said and then failed to keep her promise, or at least she failed to keep it until a poll was taken to show that she would be re-elected if she did keep her promise.

Back in 1990 the then finance critic, now the defence minister, said the Liberal Party would scrap the GST. The Liberals pledged that in a nationally televised debate with the then finance minister, Michael Wilson. He went on to say: "The goods and services tax is a regressive tax that has to be scrapped and we will scrap it". There was nothing about harmonization. There were no weasel words in there. It was very clear.

Here is a quote from the current Liberal House leader. Again back in 1990 when in opposition he said: "Not only do the Liberals oppose the GST now, that opposition will continue even if the bill is passed. We are not interested in tinkering with the GST. We do not want it at all". What is harmonization? Those are very strong words. No weasel words there. It is very clear. Of course the current finance minister said: "I will abolish the GST".

The leadership of that party when in opposition knew very well the problems they were facing in dealing with the GST. Now that we have heard quotes from the Liberals, let us look at what the provinces are saying about harmonizing the GST. The member for Etobicoke—Lakeshore talked about support in Ontario, which I have yet to identify.

Certainly the premier of Ontario has consistently claimed that the federal harmonization plan will cost Ontario consumers between \$2 billion and \$3 billion a year. With figures like that I do not know how it is going help charities in Ontario with a \$2 billion to \$3 billion tax increase because of harmonization. The premier of Ontario also went to say that the subsidization package given to the three Atlantic provinces represents a bribe and warned that more

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and more provinces are going to be disenchanted by this kind of bribery and this kind of government.

The finance minister of Ontario, Ernie Eves, said: "It really offloads about \$3 billion annually from businesses to consumers. This is not acceptable. I would say the issue is dead".

• (1630)

Let us talk about the almost a billion dollars that was going to flow to the provinces to encourage them to harmonize. The federal government receives 41 per cent of its revenue from Ontario. One could make the argument that 41 per cent of any amount of money the federal government spends is Ontario taxpayers' money. It could be argued that Ontario will be subsidizing the \$961 million bribe to the tune of \$400 million. I do not think that is appropriate and I do not think that is fair to the taxpayers of Ontario.

The cost of harmonization to the typical Ontario family that earns \$30,000 to \$40,000 a year represents an additional \$185 in taxes. I do not know how the members from Ontario who sit in this government can defend this very unfair tax grab.

This government was elected on restoring integrity. It knew the problem. I am sure its members heard of it at the same doors I knocked on. They even devoted a chapter in their red book to that subject. I will quote from one paragraph on page 95 where they recognized the problem and said they would deal with it by appointing an ethics commissioner: "In particular, a Liberal government will appoint an independent ethics counsellor to advise both public officials and lobbyists in the day to day application of the code of conduct for public officials". The ethics commissioners was to report to Parliament.

That is what it says in the red book. In fact, the ethics commissioner reports to the Prime Minister. What was to be a watch dog has become a lap dog. From that point on the promises in this red book went right down the drain.

This coming election will be about integrity. Canadians are looking for a party with a vision for the future. They know the government has no credibility, whatever it promises.

Mr. Brent St. Denis (Algoma, Lib.): Mr. Speaker, I am pleased to have the opportunity to participate in the report stage debate on Bill C-70. We are focusing on the harmonization of the provincial sales taxes and the GST in most of the Atlantic provinces.

It is important at this time, in view of some of the comments we are hearing from the other side, to review the big picture again. If we step back we can understand why harmonization of the GST and the provincial sales taxes where they exist is a laudable and extremely important objective.

It was a very interesting experience for me as a member of the Standing Committee on Finance to take part in the many weeks of

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study and hearings on options and alternatives to replace the GST. This was in the spring of 1994.

The finance committee is an all-party committee. It listened to Canadians from coast to coast, here in Ottawa and in each of the provinces. They were asked some tough questions and in all cases they gave very honest and frank responses to the challenge of what was the best alternative to the GST.

Members of the other parties know that over 20 alternatives to the GST were studied. The vast weight of the evidence provided by the witnesses indicated that there was no other alternative that could be better than harmonizing the provincial sales taxes with the federal GST. The weight of that evidence was so great that even in the provincial campaign of 1995, the then leader of the Ontario PC party, now premier, Premier Harris, indicated his strong support for harmonizing in Ontario the PST and GST. The story we hear from Ontario now is a little different.

• (1635)

I do not want to impute motives, but the fact is I agree with its campaign promise that harmonizing the PST and GST in Ontario would have many benefits for small, medium and big businesses, for consumers and for provincial and federal governments that I do not know why we are hearing such a fuss from the opposition.

Among the many things we heard in the testimony, much had to do with red tape. We all hear from taxpayers and businesses that there is too much government red tape at all levels. Therefore, the fact that the government has taken the initiative to tackle a challenging problem, the harmonization of these two levels of sales taxes, is something for which all Canadians will be grateful. Certainly the witnesses we heard from at the finance committee told us in no uncertain terms that it was the goal to aim for.

There was no question that there were going to be some challenges along the way. As my colleague from Carleton—Charlotte reminds me, when that finance committee, ably led by the MP for Willowdale, reported, the Reform Party was on record as supporting the notion of harmonizing the provincial sales taxes and GST.

An hon. member: That was piecemeal, ad hoc bullshit and you know it.

Mr. St. Denis: I am very sorry that he is leaving. I am very sorry that he will not be with us after the next election by his own choice. I have a great respect for him. However, his memory is as good as mine. He knows what the minority report of the Reform Party stated. It stated that Reformers supported the concept of harmonization. However, one cannot believe in a concept if one does not always believe that one has to go through tough steps to get to that final resolution.

Mr. Silye: No subsidization in three provinces.

Mr. St. Denis: We cannot get from A to B all the time by drawing a straight line. That is the simple way to look at problems. Sometimes one has to go over hurdles and around obstacles. That is what we are doing as a government. We are tackling the issues that face us each step of the way as we move toward the goal of harmonizing these two levels of taxes.

What are the benefits to Canadians? Let us start with the business sector, particularly small and medium size business. Now each of these businesses faces reporting both federal and provincial sales taxes, two sets of records and the possibility of having to be audited by two separate levels of government. Many businesses are operated by one or two people. They are very small operations where every hour spent on government red tape is an hour taken away from productivity, an hour taken away from selling more goods or providing service to their customers. To the extent that we can reduce the time commitment that any business person, especially the small business owner, has to government paperwork is something that we are adding toward the productivity of this country.

Therefore, I do not understand how the opposition can argue on one side, as it said in its minority report, that we should get to a harmonized situation, but on the other side it says that we should not tackle each step along the way with bigger creativity and determination. That is what leadership is all about and that is why I believe Canadians give us their support in October 1993. I trust when they look at the government closely again in the next election campaign they will feel that our leadership is what this country needs.

No government is perfect, there is no question about that. If we were perfect it would be the first time, I am sure, that any government in the world was perfect.

Besides the elimination of red tape, consumers will not only benefit from the fact that the costs of running a business will be reduced, but over time it will be reflected in the prices because the small business operator will be able to cut down his or her costs.

• (1640)

I happen to be one who believes in tax included pricing at the retail level, but tax included pricing with full disclosure on the receipt at the cash register. We heard, over and over again, that the concept of sticker shock or counter shock was hurting consumption. Canadians will like the idea that they can see something on the shelf that is priced at \$10, go to the cash register, put down \$10 and know that they have paid the full amount due for that commodity.

On the receipt will be disclosure of the amount of harmonized GST and PST that is in the product. That is fair. It will have the

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positive impact on consumers that we need to have in this country to ensure the fullest level of employment possible.

We have been accused of saying that we would totally abolish, scrap the GST. I refer colleagues across the way to page 22 in what I call the well read book. Page 22 says that we will move toward harmonization of the provincial and federal sales taxes. That is what I said in my campaign. That is what I said door to door. I never varied from that commitment. As a member of the finance committee, along with my colleagues on this side of the House, we are taking steps in that direction.

It is the job of the opposition to try to divert attention but the fact remains that a responsible government knows that people cannot take \$15, \$16 or \$17 billion of revenue and throw it out the window. A responsible government also does not promise to have a broad base tax cut that it knows cannot be afforded at this time—

The Deputy Speaker: The hon. member's time has expired.

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, I am always amazed as I watch the government when it gets itself into a sticky political situation. To find its way out, it creates a scenario and then all members can unabashedly go out with a straight face and sell that story line.

What we have with this legislation is reflective of a very worrisome trend that we are seeing in legislation coming forward from this administration. Some words that come to mind are: responding to political events, balkanization, dividing the country, willy-nilly, knee-jerk, no vision, no principles, ad hoc.

The reason I say that is because this is not the only bill where the government is responding to a political situation, responding to a half-baked promise, responding to special interests that are promoting a particular point of view with the government.

I have been looking at two pieces of legislation that are going to be coming before the House. They have both been tabled. We have what has been called by some, Indian Act II. This is parallel legislation, if members have ever heard of such a thing, where people can opt in but they cannot opt out.

Mr. Fewchuk: What are you making fun of the aboriginals for?

Mr. Duncan: I am not sure what that comment was, but I am not making fun of anybody. I am stating a fact about two pieces of aboriginal legislation before the House.

The other bill before the House that has the same balkanization trend is the First Nations Land Act. Once again, it is national legislation from a national government that will deal with 14 bands only.

• (1645)

What do we do the next time there are 12 or 14 bands that want something different? We have over 600 bands in the country. Are we going to have 35 pieces of legislation to deal with all of them? This is a very worrisome trend.

We have had a whole set of negotiations in this country dealing with an attempt to get rid of interprovincial trade barriers. In my view this BST bill is actually contributing to interprovincial trade barriers. It is adding to the cost of businesses in Nova Scotia, New Brunswick and Newfoundland in doing business with other provinces. Why we would want to go in this direction is absolutely beyond me. There is only one overriding reason, and we know what it is. The government got in trouble, it got hung on its own statements and in order to extricate itself it entered into this special agreement. Why else did the government have to come up with \$1 billion to encourage people in those three provinces to participate?

The three provinces which are the net contributors to equalization in the country are B.C., Alberta and Ontario. Those three provinces do not want to have anything to do with this proposal. That is interesting.

The minister of finance for the province of Ontario has said that this way of arranging things would cost the province \$3 billion in extra taxes. It is comforting to see that there is someone who cannot be bought.

There is a circumstance in the bill which would force federally regulated industries like the airlines and the banks to bury GST in their pricing across the country. I find that most interesting with the current transparency of taxation.

I have relatives who live in the United States. They have looked at ticketing from the United States through Canadian airspace to Canadian destinations. Travel agents in the U.S. are absolutely horrified at the level of taxation in Canadian air travel as compared to U.S. air travel. At least they know it is taxation which is creating the pricing. With this kind of provision no one will know. Is that not wonderful for the government's agenda of out of sight, out of mind?

There is another parallel. If they cannot blend it, then maybe they can obfuscate it. We can always see in the actions of this government where it is trying to maintain federal leverage but it wants to obfuscate how it achieves the leverage because it wants to do it at minimum cost. We have seen that in the blending of the transfers to the provinces for health, education and welfare during the term of this government. They were rolled into one transfer. It is much harder to delineate what is going where. Then the \$18 billion transfer was reduced by \$7 billion, but it cannot be tracked because it has a new name and it is blended. That is quite a parallel.

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We have the Prime Minister, the Deputy Prime Minister, the Minister of Finance and scores of Liberal cabinet and caucus members who all made election pledges to eliminate and not blend the GST. We have a Deputy Prime Minister who said on this issue: "A promise made by a politician seeking election is not really a promise". Is that not wonderful?

• (1650)

An hon. member: What is it then?

Mr. Duncan: I would like to know what it is also.

The Retail Council of Canada estimates that by forcing stores to bury the tax the harmonization tax regime will cost retailers \$100 million a year. What on earth is the government trying to do? I heard Liberals in this House say it will make business more competitive.

I will tell the House what will make businesses more competitive. A \$95 billion federal government, not a Liberal \$110 billion government. The Reform Party proposes \$95 billion spending, excluding interest on the debt.

Ms. Clancy: What are you going to spend it on?

Mr. Duncan: Read our fresh start program and you will know what we are going to spend it on.

The western world is moving in new directions. The public is demanding balanced budgets and the provinces are getting there much faster than the feds. There will be a reduced incentive for provincial sales tax relief with the BST. There will be more leverage from the federal government on the provinces.

We have seen 36 tax increases from this government, taking \$24 billion more from the taxpayers. If the feds really want to come to grips with a rational, focused, central government, they could indeed contemplate the end of GST. At least let us not put roadblocks in the way of eliminating the GST, and that is what the BST does.

Ms. Mary Clancy (Halifax, Lib.): Mr. Speaker, I am very pleased to take part in this debate today. I want to speak a little about some of the benefits that harmonizing the sales tax will bring, in particular to consumers in Atlantic Canada.

It is very interesting to know that in polling and in otherwise questioning consumers in the Atlantic provinces that have agreed to harmonize the sales tax with the federal government, over 79 per cent of persons polled—and I am happy to say that the major poll was taken in the city of Halifax in my riding—were in favour of tax inclusive pricing.

It is very important for people to realize, even some of the people on the other side, and really understand what is happening and what tax inclusive pricing means for consumers. It is some-

thing all of us as legislators have heard of since the first time the GST was brought in. The bottom line is that consumers want to know how much they have to pay before they get to the cash register.

Every single one of us has had the experience while shopping of seeing something that we want to buy for ourselves, a family member or whatever and thinking the price is reasonable and within the realm of what we have decided we want to pay. We go to the cash register only to discover that the tax bite has put it over the top of where we want to be. That of course is something that distresses consumers every day.

Mr. Hill (Prince George—Peace River): Are you saying that your constituents cannot figure out what 7 per cent is?

Ms. Clancy: Actually it is 19 per cent, to the hon. member from Kicking Horse Pass over there. I understand that he has always had a little difficulty with arithmetic, which does not surprise me.

• (1655)

Mr. Hill (Prince George—Peace River): Your constituents cannot figure out 19 per cent either?

Ms. Clancy: The hon. gentleman appears to be making an untoward amount of noise. I must say that I am a little leery of making any comments that might in any way stir the beans on the other side for fear someone might start to undress in the House of Commons, which of course I would consider to be most distressing, not to mention unsightly. But of course unsightly premises are municipal law, not federal law.

At any rate, with regard to tax inclusive pricing, the participating governments developed guidelines based on extensive consultations with businesses and business associations.

In Halifax there have been long consultations with ever more increasing consumers, retailers, the Chamber of Commerce in Halifax. My colleague, the member for Halifax West, and I had a long and most productive meeting with the Chamber of Commerce in Halifax recently. As a result the word we heard most has become a hallmark of this legislation. That is guidelines that provide flexibility to ensure that businesses can comply without undue cost. That, of course, is of paramount importance.

Mr. Silye: It is going to cost \$90 million.

Ms. Clancy: I am really concerned about the outgoing member for Calgary whatever over there. I am afraid that there may be a problem and I wonder if we could ask the page to bring him a glass of water. What he proceeds to do with the glass of water, of course, will be his own decision. Pouring it over his head would have to be a decision he took for himself.

His incredible response to the debate earlier today when I was in the Chamber, all he could talk about was how glad he was that he

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would be out of here in a couple of months. I can only say that, collegiality notwithstanding, we too on this side will be glad to hasten his departure.

Mr. Hill (Prince George—Peace River): Not as glad as they will be about yours.

Ms. Clancy: I am glad the hon. member for B.C. brought that up.

Mr. Morrison: You are just trying to kill time. Why not speak to the bill?

Ms. Clancy: I have to respond to my colleague. I am still waiting to hear if a Reformer is going to run in my riding. Apparently not.

Tax inclusive pricing will be confusing for consumers. That is a myth. There is nothing confusing about tax inclusive pricing. Tax inclusive price is what is paid at the cash register. Indeed, the research that many of us have dealt with, those of us who understand it, shows that consumers will not be confused. They support tax in pricing and they support the options available to retailers.

Some of those options are to post the tax inclusive price only, to post the tax in and the tax out prices alongside each other, to use shelf or bin pricing so they do not have to resticker prepriced goods from the manufacturer, or use conversion charts so consumers can look at the tax included price for prepriced magazines, greeting cards, et cetera.

Many retailers already use these methods, particularly bin or shelf pricing. All they have to do is apply this common practice to tax inclusive pricing.

For goods priced individually by retailers business supply companies are producing stickers with the words tax inclusive price or tax exclusive price embossed right on the sticker. This will make it clear which price includes tax and which does not.

The thing I think most consumer realize is that prices change all the time in our retail establishments in this country. In fact, the idea that confusion will result is not true. Indeed, it will make life less confusing for those shoppers and consumers.

The second myth is that it will be difficult for consumer to comparison shop given that retailers may follow different pricing practices. I think with the greatest respect again there is a theory here that the Canadian consumer is somehow less willing and able to know what this is about. Most of these things are fairly easy to handle. My personal belief, in spite of what our friends on the other side will have us believe, is that the Canadian consumer is capable of handling this. It may well be that our friends on the other side are not capable of handling it. That I certainly believe. Again, I trust none of them will start taking off their coats.

• (1700)

The reality on this supposed myth of difficulty is that what matters to consumers is what they pay at the cash and not how retailers display tax in prices. Consumers will know the difference between a price that includes the tax and one that does not. They will compare total prices and make their purchases accordingly. That is effectively what I was talking about when I said that consumers do not want surprises when they go to the cash register.

Harmonization is something that will benefit both retailers and consumers. Another myth is that tax inclusive pricing will be costly for businesses that will pass on the increased costs to consumers in the form of higher prices. In reality governments have developed a flexible and simple set of options to ensure that businesses can implement tax inclusive pricing at a minimum expense.

For example, the need to reticket inventory will be limited and the need to reprogram cash registers will be minimal. Many of the costs associated with implementing tax in pricing are one time costs. Other expenses will be absorbed into the ongoing cost of doing business.

Harmonization will also benefit retailers in several important ways. It will permanently reduce their costs because they will no longer have to pay sales tax on their business inputs. This will save retailers in the participating provinces \$30 million.

Harmonization will mean a substantial reduction in sales tax rates, about 5 percentage points lower in Newfoundland and Labrador and 4 points lower in the provinces of Nova Scotia and New Brunswick. Both these factors will mean lower prices for consumers, between 3.5 per cent and 5 per cent lower which will translate in higher sales for retailers.

Another myth is tax inclusive pricing will result in a hidden tax. With the tax clearly shown on the receipts the sales tax cannot be hidden. Consumers believe that showing the tax on the sales receipt is sufficient to ensure that they know how much tax they are paying. Indeed, in polling done, 71 per cent agreed in a survey in the participating provinces that this was both comprehensible and an acceptable way to do it.

The harmonized sales tax is something that—

Mr. Silye: A blended sales tax.

Ms. Clancy: Here they go again attempting to correct my usage in the House and suggesting that I use a term that is both agricultural and faintly scatological.

The Deputy Speaker: I want to inform the hon. member that her time has expired.

Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.): Mr. Speaker, I understand that the Prime Minister and the Deputy Prime Minister have been busily writing a new dictionary. I do not know whether it is going to have a red cover or not but I suppose it will. It is going to be called "The Liberal Lexicon of Misinformation and Mendacity". They have come up

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with some new synonyms for scrap, kill and abolish. These are hide deviously, infuriate citizens, kill jobs—not a tax but jobs.

This is supposed to be, or at least I thought it was when I came down here, a place where we sit down and reason together. Boy, did I get an education.

It is sad. The member for Calgary Centre is one of the few people in this House who has the competence to understand the ramifications of this bill and who actually looks at taxation from the point of view of the victim. When he tried to make his points he was subjected to the usual yahoo comments from the people in the Liberal nosebleed section. However, when it comes to real debate only three members from Atlantic Canada have been willing to face the wrath of their constituents by speaking on behalf of hiding the hated GST.

The members for Cumberland—Colchester, Carleton—Charlotte and Halifax should be commended for volunteering to commit political suicide. My Atlantic colleagues are wisely keeping their heads down.

• (1705)

Some place in the rubble I have an editorial which I would like to share with the House. Believe it or not it is from the Saint John *Telegraph Journal*. The last time I looked Saint John was in the maritimes. It says: “To keep the GST hidden from Canadians is despicable,” said Robert Nault, a Liberal opposition MP to the Conservative government in 1989. The government is telling Canadians, ‘trust us’. There is no trust in this government and there is no integrity in this government”. My, my, how things stay the same.

“Seven years after Mr. Nault’s righteous tirade against hidden taxes, a principle championed by the Liberal opposition in those days, the government of the Prime Minister is demanding that its own sales tax be hidden in retail prices”. Imagine.

Consider this. The harmonized sales tax legislation would make not hiding the tax a criminal offence. In spite of what one of the members opposite said a while ago, it will still—even with the amendments brought in at committee—make hiding the tax a criminal act. The only difference is that now it will be possible to get an absolute discharge if you do not remember to show the tax when you sell a chocolate bar.

I quote again from the editorial: “Any law that hides the tax from those who are paying it is draconian and any government that opposes such a law is practising deception. In the moments when we all stop giggling at the government’s silly contention that it only wants to hide the HST in prices to make it easier for shoppers to know how much things cost, it’s clear that the only people who will benefit from a hidden GST are the politicians who are doing the hiding”.

I am really gratified that there are people in Atlantic Canada who can speak so eloquently to this subject. They bring the views of ordinary Atlantic Canadians to this House even though they have to do it through a member from Saskatchewan. Of course their own members do not have the fortitude—if I may use that semi-parliamentary word—to stand up for their constituents. They are too busy polishing the apple of the Prime Minister.

I return to this wonderful editorial: “The government, which has no proof that consumers are crying for a law to impose tax inclusive pricing, cannot deny that Canadian business is uniformly against a hidden HST”. The government should be listening to people who think about these things, like the Canadian Federation of Independent Business, the Canadian Labour Congress, the Canadian Chamber of Commerce, all of whom say that the hidden tax should be withdrawn.

Is it not interesting that way back in 1990 the now minister of defence rose in this House as a Liberal finance critic, attacked the government’s GST bill and said that this tax should be withdrawn. How times do change. Apparently there is a big difference between being here or over there. It is a sea change in attitudes; it is a sea change in integrity.

Integrity is what we are talking about here. We are not talking about taxation. We are talking about a government which cannot be trusted, which does not stick to its principles and which does not keep its word.

• (1710)

Getting back to the nitty-gritties, the Retail Council of Canada has studied this BST-HST at great length. It states that forcing stores to bury the new tax in prices will cost retailers at least \$100 million a year. The Retail Council of Canada has no vested interest in telling a government how it should collect its taxes. It has a very large vested interest when the government’s proposals are going to crucify its members in Atlantic Canada by forcing all this new and unnecessary bookwork on them. It is going to cost jobs. I do not know how many people have brought this up today.

The Halifax Chamber of Commerce, which I believe is also from Atlantic Canada, predicts that the harmonized sales tax will push up the prices on new housing by 5.5 per cent. It will also force municipalities to raise property taxes. The Canadian Real Estate Association says that harmonization will increase the cost of a new house by \$4,000 in Nova Scotia and Newfoundland and \$3,374 in New Brunswick.

To get all these wonderful benefits, we are going to send almost a billion dollars of federal tax funds, taken out of the hides of the rest of us, preferably western Canada I presume since we are the usual whipping boy, to bribe, if you will, the premiers of those Atlantic provinces to accept the fiat from Ottawa.

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Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Unfortunately, Mr. Speaker, it is not God that is here. It is just the secretary of state.

I am delighted to speak on this subject. Having listened to my colleagues, especially my colleague from Halifax who just recently spoke, about the effect of this tax on consumers, I would like to see if the opposition parties might think about the business aspect of this.

I know the Reform Party would not be interested in the fact that businesses are going to improve their efficiency with this thing, that there will be one set of rules instead of two. No, the Reform Party wants two set of rules.

Mr. Silye: Tell us about Carleton Cards.

Mr. Peters: I hear the Reform Party member telling me that he does not want two sets of rules. He wants a provincial set of sales tax rules and a federal set of sales tax rules. Instead of that, under a harmonized sales tax rule we will have a single set of rules. A single set of rules will be applied to all business.

I was in London, England where I walked into a store and bought an article. I went to pay for it and it cost five pounds. I down my five pounds and asked how much more I needed but that was all it cost.

Mr. Silye: I'll bet you liked that.

Mr. Peters: I think a pack of yahoos have infiltrated the Reform Party benches.

I asked the clerk: "What do you know about the taxes?" He said: "I don't know anything. I don't have to know anything". However, if we go into any Canadian store and ask the clerk if they know about the sales taxes, they will answer: "Yes, there is 8 per cent and 7 per cent in Ontario. There is a different one in Newfoundland, a different one in P.E.I. and a different one in Nova Scotia".

This harmonized sales tax will be of serious benefit not just to consumers, who will know when they see the price, but it will be of real benefit to business. Businesses will not have to register for the harmonized sales tax. It will be already registered. Everyone who has registered for the GST will be registered again.

• (1715)

How will a new business be treated? Instead of having to register for a provincial sales tax and a federal sales tax, it will have to register for one sales tax.

Reform Party members have quoted a number of people. Here is a GST quote. This is from The Atlantic Provinces Economic Council: "The potential benefits of harmonization can be easily laid out. By broadening the base of taxation, harmonization will make the system more equitable and reduce the incentive for tax based consumption or investment decisions. Harmonization should also simplify tax collection procedures, reducing the red

tape required to administer the sales tax for both business and government. A common system among the three provinces with a full system of input tax credits will also result in the removal of a barrier to interprovincial trade and may reduce the amount of activity in the underground economy".

An hon. member: Give us a date.

Mr. Peters: Mr. Speaker, it seems that our friends over there are not interested in reducing the underground economy. They are not interested in efficiency. They are also not interested in being quiet.

The Atlantic Provinces Economic Council has given a clear indication of how favourable this harmonized sales tax would be. Another quote comes from the Deveau family which owns Acadian Seaplants in Dartmouth. It landed an order from Thailand recently during the Team Canada sales mission. It told the law amendments committee hearing on the BST that its competitors already have a full refundable tax system for business: "What the harmonized sales tax does for us is to level the playing field when we compete with the Europeans, who already have the advantages of a value added tax system. The harmonized sales tax means we have lower costs and that means we can have lower prices, win more contracts and hire more people". That is a quote from the material provided by the Nova Scotia department of finance. It is obvious that the harmonized sales tax will be a strong plus for business in the Atlantic provinces. The Reform Party does not have any members in the Atlantic provinces so it cannot be very interested in business in the Atlantic provinces.

This government is to be commended for putting the harmonized sales tax forward. It will have many advantages for business in Atlantic Canada. It will return the structure of the sales tax system to a proper order so that business in the Atlantic provinces will have a serious advantage in selling their products, not just locally and nationally, but internationally as well. The consumers will also have a serious advantage. They will know the price of the goods they are buying. It will be on the item. That will be what they will pay at the cash register.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, it is February 1997 and we are still talking about the GST. I remember when I first started taking interest in the federal political system. It was during the beginning of the GST debate. I got involved in Canada's political life about the time the GST was beginning to be debated.

I remember attending anti-GST rallies. They were held across Canada. I remember people from the various political parties speaking about the GST. There were members from the Liberal Party who spoke against the GST. I remember in particular a rally in Saskatchewan. I believe it was in Weyburn, Saskatchewan. The current Minister of Foreign Affairs was there. He was representing the Liberal Party. At that time he was an opposition member. He said "I see they have named this rally after me". It was the axe the tax rally. He came in with a bluster and a flurry and said how

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terrible the tax was and how the government should not be spending so much money. Of course, as Canadians know, the Minister of Foreign Affairs is one of the biggest spenders we have ever seen.

The public sentiment against the GST began to increase. Canadians began to realize that this was not just a replacement tax for the manufacturers' sales tax but that it was a plan of the Conservative government to tax Canadians more intensely.

• (1720)

It was an easier dial to turn to tax the hides off Canadians. They also recognized and realized that the Conservative line that this was a tax that would be applied against the deficit to reduce the deficit was a bunch of baloney. They began to oppose the tax even more strongly.

The Conservatives got into a lot of trouble over the GST. They were having trouble in their riding associations. Their members were coming back to find that they had rebellion in their riding associations. There was talk of nominating new candidates to run in the next election. There were defections even in the Conservative caucus, members leaving to become independents or to join other parties.

It was not a very happy time for the Conservatives but power at any cost was the motto of the Progressive Conservative Party. It decided it was going to get this thing through. It rammed it through the Parliament of Canada. It rammed it through this House.

The Conservatives had a majority government, just like we have a majority Liberal government today. It gets its way. It just forces the MPs to vote in line with the Prime Minister's wishes, the PMO's wishes.

The Conservatives got that GST through the House of Commons. There was the filibustering. There was the indignation and all the routine we see in the House of Commons. The Conservatives had a pretty strong and pretty long whip. They whipped their members into shape and got that bill, eventually, through the House of Commons.

Then they sent it off to the Senate but the Conservatives had a bit of a problem in the Senate, sort of like the Liberals have had in the past two or three years where they were not always sure of getting their legislation passed through the Senate.

The bill got stalled in the Senate. Mr. Mulroney had to have power at any cost. He had to get this GST through. He had to have the source of revenue. His pride was on the line. What did the prime minister of the day do? He took a very arrogant step of

expanding the Senate by eight members. This was unprecedented in Canadian history. He added eight extra seats. We call them the stacking stools. The Senate went from 104 to 112 senators.

Just the other day one of those senators from Saskatchewan was charged. I am sure members are aware of the charges that have been laid against one of those stacked senators, Senator Bernston. We do not know whether he is guilty or not. It just reminds Canadians of that old Conservative air where power had to be had and power had to be maintained at any cost. Tamper with democracy. Tamper with the parliamentary system, but we have to get this GST through. We cannot be stymied by Canadians. We cannot listen to Canadians. We have to have our way.

We know what happened to the Mulroney Conservative government. Those few Tories who are left today are still admiring his government. I do not understand why even the current leader today seems to think Mulroney was a great prime minister. I guess he liked his heavy handed ways.

Nevertheless, the Tories were defeated in 1993 because another party had come along. The official opposition said "we're going to scrap the GST, we'll kill it, we'll get rid of it for you". We have seen the video tapes. We know that is a fact. That is what happened.

Then the Liberals inherited the problem. They were not prepared to reduce the size of government. They like to spend over \$100 billion on government programs. They wanted to increase revenues, not reduce revenues. They like big government. If there is big government, there is control, power and maybe Canadians can be manipulated.

The Liberals suddenly found themselves in a very awkward position, having made a promise that they were not particularly keen on keeping.

What did they do? They tried to avoid the problem. They pretended that it was not a problem. They pretended they had not said what they said. They tried to camouflage it with some wording from the red book even though Canadians knew they had campaigned and promised to scrap, abolish and kill the GST.

It finally got so bad they thought they would sacrifice one of their own to try to appease Canadians and make them forget they made this promise. The Deputy Prime Minister did some polling. She figured she could get re-elected. After they had carefully calculated everything, she tearfully resigned to keep her promise to scrap and kill the GST.

Then she went stomping back in the by-election and was re-elected and reinstated as the Deputy Prime Minister by the current government.

• (1725)

The problem did not go away. The government by this time is bringing in Bill C-70 that we are debating today, this blended sales tax. It does not eliminate or scrap or do anything with the GST other than try to heap its many implications on the provinces in a blended form with a provincial sales tax.

In Saskatchewan we have a provincial sales tax. It is far too high. It is the old NDP motto you have to tax them hard and often. We certainly pay in Saskatchewan with our provincial sales tax, but this sales tax is not on everything. If we blend this sale tax with our GST, suddenly our tax bill is going to go up substantially in Saskatchewan and it is not going to sell very well.

It was not going to sell very well anywhere in the country. This is becoming very embarrassing to the Liberal government, so it decided: "We have three friends in Atlantic Canada, three premiers and perhaps we can strike a deal; how much is it going to cost us?" That is the old Mulroney approach. "Let's sit down and make a deal. Is it going to be \$200 million or \$300 million or maybe \$100 million a province to sign up for this blended sales tax". They are Atlantic premiers and they know how to wheel and deal. By the time the dealing was done it turned about to be \$1 billion for three provinces to agree to a harmonized sales tax.

Where does this \$1 billion come from? It happens to come from taxpayers, some of whom are from Atlantic Canada. I understand Atlantic Canadians are not very happy about this blended sales tax. They realize now when they go to the cash register it is costing them a lot of money. They also realize that federal taxes and federal revenues have increased and government is still large. The government is not only operating a blended sales tax but it is still operating the non-blended sales tax where provinces are not co-operating. The government has a mighty mess on its hands.

So what does the government do? Today here we are in the House of Commons and it has moved closure. I do not know how many times this federal government has moved closure but it is just the same way the Mulroney government operated. Power at any cost, control at any cost, to heck with Canadians, they do not matter. All they are good for is writing the cheques. As long as we can keep this big monster going, \$115 billion government going every year, borrow money if we have to, but we do not care what we promise Canadians, we have to have this GST. We have to keep it because we have an insatiable appetite for money.

The Mulroney government fell flat on its face because it failed to listen to Canadians regarding the GST. I predict that the Liberal government will be even damaged more than it already has been. We know that its popularity is starting to sink like a stone in water simply because Canadians recognize it has broken its promise

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regarding the GST. Bill C-70 is as poor excuse for trying to keep a promise that has been broken.

[*Translation*]

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

Some hon. members: Question.

The Deputy Speaker: The question is on Motion No. 118. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

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

Some hon. members: Nay.

The Deputy Speaker: In my opinion, the nays have it.

And more than five members having risen:

The Deputy Speaker: The recorded division on the motion stands deferred. The recorded division will also apply to Motions Nos. 119 and 121 to 124.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ) moved:

Motion No. 125

That Bill C-70 be amended by deleting Clause 270.

[*English*]

Mr. Campbell: On a matter of clarification, Mr. Speaker, I am not sure if this is correct. There is another motion, Motion No. 120, and I want to make sure that we do not forget it because the government is in favour of Motion No. 120. It is a government motion.

The Deputy Speaker: On Motion No. 120 I believe that the vote is necessary on that one only depending on the result of Motion No. 118. Depending on how the vote goes, we may have to go back and vote on Motion No. 120.

• (1730)

[*Translation*]

Mr. Loubier: Mr. Speaker, when it is a Liberal lawyer, it gets even more complicated, you can be sure.

I am pleased to speak to the motions in Group No. 4 concerning harmonization of provincial sales taxes in the maritimes with the federal GST. Earlier, I was listening to my Liberal colleagues speak to the motions in Group No. 3, which dealt with substantially the same issue. They are living on another planet, I told myself. They

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spoke of harmony, and said that taxes must be harmonized in order to promote trade and improve economic growth over what it is right now, with the end result being job creation, that the taxation system must be modernized, and that the agreement signed between the federal government and the three maritime provinces must become a model, imagine, a model for Canada as a whole.

They have no idea what they are talking about and they are living on another planet. Right now, contrary to what they would have us believe, the situation in the maritimes is chaotic. For three days now, here in Ottawa, the finance committee has been hearing witnesses from the maritimes. The chairman of the finance committee and all the Liberal members were expecting praise for the wonderful \$1 billion paid as a reward for agreeing to a new scheme to harmonize the GST with provincial sales taxes, but that was not what they got.

They took it from all sides, and they richly deserved it furthermore. Do you know why? This plan to harmonize the GST with provincial sales taxes in the maritimes is half baked. It is half baked on all counts: because of the harmonization process as such, and because the government had credibility problems when discussions first began with the governments of the maritime provinces. Everyone was reminding it of its election campaign promise to scrap the GST, and was asking why it was doing nothing about it.

Rather than talk about scrapping it, rather than get the public and the opposition riled all over again, they preferred this ruse, and decided to offer up an agreement that was billed as the event of the century as a replacement for the GST.

It is also half baked because, in order to come up with a harmonization plan that is so appealing for business and Canada as a whole, they had to dig into our pockets, dip into our money, for the \$1 billion they paid the governments of the three maritime provinces who signed this agreement.

If this harmonization process was so wonderful, if it was going to contribute to greater economic growth and boost job creation, why was it necessary to pay the maritimes \$1 billion? Why was it necessary to take money from people in Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia in order to hand out compensation to the governments of three provinces, including New Brunswick—more about that in a few minutes—so that they would sign. Half baked, I tell you.

The picture is no better when it comes to the mechanisms for introducing the new tax and having business implement it. The political reality of the Minister of Finance, the Prime Minister and the Deputy Prime Minister, who had promised to scrap the GST, and the economic reality which businesses have to face are two completely different worlds.

This is the reason why I have just stated that, during the three days of finance committee hearings, representatives of large and respectable businesses, which have in the past made a consistent

contribution to economic growth and job creation, and continue to do so—I am thinking of Sears Canada, Canadian Tire, all those big businesses with nation-wide operations—came and told us that application of this new system in the maritimes had to be suspended. And why? For a number of reasons, but I shall go into only some of them, since I have just a few minutes left to give an overview of such a major issue.

Mr. Speaker, you indicate that I have five minutes left, and I just happen to have five reasons.

• (1735)

The first reason has to do with the implementation of this new harmonization system which, let us not forget, is not a Canada-wide operation as it only affects three small maritime provinces. This new system will cost businesses in those three maritime provinces \$100 million to implement, a considerable amount.

Second, not only will it cost \$100 million to establish this new taxation system, but in addition businesses like the ones I just referred to, as well as the medium sized businesses which deal with consumers across Canada, will have to pay some \$90 million yearly in recurring annual adjustment costs.

This means that, for as long as these companies continue to do business, they will have to bear additional costs of \$90 million annually, costs they would not have had to bear if there had not been that political agreement designed to help a Minister of Finance with a taste for the limelight and a Prime Minister in trouble because of his unkept promise to abolish the GST and make them look good. Ninety million dollars a year.

One of these costs is fairly obvious. Take Sears Canada or Canadian Tire, major companies which tend to have huge centralized warehouses in some regions of Canada, where they put price labels on merchandise before they send it out to retail stores. In other words, these huge warehouses contain the tires, household appliances and all the other products sold by Canadian Tire, Sears or other stores, and this where the pricing is done.

The problem with the agreement with the maritimes is that the products will have to be divided into two groups: one for all of Canada, showing only the selling price to be used in the branch stores of these major retailers and, on the other side of the warehouse, the same products but with a label that will also show the retail price of the product, but with the new sales tax, the so-called harmonized tax, for the maritimes.

This is the sort of cost that the government did not assess. And I will tell you that, when the representatives of these businesses came to express their dissatisfaction to the Standing Committee on Finance at a special meeting in January, the committee chair was busy expecting accolades for the excellent work of his excellent government in the matter of the GST, which is excellent for us, but not for them. When people came to say the opposite, when they said the bill made no sense, that it was hastily thrown together and

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costly and would generate annual adjustment costs, the Liberal members of the committee were stunned. They then realized that the Minister of Finance had done a job that looked good politically, but appearances are what the Minister of Finance is about, always looking good. However, in practical terms, he won nobody over with this new agreement.

Mr. Speaker, you are giving me the peace and love sign? Oh, you are indicating to me that I have two minutes left. So he won nobody over with this new agreement. The fact that the Retail Council of Canada, which represents 65 per cent of retail business in Canada, appeared before the finance committee to say, and I am quoting from their brief, that to include the tax in the sales tax in the maritimes would increase costs and confusion. Instead of making things more harmonious and easier for business, this so-called harmonization policy increases confusion, uncertainty and costs.

I ask the government to reverse its decision and to put off implementation of this senseless agreement, which is costing Canadians and Quebecers \$1 billion and which, in addition, will cause disorder and discord in the maritimes, rather than improve things. Perhaps it is time to take a better approach, to think and for once set aside partisan politics so we can implement things that make sense.

[*English*]

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, we have been debating these motions for many hours.

• (1740)

A number of themes have been repeated over and over again because they strike members of the opposition as good sound bites, ways to attack the government. Who can fault them for that? That is what they are here to do. The trouble is that it distracts this House and people who may be viewing this debate from considering the real issues at hand.

What we are doing in this harmonization agreement with the provinces that are coming onboard now is we are moving to a system of sales taxation that is coherent, is in the interests of consumers, and is more efficient and easier for businesses. It is a win all around.

It is interesting, particularly as I rise after a member of the opposition, the Bloc Québécois, to hear the unrelenting criticism of harmonization from that side of the House. One has to ask why that might be. Consider that in the province of Quebec we already have harmonization. So how can it be that members of the official opposition have been in this House day after day attacking harmonization?

[*Translation*]

As I just said in English, Bloc members are against harmonization, which is very odd because they have harmonization in Quebec. Everyone knows that. Is it because they want to keep the benefits of harmonization for themselves, for their own companies and consumers?

[*English*]

Could it be that they want to preserve for their businesses and their consumers the benefits of a more efficient harmonized sales tax system? I looked at a map of Canada the other day, which one should do from time to time, to remember that Quebec borders New Brunswick. If New Brunswick goes to harmonization and has the benefits of that, then Quebec loses some of the comparative advantage it has had through harmonization. Those advantages will now be available in Atlantic Canada and eventually throughout the country. It is the right way to go for business and it is the right thing for consumers.

I travelled across the country with the finance committee. Members of all parties, even the third party, supported harmonization, but we would hardly know it from listening to the debate of the last few days. We travelled across this country and Canadians said: "While you are fixing the GST please do something about this anomaly. We are the only country in the world that has 10 sales taxes: nine provincial sales taxes and one federal tax". Travel anywhere in this world and try to find that. You will not.

I will speak to one other misconception that has been advanced in this Chamber, which is the issue of hiding tax. Consumers said to us overwhelmingly—and I will have more to say about this in later stages of the debate—that they wanted tax inclusive pricing. As for those who said they did not want the tax to be buried, I asked them if they had ever travelled outside North America and had looked at a cash register receipt in almost any country of Europe or if they had looked at a receipt from the gas pump, whether it was in Alberta or Quebec City and had seen the amount of tax indicated on the receipt. I did not hear a great hue and cry about hidden taxes in gasoline prices in this country. And I have yet to run into anybody in Europe who says: "The Government of France is hiding the tax from me". It is right there on the receipt, as it will be in Atlantic Canada.

I have taken these few minutes to come back to basics. I look forward to hearing what the members opposite have to say, particularly if it is something new and not something that has been said over and over again without looking at the substance of what is being done here, about the wishes of consumers and retailers in Atlantic Canada about what makes sense for economic efficiency in this country. It makes sense in Quebec where they have been doing it for years. It must make sense for the rest of the country as well, and indeed it does.

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Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I rise on this set of motions to add a few more arguments to this debate.

• (1745)

I understand the member who just spoke is the vice-chairman of the finance committee and does a good job chairing the committee meetings. However, I do sometimes question the ideas and philosophy he supports because I do disagree with him.

First he says that if it is good enough for Quebec, it should be good enough for the rest of the country. Let us put the Quebec issue in perspective. With everything the federal government seems to do and wants to run as a federal government, the provincial governments of Quebec have always said: "No, no, no. We will do it. We will handle it. We can do it better than the federal government. We will look after our own pensions. We will look after our own sales tax and harmonization. We will do it ourselves". Quebec implemented a harmonized system right from day one. Whether or not that tax is popular in that province I will leave for Quebecers to decide.

One thing the members of the Bloc Quebecois are doing right now in objecting to this bill is they are saying loud and clear that the Bloc Quebecois representing Quebecers objects to the fact that the Atlantic provinces received a lump sum payment of \$964 million or \$971 million, somewhere in there. Let us round it up to \$1 billion because by the time they exchange all these cheques that is what it is going to cost. These three Atlantic provinces received a \$1 billion lump sum payment. Why? The government says it is in order to make up for the shortfall in revenues the provincial governments will have. Who pays for it? All taxpayers. And the majority of taxes are paid outside those three Atlantic provinces.

Some people call it a bribe. I myself call it a bribe, an inducement or an enticement to participate in something that looks good on paper: "We can lower your taxes from 18 or 19 per cent down to 15 per cent and for the loss in revenue we will supply you with \$971 million to do that. You are in, you look great. How can you argue against lower taxes? It is going to help your economy. Harmonization, what a wonderful word. Everybody will be co-operating. We will harmonize and have one tax. It will be easy to administer. It will be a lower cost. It will just be wonderful. You guys will be elected for years. You will be heroes. And you are helping us as the federal government to keep our election promise to abolish the GST. You will be helping us to keep our election promise in the red book because we went door to door and said we would harmonize the sales tax".

The Liberals said they would get rid of the GST. They said they would not take money out of the back pockets of Canadians with the GST but out of their pockets with a harmonized sales tax. At the door, the Liberals said that if in any province the combined tax was

higher than the 15 per cent, or whatever the combined tax rate is, they would give them a lump sum to make up for that lost revenue.

Every Liberal in Ontario said they would do that. I know because I have friends who live in Ontario. They know that the Liberals promised to replace the GST with a harmonized sales tax and to give lump sum payments to provinces to induce them to participate. I know they said that. That is exactly what they said and what they promised.

The Quebec representatives in the federal House here, the Bloc Quebecois, are angry and upset. They are demanding their chunk of the money that was given to the Atlantic provinces. Therefore, do not stand here and tell us, as the member on the Standing Committee of Finance just did, that if it is good enough for Quebec it is good enough for everybody.

We have heard a number of times where the Reform Party supported harmonization. Let us put this into context. This party likes to have quotes in context. It does not like to have things piecemeal, ad hoc and out of sync. When the Liberals said that we supported harmonization, we were on a big committee reviewing how to help this government get rid of the GST. We were actually trying to help it keep a promise. We listened to all the people and a lot of suggestions were made.

The first thing this government wanted to do was to bring in a shoe box business transfer tax. That is what it was supporting. It then came around to this other form of tax. It talked about a national sales tax. In this context of a national sales tax, it does not mean three provinces out of ten; that is not national but regional. A national sales tax is where we could have just one tax at the lowest possible rate. Yes, we do support that and every one of the Reformers who are here today would support that.

• (1750)

Anytime we can eliminate taxes, get rid of one set of taxes and replace it with another, especially if we replace it with one that is lower, you bet we would support that. That is what is in our minority report. If we had one blended sales tax, if it was a national sales tax and not a regional piecemeal, ad hoc tax like this one, we would support it. If it had the lowest single possible rate—single possible rate, we were hinting at 9 per cent or 10 per cent—we would support it, but not 15 per cent.

I was taunting the Liberals earlier today about why the Ontario government is not supporting it. It is so obvious. For Ontario a 15 per cent combined sales tax, the GST and PST, would be revenue neutral. Why would Ontario not support it? One tax, harmonized and blended. Call it the HST or the BST, it does not matter. It has to be good for Ontario business people. It has to be good for Ontario because it will simplify the tax system.

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Why are all those arguments not being bought? It is quite obvious. First of all, just to get the Atlantic provinces to play the game it is going to cost Ontario taxpayers \$400 million, their share of the \$1 billion bribe.

Second, yes you are making it easier for retailers. Yes, you are making it a little bit easier for consumers not to get that shock price at the wicket. But what you are doing is transferring the costs that will now be on the goods and services that were not there before with the provincial sales tax, on to the GST along with it. Now the price of some goods and services will be raised that were only taxed at 8 per cent. Now they will be taxed at 15 per cent. Transferring that cost to the consumers of Ontario according to their finance minister will cost \$2 billion to \$3 billion. That is what is not in the cards for Ontario and that is what members of this Liberal government cannot get through their thick heads as to why Ontario will not take it.

Talk about something new and talk about something that is despicable as far as I am concerned what frustrates me is they introduce it at the last minute through their regulations. They have this white paper and they introduce changes. It is always an excise book, an excise act. It looks something like this one which relates to alcohol and tobacco products. They have it for the GST. In the fine print they put in that tax inclusive pricing is mandatory. Then they say how and where it has to be done.

I am sure the committee went through hell. We read about it in the newspaper all through January. There were complaints from the Atlantic region and all these people who supported them. The Canadian Federation of Independent Business and the retailers association, they all turned on them and turned against them because they did not want this tax included pricing the way the Liberals wanted it. It hurts the most now.

I do not know if Canadians know this but every related agency that gives a service from the federal government all across Canada is going to have tax included pricing. This is going to confuse airline tickets. It is going to confuse a lot of financial services although they do not have much, just safety deposit boxes.

It is ridiculous to make all these businesses go through the high cost of changing computers in order to have two prices all across Canada, one in Atlantic Canada, especially national retailers such as Eaton's or companies like Carleton Cards. They came before the committee and said: "We are going to lose money. It is going to cost millions of dollars. We are not sure if we can pass along these costs for this product because all we sell are cards".

The government is not listening. For some strange reason the Liberals insist on proceeding. They believe that if they get Atlantic Canada to use the harmonized blended sales tax for a couple of years—and this is where they are going to find it wrong—they

think that by forcing all government related agencies to also include this tax included pricing across Canada, they will embarrass, force, coerce or browbeat everybody into participating with our own money, with our own tax dollars and then they will have kept their promise to eliminate the GST.

What they have done is entrenched the GST according to the finance minister, the master of myth, the minister who said one thing on this side. He lost some integrity when he walked across to the other side and now is saying another thing.

It is like the infrastructure spending. There is only one taxpayer and darn it and damn it we are paying for everything all across this country. For programs they say that this is federal and this is provincial and it is not. Infrastructure comes out of our pockets. It is ridiculous.

Even if the premiers of Alberta and Ontario, these people who are in control of their budgets, support infrastructure—Alberta just signed on—it is absolutely ridiculous. Alberta is making a mistake because if Alberta with a surplus wants to improve its infrastructure it has the money to do it. Taxpayers across this country could be saved some money but no. It is all a fight over budgets: "This comes out of the federal budget, so we will take some. This comes out of our budget and this comes out of the municipal budget. Let us go one-third, one-third, one-third".

• (1755)

We have to stop this kind of extravagance which is at the expense of taxpayers.

Mr. Dan McTeague (Ontario, Lib.): Mr. Speaker, I am pleased to speak today in the context that my hon. colleague for Calgary Centre has just alluded to.

I do not know if he is an expert on the GST or matters of taxation. I certainly did not believe that the hon. member was one who felt it was important to recognize that there is one taxpayer and at the same time not move toward something that is both symbolically and realistically an attempt at addressing the fact that the one taxpayer deserves a one tax system in this country.

It compels me to wonder and worry aloud about the hon. member and the other member from the third party, the hon. member for Simcoe Centre who spoke very passionately, although not necessarily always accurately on this very important debate of C-70 with respect to the harmonization of the GST. If the hon. member and his colleague who spoke earlier believe in this issue so strongly, it is unfortunate that they may not be able to join us here in the next Parliament. I know there are problems in that party and they are not just the problems evidenced by some of their policy issues they have had in the past. I think it is abundantly evident with this issue of the GST.

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The name of my riding, Ontario, is fitting certainly in the context of the debate. I believe the hon. colleague who spoke before me was completely wrong when he said that this is about politics.

The record will show that the current premier of Ontario, Mike Harris, was very emphatic the day before he was elected in June 1995, that he would work with the federal government to harmonize and to make a better sales tax regime in this country. I know that may be hard for my friends in the third party to recognize. I see them shaking their heads, probably because they are not sure whether the Harris government is a Conservative government or a Reform government. Either way, we know it is a hopeless government.

When discussing the issue of taxation there are very few opportunities to discuss it in the context of virtue. Everybody has their own idea on taxation. All of us in this country would not want to pay taxes or would want to minimize them.

The experience in Ontario is a telling one that I want to relate to my friends in the third party. Budget cuts based on the presumption of reducing taxes are being made to the direct detriment of the poor, the people who are the most defenceless in our society and people who do not have an agenda to hurt other people.

There are politics and policies and there are dangerous politics and dangerous policies. I suggest any party that wants to undertake an ideological view of their politics with respect to taxation must first take into account that one of the most symbolic, rallying points of our nationhood is our ability to look out for the weak, the defenceless and those in our society who through no fault of their own find themselves at the low end of the scale. This consumption tax, the tax to be blended in the maritime provinces, is a positive step forward. It takes into account the recognition that there is indeed one taxpayer.

A very important point is that it takes into account from an international perspective examples of consumption taxes in those countries with one single sales tax regime, one retail sales tax regime. We have spoken to the chambers of commerce and the boards of trade in my riding and across the country. We must make sure that we do not have 13 or 14 different sales tax regimes such as we currently have.

• (1800)

If members are truly interested in representing the interests of their constituents they would be working beyond and above to transcend the politics on which this debate seems to founder to one of trying to find a co-operative, harmonious approach. I believe the best way for us to do that is to follow through on taxation, but taxation that permits individuals at the end of the day to have a system that is far more efficient and that makes more sense for business and consumer alike.

I have had over 46 public forums in my riding since I was elected. That is virtually one for every month that I was elected. It seems to me that while there are those who would like to make the GST a big issue and certainly there is plenty of cannon fodder on both sides for that, I do not think there is anyone in this House who has not given that subject some consideration or who has not been outspoken on that issue.

The far greater and more important problem is the one of getting our financial house in order and at the same time making sure that we can provide an environment that helps people get back to work. Anything else in my view, and I think in the view of those in my riding, is simply nonsense.

While it is important for a government to proceed with the question of harmonizing these taxes, I think credit must be given where credit is due. The Minister of Finance, in concert with the people who worked on the committee on both sides, have tried to hammer out the best of all worlds in a situation where we understand that the current sales tax regime is not one that is acceptable to people.

The hon. member just yelled something. I am not exactly sure what it is he said but that is very consonant with the views of his party.

The arguments in favour of a sales tax are one, we certainly appreciate—

[*Translation*]

We could perhaps for the first time discuss getting rid of taxes in this country. In a perfect world, people can always make that kind of promise. In my opinion, however, a responsible government, a government that wants to show leadership, has to manage its affairs so that, at the end of the day, it can honour its commitments and be accountable to the consumers we represent. It must do everything in its power to build a tax system that protects the interests of both consumers and entrepreneurs.

In the case of the Atlantic provinces, we are looking at both sides of the question: will harmonization mean that a range of goods will be taxed that would not be taxed without harmonization? I think we have the ability to make arrangements to ensure that these people will be protected.

We also have the ability to find a balance. This balance exists in paying a tax which is not 7 per cent plus 8 per cent, that is 15 per cent, but is somewhere around 12 or 13 per cent, as in the maritimes.

[*English*]

This Parliament has undertaken many contentious issues. There will be many more in the days to come. The GST, the harmonization of the tax with provincial taxes is an excellent first step, but I hope that the House and those who are seeking to make political points and profiting from the rhetoric understand fully that they are profiting at the direct expense of individuals, of people in our constituencies across the country who expect leadership and expect

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us at the end of the day to do what is right. Doing what is right is trying to do what people expect you to do.

Harmonization is an excellent first step but it requires the provinces to get on line. Let us not break down on the question and the subject of partisanship. Mr. Harris, I am calling on you this evening, as they have done in the province of Ontario to do the same.

The Deputy Speaker: I ask the hon. member to please not call on people other than the Speaker in this House.

Mr. McTeague: I am sorry, Mr. Speaker. I was referring the premier of the province of Ontario.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, as this debate winds its way to a close, the member for St. Paul's earlier said that this is an occasion for marvellous sound bites and it is. It is an occasion for the Liberals opposite to rest uncomfortably in their chairs as the odour of this particular piece of legislation wafts through the country.

• (1805)

The hon. member for Ontario, who just concluded his comments, suggested that this is legislation that is really very good for the country, that it has no detrimental effects and that the rest of the provinces should get on with it and harmonize the GST.

As Canadians know, this bill will put the legislation through the House to finalize the deal with the three Atlantic provinces. The three Atlantic provinces are the barber shop trio. They are singing in harmony with the federal government. They are singing in harmony with the Liberal government because they have been bribed, as earlier speakers have indicated, with our money.

The problem is this. The reason this issue raises the ire of Canadians and has raised the ire of the opposition is that the Liberal government has a majority. The majority is in good measure because of the government's promise during the election campaign to scrap and abolish the GST. The number of seats that the Liberals were able to achieve during the last election and the number of votes they were able to achieve, which may well have swayed some of the other votes, which would have affected the official opposition in the country, is the direct result of the Liberal promise to scrap the GST.

The Liberals were very vocal about it in the 34th Parliament. They knew full well when they made the promise to scrap the GST that they could not. The country had to have that revenue. If they went on the hustings and were elected on a promise to scrap the GST, to abolish the GST, the hated tax, which they failed to do while in opposition, then it logically follows that the government

was elected on a fraud. It should not be sitting here in the first place.

Our responsibility is to ensure that Canadians understand full well that the Liberal government did not tell the unvarnished truth during the election campaign and it should not get away with it.

In politics in our country we should expect our politicians, when they knock on the door, and our Prime Minister, when he looks us in the eye on television, to tell the truth. Is it too much to ask that our politicians, the highest elected officers in our land, tell us the truth?

A few months ago I read an article in a newspaper which said that Canadians do not really expect the people who they elect to tell the truth. Therefore, why should we be surprised when they do not? That article was written by a respected pundit of this country. It went on to say that people should not expect politicians to keep their promises because circumstances and situations change. The situation and the circumstance of the GST did not change after the election. The circumstances were exactly the same. That promise should have been kept.

What kind of a country do we have when the end justifies the means? Should we not go into an election prepared to tell the voters exactly where we stand, exactly how we feel about an issue and then be held accountable for it? That is what the real issue is. The real issue is not the harmonization of the GST. It is the fact that the Liberals were elected on a promise to scrap the GST. They did not, and now they are trying to crawl out from under it.

• (1810)

It will cost us roughly a billion dollars in a bribe to the Atlantic provinces. It will cause untold grief, untold extra work all across the country, but that does not matter. What matters to the Liberal government is its ability to say that it kept a promise, to whitewash this whole issue.

I would hope that when the Liberals come knocking on the door asking for the support of Canadians in the next election, every single Canadian will look them in the eye and say: "Did you keep your word? Did you do as you promised to do prior to the last election?" They will say: "Oh yes, we harmonized the GST". Then, Mr. and Mrs. Canadian, look them in the eye and say: "Where in your election platform did you say anything about harmonize? You said scrap. You said abolish. You said get rid of. You did not say harmonize".

Every single Liberal should be taken to task, even the member for Broadview—Greenwood who is certainly no friend of the GST, whether harmonized or not. Even the member for Ontario who spoke so recently is no friend of the GST and neither is the Deputy Speaker who changed political parties because of the hated, despised GST. Members can imagine how uncomfortable that hon. gentleman feels as he stomachs that hated GST.

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There are two aspects to a consumption tax. Most people, in fairness, will say that a consumption tax is not a bad way to tax. It is incremental. It is broadly based. It means that everybody pays on everything. People cannot get out from underneath paying the tax. However, there are two aspects to it. There is the rate, that is, whether 8 per cent or 7 per cent.

That was the problem with the old manufacturers' sales tax. People were afraid to go to sleep at night because they knew the federal government would raise the tax because it was hidden. That is why it has to be visible.

There is the rate and there is the base. The base means to what is the tax applied. This is never brought up. The problem is that the base, the products to which the taxes are applied in the provincial sales tax is quite a bit narrower. Not nearly as many products are taxable under a provincial sales tax.

When the tax is harmonized, it becomes a question of applying it on as broad a base as can possibly be done so that the rate is as low as it can possibly be. It is a combination of low rates and wide base that makes sense. To apply it on a narrow base but at a very high rate is counter productive.

As this debate winds down—I recognize that I may be the last person to speak on this—I want once again to make sure that all Canadians are reminded of the hypocrisy, the duplicity, the outright lie on which the Liberal government was elected. It should be ashamed and ashamed for a long time to come.

• (1815)

[*Translation*]

The Deputy Speaker: Pursuant to order adopted earlier today, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the report stage of the bill now before the House.

The question is on Motion No. 125. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The Deputy Speaker: The recorded division on the motion stands deferred.

The House will now proceed to the taking of the deferred divisions at the report stage of the bill. The first question is on Motion No. 1.

Call in the members.

[*English*]

During the taking of the vote:

Mr. Strahl: Mr. Speaker, on a point of order. I apologize. There was a lot of up and down here and confusion on the yeas and nays. We are voting nay at this time.

The Deputy Speaker: The problem was created by the hon. member for Beauce. We were trying to fit him in. That is the problem that was created and it is the fault of the Chair. I should not have interrupted the vote. The hon. member is voting no.

• (1845)

[*Translation*]

(The House divided on Motion No. 1, which was agreed to on the following division:)

(*Division No. 217*)

YEAS

Members

Adams	Alcock
Anderson	Assad
Augustine	Axworthy (Winnipeg South Centre/Sud-Centre)
Barnes	Beaumier
Bélanger	Bellemare
Bernier (Beauce)	Bertrand
Bevilacqua	Bodnar
Bonin	Boudria
Brown (Oakville—Milton)	Brushett
Caccia	Calder
Campbell	Cannis
Catterall	Chamberlain
Chan	Clancy
Cohen	Collenette
Collins	Cowling
Culbert	Cullen
DeVillers	Dhaliwal
Dion	Discepola
Dromisky	Duhamel
Eggleton	English
Fewchuk	Finlay
Fontana	Gerrard
Godfrey	Goodale
Graham	Guarnieri
Harb	Harvard
Hickey	Hopkins
Hubbard	Irwin
Jackson	Jordan
Karygiannis	Keys
Kilger (Stormont—Dundas)	Kirkby
Knutson	Kraft Sloan
Lee	Lincoln
MacLellan (Cape/Cap-Breton—The Sydneys)	Maloney
Manley	McCormick
McKinnon	McLellan (Edmonton Northwest/Nord-Ouest)
McTeague	McWhinney
Mifflin	Mills (Broadview—Greenwood)
Mitchell	Murphy
Murray	Nault
O'Brien (London—Middlesex)	O'Reilly
Pagtakhan	Patry
Peric	Peters
Peterson	Pettigrew
Pickard (Essex—Kent)	Pillitteri
Proud	Reed
Regan	Richardson
Rideout	Robichaud
Rock	Scott (Fredericton—York—Sunbury)

Government Orders

Sheridan
Speller
Steckle
Stewart (Northumberland)
Telegdi
Torsney
Valeri
Volpe
Wood

Simmons
St. Denis
Stewart (Brant)
Szabo
Thalheimer
Ur
Vanclief
Walker
Zed—114

[English]

Mr. Kilger: Mr. Speaker, I believe that you will find consent to apply the results of the vote just taken to Motions Nos. 4, 5, 63 and 120.

[Translation]

The Deputy Speaker: Is it agreed?

Some hon. members: Agreed.

[English]

[Editor's Note: See list under Division No. 217.]

The Deputy Speaker: I declare Motions Nos. 4, 5, 63 and 120 carried.

[Translation]

The next question is on Motion No. 2.

Mr. Kilger: Mr. Speaker, you will find there is unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting no.

Mrs. Dalphond-Guiral: Mr. Speaker, members of the official opposition will clearly vote yes.

[English]

Mr. Strahl: Mr. Speaker, Reform Party members present will vote no.

Mr. Solomon: Mr. Speaker, New Democratic members will vote yes on this motion.

Mrs. Wayne: Mr. Speaker, the PC members in the House will be voting yes.

[Translation]

Mr. Bernier (Beauce): Mr. Speaker, I vote no.

(The House divided on Motion No. 2, which was negated on the following division:)

(Division No. 218)

YEAS

Members

Abbott
Althouse
Bachand
Bernier (Gaspé)
Chatters
de Savoye
Duncan
Forseth
Gilmour
Guay
Harper (Simcoe Centre)
Jacob
Langlois
Leblanc (Longueuil)
Manning
Mayfield
Mercier
Nunez
Picard (Drummond)
Robinson
Scott (Skeena)
Solberg
Speaker
Taylor
Venne
White (North Vancouver)—51

NAYS

Members

Ablonczy
Asselin
Bellehumeur
Brien
Dalphond-Guiral
Debien
Epp
Gagnon (Québec)
Grubel
Guimond
Hill (Prince George—Peace River)
Johnston
Lebel
Loubier
Marchand
McClelland (Edmonton Southwest/Sud-Ouest)
Meredith
Paré
Plamondon
Sauvageau
Silye
Solomon
Strahl
Tremblay (Rimouski—Témiscouata)
Wayne

PAIRED MEMBERS

Allmand
Assadourian
Bélisle
Bernier (Mégantic—Compton—Stanstead)
Brien
Canuel
Crête
Dubé
Dumas
Finestone
Gauthier
Harper (Churchill)
Laurin
Lavigne (Verdun—Saint-Paul)
Leblanc (Longueuil)
Leroux (Richmond—Wolfe)
MacAulay
Martin (LaSalle—Émard)
Ménard
Payne
Robillard
Shepherd
Tremblay (Rosemont)
Wappel
Whelan

Arseneault
Bakopanos
Bergeron
Blondin-Andrew
Byrne
Cauchon
Deshaies
Duceppe
Fillion
Fry
Godin
Landry
Lavigne (Beauharnois—Salaberry)
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre
Leroux (Shefford)
Marleau
Massé
Parrish
Pomerleau
Rocheleau
Tremblay (Lac-Saint-Jean)
Verran
Wells
Young

The Deputy Speaker: I declare Motion No. 1 carried.

Althouse
Bachand
Bernier (Gaspé)
Dalphond-Guiral
Debien
Guay
Jacob
Lebel
Loubier
Mercier
Paré

Asselin
Bellehumeur
Brien
de Savoye
Gagnon (Québec)
Guimond
Langlois
Leblanc (Longueuil)
Marchand
Nunez
Picard (Drummond)

Government Orders

Plamondon
Sauvageau
Taylor
Venne

Robinson
Solomon
Tremblay (Rimouski—Témiscouata)
Wayne —30

NAYS

Members

Abbott
Adams
Anderson
Augustine
Barnes
Bélanger
Bernier (Beauce)
Bevilacqua
Bonin
Brown (Oakville—Milton)
Caccia
Campbell
Catterall
Chan
Clancy
Collenette
Cowling
Cullen
Dhaliwal
Discepola
Duhamel
Eggleton
Epp
Finlay
Forseth
Gilmour
Goodale
Grubel
Harb
Harvard
Hill (Prince George—Peace River)
Hubbard
Jackson
Jordan
Keyes
Kirkby
Kraft Sloan
Lincoln
Maloney
Manning
McClelland (Edmonton Southwest/Sud-Ouest)
McKinnon
McTeague
Meredith
Mills (Broadview—Greenwood)
Murphy
Nault
O'Reilly
Patry
Peters
Pettigrew
Pillitteri
Reed
Richardson
Robichaud
Scott (Fredericton—York—Sunbury)
Sheridan
Simmons
Speaker
St. Denis
Stewart (Brant)
Strahl
Telegdi
Torsney
Valeri
Volpe
White (North Vancouver)
Zed—135

Ablonczy
Alcock
Assad
Axworthy (Winnipeg South Centre/Sud-Centre)
Beaumier
Bellemare
Bertrand
Bodnar
Boudria
Brushett
Calder
Cannis
Chamberlain
Chatters
Cohen
Collins
Culbert
DeVillers
Dion
Dromisky
Duncan
English
Fewchuk
Fontana
Gerrard
Godfrey
Graham
Guarnieri
Harper (Simcoe Centre)
Hickey
Hopkins
Irwin
Johnston
Karygiannis
Kilger (Stormont—Dundas)
Knutson
Lee
MacLellan (Cape/Cap-Breton—The Sydneys)
Manley
Mayfield
McCormick
McLellan (Edmonton Northwest/Nord-Ouest)
McWhinney
Mifflin
Mitchell
Murray
O'Brien (London—Middlesex)
Pagtakhan
Peric
Peterson
Pickard (Essex—Kent)
Proud
Regan
Rideout
Rock
Scott (Skeena)
Silye
Solberg
Speller
Steckle
Stewart (Northumberland)
Szabo
Thalheimer
Ur
Vanclief
Walker
Wood

PAIRED MEMBERS

Allmand
Assadourian
Bélisle
Bernier (Mégantic—Compton—Stanstead)
Brien
Canuel
Crête
Dubé
Dumas
Finestone
Gauthier
Harper (Churchill)
Laurin
Lavigne (Verdun—Saint-Paul)
Leblanc (Longueuil)
Leroux (Richmond—Wolfe)
MacAulay
Martin (LaSalle—Émard)
Ménard
Payne
Robillard
Shepherd
Tremblay (Rosemont)
Wappel
Whelan

Arseneault
Bakopanos
Bergeron
Blondin-Andrew
Byrne
Cauchon
Deshaies
Duceppe
Fillion
Fry
Godin
Landry
Lavigne (Beauharnois—Salaberry)
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre
Leroux (Shefford)
Marleau
Massé
Parrish
Pomerleau
Rocheleau
Tremblay (Lac-Saint-Jean)
Verran
Wells
Young

The Deputy Speaker: I declare motion No. 2 lost.

The next question is on motion No. 3.

• (1850)

Mr. Kilger: Mr. Speaker, you will find there is unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting no.

Mrs. Dalphond-Guiral: Mr. Speaker, members of the official opposition will vote yes.

[English]

Mr. Strahl: Mr. Speaker, Reform Party members present will vote yes on this motion.

Mr. Solomon: Mr. Speaker, NDP members in the House tonight will vote yes on this motion.

Mrs. Wayne: Mr. Speaker, the PC member in the House tonight will be voting yes.

[Translation]

Mr. Bernier (Beauce): No, Mr. Speaker.

(The House divided on Motion No. 3, which was negated on the following division:)

(Division No. 219)

YEAS

Members

Abbott
Althouse
Bachand
Bernier (Beauce)
Brien
Dalphond-Guiral
Debien
Epp
Gagnon (Québec)
Grubel

Ablonczy
Asselin
Bellehumeur
Bernier (Gaspé)
Chatters
de Savoye
Duncan
Forseth
Gilmour
Guay

Guimond
Hill (Prince George—Peace River)
Johnston
Lebel
Loubier
Marchand
McClelland (Edmonton Southwest/Sud-Ouest)
Meredith
Paré
Plamondon
Sauvageau
Silye
Solomon
Strahl
Tremblay (Rimouski—Témiscouata)
White (North Vancouver)—51

Harper (Simcoe Centre)
Jacob
Langlois
Leblanc (Longueuil)
Manning
Mayfield
Mercier
Nunez
Picard (Drummond)
Robinson
Scott (Skeena)
Solberg
Speaker
Taylor
Venne

NAYS

Members

Adams
Anderson
Augustine
Barnes
Bélanger
Bertrand
Bodnar
Boudria
Brushett
Calder
Cannis
Chamberlain
Clancy
Collenette
Cowling
Cullen
Dhaliwal
Discepola
Duhamel
English
Finlay
Gerrard
Goodale
Guarnieri
Harvard
Hopkins
Irwin
Jordan
Keyes
Kirkby
Kraft Sloan
Lincoln
Maloney
McCormick
McLellan (Edmonton Northwest/Nord-Ouest)
McWhinney
Mills (Broadview—Greenwood)
Murphy
Nault
O'Reilly
Patry
Peters
Pettigrew
Pillitteri
Reed
Richardson
Robichaud
Scott (Fredericton—York—Sunbury)
Simmons
St. Denis
Stewart (Brant)
Szabo
Thalheimer
Ur
Vanclief
Walker
Wood

Alcock
Assad
Axworthy (Winnipeg South Centre/Sud-Centre)
Beaumier
Bellemare
Bevilacqua
Bonin
Brown (Oakville—Milton)
Caccia
Campbell
Catterall
Chan
Cohen
Collins
Culbert
DeVillers
Dion
Dromisky
Eggleton
Fewchuk
Fontana
Godfrey
Graham
Harb
Hickey
Hubbard
Jackson
Karygiannis
Kilger (Stormont—Dundas)
Knutson
Lee
MacLellan (Cape/Cap-Breton—The Sydneys)
Manley
McKinnon
McTeague
Mifflin
Mitchell
Murray
O'Brien (London—Middlesex)
Pagtakhan
Peric
Peterson
Pickard (Essex—Kent)
Proud
Regan
Rideout
Rock
Sheridan
Speller
Steckle
Stewart (Northumberland)
Telegdi
Torsney
Valeri
Volpe
Wayne
Zed—114

Government Orders

PAIRED MEMBERS

Allmand	Arseneault
Assadourian	Bakopanos
Bélisle	Bergeron
Bernier (Mégantic—Compton—Stanstead)	Blondin-Andrew
Brien	Byrne
Canuel	Cauchon
Crête	Deshaies
Dubé	Duceppe
Dumas	Fillion
Finestone	Fry
Gauthier	Godin
Harper (Churchill)	Landry
Laurin	Lavigne (Beauharnois—Salaberry)
Lavigne (Verdun—Saint-Paul)	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Leblanc (Longueuil)	Lefebvre
Leroux (Richmond—Wolfe)	Leroux (Shefford)
MacAulay	Marleau
Martin (LaSalle—Émard)	Massé
Ménard	Parrish
Payne	Pomerleau
Robillard	Rocheleau
Shepherd	Tremblay (Lac-Saint-Jean)
Tremblay (Rosemont)	Verran
Wappel	Wells
Whelan	Young

[English]

The Deputy Speaker: I declare Motion No. 3 negated. I therefore declare Motions Nos. 6 to 14, 16 to 53, 55 to 59, 61, 64 to 100, 102 to 113, 115 and 117 negated.

[Translation]

Mr. Kilger: Mr. Speaker, I believe the House would give its consent to applying the result of the vote just taken to the following motions standing in the name of the hon. member for Saint-Hyacinthe—Bagot, in other words, report stage Motions Nos. 114, 118 and 125.

The Deputy Speaker: Is it agreed?

Some hon. members: Agreed.

[Editor's Note: See list under Division No. 219.]

The Deputy Speaker: I declare Motions Nos. 114, 118 and 125 negated.

Hon. Lloyd Axworthy (for the Minister of Finance) moved: That Bill C-70, as amended, be concurred in at Report stage (with amendments).

[English]

Mr. Kilger: Mr. Speaker, if the House would agree I would propose that you seek unanimous consent that members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting yea.

[Translation]

Mrs. Dalphond-Guiral: The members of the official opposition will vote no.

Adjournment Debate

[English]

Mr. Strahl: Mr. Speaker, Reform Party members present will vote no unless instructed otherwise by their constituents.

Mr. Solomon: Mr. Speaker, New Democratic Party members present this evening will vote no on this motion.

Mrs. Wayne: Mr. Speaker, the members of the PC Party will be voting no.

[Translation]

Mr. Bernier (Beauce): No, Mr. Speaker.

(The House divided on the motion, which was agreed to on the following division:)

*(Division No. 220)***YEAS**

Members

Adams	Alcock
Anderson	Assad
Augustine	Axworthy (Winnipeg South Centre/Sud-Centre)
Barnes	Beaumier
Bélanger	Bellemare
Bertrand	Bevilacqua
Bodnar	Bonin
Boudria	Brown (Oakville—Milton)
Brushett	Caccia
Calder	Campbell
Cannis	Catterall
Chamberlain	Chan
Clancy	Cohen
Collenette	Collins
Cowling	Culbert
Cullen	DeVillers
Dhaliwal	Dion
Discepolo	Dromisky
Duhamel	Eggleton
English	Fewchuk
Finlay	Fontana
Gerrard	Godfrey
Goodale	Graham
Guarnieri	Harb
Harvard	Hickey
Hopkins	Hubbard
Irwin	Jackson
Jordan	Karygiannis
Keyes	Kilger (Stormont—Dundas)
Kirkby	Knutson
Kraft Sloan	Lee
Lincoln	MacLellan (Cape/Cap-Breton—The Sydneys)
Maloney	Manley
McCormick	McKinnon
McLellan (Edmonton Northwest/Nord-Ouest)	McTeague
McWhinney	Mifflin
Mills (Broadview—Greenwood)	Mitchell
Murphy	Murray
Nault	O'Brien (London—Middlesex)
O'Reilly	Pagtakhan
Patry	Peric
Peters	Peterson
Pettigrew	Pickard (Essex—Kent)
Pillitteri	Proud
Reed	Regan
Richardson	Rideout
Robichaud	Rock
Scott (Fredericton—York—Sunbury)	Sheridan
Simmons	Speller
St. Denis	Steckle
Stewart (Brant)	Stewart (Northumberland)
Szabo	Telegdi
Thalheimer	Torsney
Ur	Valeri
Vanclief	Volpe
Walker	Wood
Zed—113	

NAYS

Members

Abbott	Ablonczy
Althouse	Asselin
Bachand	Bellehumeur
Bernier (Beauce)	Bernier (Gaspé)
Brien	Chatters
Dalphond-Guiral	de Savoye
Debien	Duncan
Epp	Forseth
Gagnon (Québec)	Gilmour
Grubel	Guay
Guimond	Harper (Simcoe Centre)
Hill (Prince George—Peace River)	Jacob
Johnston	Langlois
Lebel	Leblanc (Longueuil)
Loubier	Manning
Marchand	Mayfield
McClelland (Edmonton Southwest/Sud-Ouest)	Mercier
Meredith	Nunez
Paré	Picard (Drummond)
Plamondon	Robinson
Sauvageau	Scott (Skeena)
Silye	Solberg
Solomon	Speaker
Strahl	Taylor
Tremblay (Rimouski—Témiscouata)	Venne
Wayne	White (North Vancouver)—52

PAIRED MEMBERS

Allmand	Arseneault
Assadourian	Bakopanos
Bélisle	Bergeron
Bernier (Mégantic—Compton—Stanstead)	Blondin-Andrew
Brien	Byrne
Canuel	Cauchon
Crête	Deshaies
Dubé	Duceppe
Dumas	Fillion
Finestone	Fry
Gauthier	Godin
Harper (Churchill)	Landry
Laurin	Lavigne (Beauharnois—Salaberry)
Lavigne (Verdun—Saint-Paul)	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Leblanc (Longueuil)	Lefebvre
Leroux (Richmond—Wolfe)	Leroux (Shefford)
MacAulay	Marleau
Martin (LaSalle—Émard)	Massé
Ménard	Parrish
Payne	Pomerleau
Robillard	Rocheleau
Shepherd	Tremblay (Lac-Saint-Jean)
Tremblay (Rosemont)	Verran
Wappel	Wells
Whelan	Young

• (1855)

The Deputy Speaker: I declare the motion carried.

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

NATIONAL GUN AMNESTY

Mr. Jim Jordan (Leeds—Grenville, Lib.): Mr. Speaker, I have been asking for the government to give some consideration for some time now to a gun amnesty bill for the nation. I am back again now to encourage the government to move on. I was led to believe there was some provision in the new gun control bill for an amnesty.

It would be rather simple to do. I would not require any new legislation. There is already a provision there for a gun amnesty. It would not require a lot of funding. Indeed, it might save some money. It would save considerable money for people who have guns they do not need and who would like to see them disposed of in a systematic way.

A couple of experiences we have had in this country would support the wisdom of a gun amnesty law at this time. Back in the period of November 1 to December 15 in 1992 the minister of justice announced a gun amnesty and 30,000 firearms, both handguns and long guns, were surrendered in Canada.

A little later there was another gun amnesty. This quotation from the *Globe and Mail*, which is always very accurate and precise. On April 18, 1994 that paper reported the success of a gun amnesty in metro Toronto. According to the *Globe and Mail* police said at that time that most of the people turning in weapons were just average Joes. They were people who just wanted to get rid of their guns, the guns that were in their basements, behind kitchen doors and in the attacks of their homes. They had some fear at that time, and the situation would be prevalent today, that these guns might at some point be stolen or misplaced or might fall into the wrong hands.

Gun amnesty has been very successful in this country and I would like to see this government proceed with a national gun amnesty. It is no good to announce that amnesties are permitted. We need the government to put some national focus on gun amnesty instead of depending on municipalities to do it independently of one another. That would give the project some thrust. They could suggest through various forms of media that there was a national gun amnesty. If we got a few thousand more guns out of our society we would have a safer society. It would be a mark of progress to us as a society and as a culture to make this effort.

• (1900)

I am looking forward to the government response on this matter. I know that municipalities could go ahead and do it, but that is not what I am asking for. I am asking for a national focus and a national thrust to this because of the successes we had when gun amnesties were declared on a smaller scale.

That was my question to the minister several weeks ago. I am back again at the late show tonight to emphasize it. I am committed to this. Indeed, I will be the first one to turn in guns. I

Adjournment Debate

have guns which I no longer have a use for and I would be glad to be the first one to contribute a couple of rifles to a national gun amnesty.

Mr. Gordon Kirkby (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, amnesties could be declared as part of the implementation of the firearms act and the new part of the Criminal Code. In 1992, for instance, an amnesty was successful in removing over 28,000 firearms and 700,000 rounds of ammunition. The declaration of amnesty, however, must be made with the support of provincial authorities and local police. An amnesty would be costly, as it would involve the manipulation of firearms and the issuance of receipts.

In the past, the purpose of amnesties under the Criminal Code was to encourage people to surrender unwanted firearms or ammunition without liability, whether they were lawfully or unlawfully held. The power to declare amnesties under the Criminal Code may be used in the future in the implementation of the new part of the code or the firearms act.

There are advantages and disadvantages to amnesties. The advantages are that amnesties have resulted in the turnover of numerous unwanted firearms. They allow people to turn over unwanted and potentially dangerous firearms. They reduce the number of unused firearms which could ultimately end up being stolen and in criminal hands. The disadvantages are that they can be expensive to administer and the guns must be carried manually. They require the participation and co-operation of police services and provincial authorities. The disposal of the firearms can be costly and problematic.

The firearms initiative is planned on a cost recovery basis and the impact of several factors, such as compensation, must be carefully considered before an amnesty is declared.

The new legislation already provides for transitional periods for individuals who will be able to apply for a licence and register their firearms.

There is no immediate need for an amnesty and officials from the department will monitor the implementation of the act and advise the minister accordingly should the need arise for an amnesty in the future.

AGRICULTURE

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I am here tonight to raise again the question which I asked on February 6. It is a question in which the Minister of Agriculture and Agri-Food is very interested because he has said that he is interested in keeping grain moving. I do not think we have gone far enough in getting the grain moving.

Adjournment Debate

The news last week had a number of people from the grain industry, including representatives of the Canadian Wheat Board, arguing that poor performance by the railroads is costing prairie farmers tens of millions of dollars in lost revenues and upsetting export customers. The Canadian Wheat Board has estimated that about \$65 million will be lost in demurrage costs while grain sits on the prairies and ships sit in the ports because the grain is not moving to the coast.

I asked my question last week, but since then I have had a chance to look at CN Rail's numbers for 1996. I thought it important to put them on the record tonight in the light of this question.

Grain traffic was down 5 per cent in 1996 over 1995. Despite that drop in traffic, CN Rail reported a \$1.2 billion improvement in net income in 1996. In a press release the CN president and chief executive officer, Paul Tellier, said at the end of the year that 1996 was the best year ever in the history of CN Rail. Revenues were up 1.5 per cent while operating expenses declined.

● (1905)

In terms of movement of product, industrial products brought \$866 million to CN; forest products, \$790 million; intermodal traffic, \$710 million; coal, sulphur and fertilizer, \$622 million. These are all more than grain and grain product traffic which brought in \$570 million.

It is very obvious that CN in particular did a very good job in 1996 of moving all the product except grain. Now we are continuing to have difficulty in moving grain to port.

I first discovered the problem with grain movement around December 1 after elevator agents throughout my constituency had been phoning since mid-November to get cars spotted so that the grain could be moved to port. That was before the major snowfalls, before the major cold occurred. We were experiencing difficulty getting cars spotted at the elevator points throughout my riding, and I have since found out, throughout Saskatchewan.

Throughout November and December the railways were telling the elevator agents that cars would be spotted the next day. They would be told, tomorrow. The cars would never come. The agents would phone. "Tomorrow" they were told. They would phone me. I would be told the grain cars would be there tomorrow. They never arrived. As a result, the Canadian Wheat Board is now estimating \$65 million in losses to farmers as a result of all of this.

Government policies over the last couple of years have contributed greatly to the ability of the railways to run their own show. Governments have lost the ability to put pressure on the railways.

Everything from the privatizing of CN, the deregulating of the rail line industry, changing the car allocation policy, allowing the abandonment of rail lines and condoning the inappropriate downsizing within the railroads have all contributed to the problem that keeps grain moving to port.

We heard over the weekend the announcement from Manitoba that the CP double tracking from Winnipeg to Thunder Bay is being torn up. This is, to my mind, an absolute abuse of the privileges that we have given to the rail lines to move our product to port.

The minister and the government have the responsibility, indeed the obligation, to ensure that grain moves from the farm to the port. I would like to ask the minister to ensure that he exercises to the full extent of his authority everything that he can to get that grain moving again.

Mr. Jerry Pickard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the problem being faced by the prairie grain industry in getting grain to port position this winter is a very serious one.

The Canadian Wheat Board now estimates that it will have to roll 1.5 million tonnes from its January shipping program into the February program. The Canadian Wheat Board estimates this rollover may result in a deferred cash flow for prairie farmers of \$285 million and that selling the 1.5 million tonne shortfall outside the premium old crop price months may result in a loss of approximately \$50 million in revenue to the 1996-97 pool accounts.

This has been one of the worst winters in the last 100 years with respect to snowfall in the Rockies and the extreme cold on the prairies. While I agree that this has exacerbated the shipping problem, it does not account for the entire delay being experienced.

It is my understanding the current problems relate to the availability of locomotive power in the railway system.

Clearly this is a railroad responsibility and the railways have indicated they are taking steps to increase the availability of locomotives and to make the shipping of prairie grains a priority for them.

Rather than finger pointing and laying blame to the industry, we should take steps to working out this current problem and making certain that we deal with it on an urgent strategic action base to make sure that backlogs do not occur as they have in the past.

As members know, the legislative rule of the federal government is limited. However, the federal government can have a role in leading industry toward both a long and short term solution.

Adjournment Debate

The Minister of Agriculture and Agri-Food has already been in touch with many of the key players in the western grains industry. He is now pursuing further discussions on an urgent basis to get the grain moving faster through the system.

Canada's customers and prairie farmers should not be subjected to such recurring problems in our grain transportation system.

[*Translation*]

The Deputy Speaker: Dear colleagues, the motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 7.11 p.m.)

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