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OFFICIAL REPORT
(HANSARD)

Tuesday, February 11, 1997

Speaker: The Honourable Gilbert Parent

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OFFICIAL REPORT

In *Hansard* February 7, 1997, page 7831, the first paragraph in the right-hand column should read:

AIR COMMODORE LEN BIRCHALL

Mr. Peter Milliken (Kingston and the Islands, Lib.): Mr. Speaker, Air Commodore Len Birchall was hailed by Sir Winston Churchill as the “Saviour of Ceylon” for warning the defenders of the island of an imminent attack by the Japanese. On April 4, 1942 his plane was shot down after he spotted the Japanese fleet and radioed his message. He was held prisoner by the Japanese for the duration of the war.

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HOUSE OF COMMONS

Tuesday, February 11, 1997

The House met at 10 a.m.

Prayers

[English]

The Speaker: Before we get into the daily routine of business, I will hear a point of order from the hon. member for Kindersley—Lloydminster.

Mr. Hermanson: Mr. Speaker, it is not a point of order. It is a request for an emergency debate. Is it appropriate at this time in routine business?

The Speaker: I will hear him at the end of the daily routine of business.

* * *

[Translation]

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.

* * *

[English]

PETITIONS

HIGHWAYS

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I rise pursuant to Standing Order 36 to present two petitions.

The first petition is signed by 84 people from my riding. The petitioners call on Parliament to urge the federal government to join with the provincial governments to make a national highway system upgrading possible beginning in 1997.

TAXATION

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, the second petition is signed by 332 people from the province of New Brunswick.

The petitioners feel that education and literacy are critical to the development of our country and call on the House to urge all levels of government to eliminate the sales tax, including the GST, on all reading materials.

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, I have a petition to present signed by 233 people from my area and from British Columbia generally.

The petitioners are concerned about the GST, particularly on reading materials. They ask that this regressive tax on newspapers, reading materials and magazines be removed when any harmonization takes place. They request that the GST be removed from any reading material.

* * *

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 it agreed?

Some hon. members: Agreed.

* * *

REQUEST FOR EMERGENCY DEBATE

GRAIN SHIPMENTS TO WEST COAST PORTS

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, in accordance with Standing Order 52, I wish to ask for the adjournment of the House for the purpose of discussing a specific and important matter requiring urgent consideration. It is imperative that the House debate the important matter of delays in grain shipments to Canada's west coast ports.

Current estimates are that it is costing the Canadian economy at least \$65 million. The matter requires immediate attention. Perhaps, more important, the minister of agriculture is scheduled to meet with the parties involved. Therefore, it is incumbent on Parliament to meet to debate the issue before he meets with the parties involved with regard to the delay in shipments to the west coast.

• (1010)

It is on that basis and according to the standing orders that I move:

Government Orders

That this House now adjourn to give urgent consideration to the important matter of delays in grain shipments from Canada's west coast ports.

The Speaker: The hon. member for Kindersley—Lloydminster was good enough to send me notice of his application for an emergency debate earlier today.

I have had an opportunity to look over the reasons for an emergency debate and the adjournment of the House and, in my view, this does not meet the exigencies of what we have set up as criteria for an emergency debate at this time. However, I thank the hon. member for raising the matter in the House.

GOVERNMENT ORDERS

[English]

EXCISE TAX ACT

Hon. Lawrence MacAulay (for the Minister of Finance, Lib.) moved that 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, be read the third time and passed.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am pleased to open third reading debate on Bill C-70. This is landmark legislation. It will implement the harmonized sales tax in the provinces of Nova Scotia, New Brunswick and Newfoundland and Labrador.

As of April 1, 1997 the harmonized tax will replace the GST and provincial retail sales taxes in those provinces. This legislation also proposes over 100 technical amendments to the Excise Tax Act. These technical improvements will serve the dual purpose of paving the way for harmonization while making the GST run more smoothly in those provinces that have not yet agreed to harmonization.

Why do I say that Bill C-70 is landmark legislation? That is because harmonization marks a bold and creative development in the field of federal-provincial relations. The bill is a tangible sign of the progress that can be made when different jurisdictions work together and resolve to end overlap and duplication. The significance of four governments agreeing to move forward on harmonization of retail sales taxes cannot be overstated.

Once this bill is in place, businesses in the participating provinces will no longer have to follow two sets of sales tax rules and regulations. They will no longer have to deal with two different bureaucracies nor file two sales tax returns for every appropriate and different period under both regimes, the federal and provincial. Under the harmonized system there will only be one set of rules

and one tax administration, and registrants will only have to file one sales tax return.

Harmonization will make life simpler for companies of all sizes. They will spend less time doing the books and filling out forms and more time doing business.

As my hon. friends will recall, the structure of the harmonized sales tax will parallel that of the goods and services tax. The tax will apply at the harmonized rate of 15 per cent to the same goods and services that are already taxed under the federal GST. The new combined tax rate will be almost five percentage points less than is currently the case of the combined rates in Newfoundland and Labrador and 4 per cent less than it currently is in New Brunswick and Nova Scotia. This will be a major cost saving for consumers in those provinces.

• (1015)

The rules for registering, filing returns and claiming input tax credits will be the same as those to which registrants across Canada have already grown accustomed.

As we moved to this system we were very conscious of the need not to saddle businesses with a whole new system, a whole new set of forms, a whole new set of rules to deal with a new tax administration, but rather, to the extent possible in moving to harmonization, to use forms and procedures, rules and regulations that businesses are already accustomed to and comfortable with.

One thing was clear as we travelled the country with the finance committee. When people in the country, consumers and retailers, said end this ridiculous anomaly of duplication, of double sales taxes, of ten sales taxes across this country and harmonize, they said "please, when you do that do not saddle us with an entirely new system. We have adjusted to the ways of dealing with the existing GST. When you harmonize, to the extent possible, let us use the same forms, the same rules and regulations", and we have responded.

In the participating provinces businesses will finally be able to recover all sales taxes they pay on inventory and other expenses. By contrast, in non-harmonized systems businesses have no way of recovering provincial retail sales taxes they pay. Any of us with experience in the complicated area of retail sales tax know that it is indeed costly to pay tax on those inputs and it is indeed complex to know whether or not particular inputs are subject to exemption certificates or whether tax is payable.

In the harmonized system this added cost will not be there. In the non-harmonized provinces, tax on those business inputs will continue to be passed on to consumers, both domestic and foreign.

Unrecoverable provincial sales taxes are buried at all stages as products move through the chain from manufacturer to wholesaler

to retailer. Those hidden taxes on inputs undermine the competitive vitality of Canadian firms. Clearly this works at cross purposes with our efforts to promote trade in this country, reduce deficit and foster a more competitive environment.

The integration of overlapping sales taxes with a single, value added tax structure will bring our tax system into line with other policies that promote competitiveness.

A key element of the harmonization agreement is tax included pricing. The pricing requirements will allow a shopper to be certain of the full cost of what he or she is buying before the cashier rings up the sale. To keep the tax visible to consumers, the amount or rate of sales tax payable will be disclosed on receipts. The suggestion that tax in pricing is just a convenient way for government to sneak in tax increases is simply and absolutely untrue. The tax will be clearly displayed on sales receipts and invoices for everyone to see.

Indeed, while members of the House have spoken about this issue and their concerns about hidden taxes, not one of them has complained about the current situation which prevails at the gas pump, where the tax is indicated on the receipt. As I have pointed out to the House on earlier occasions, in much of the rest of the world we do not see legislators or individuals standing up and railing against governments for hiding a tax which is clearly visible on receipts. We could choose any country in Europe and we will see taxes clearly indicated on sales receipts. Whether it is the VAT at a certain rate or the VAT at a certain amount, it is there for the world to see.

The fact that the taxes will be indicated on receipts in the harmonizing provinces clearly puts the lie to the suggestion that taxes are being buried or hidden.

Tax inclusive pricing will address a longstanding consumer irritant. It is something which the finance committee heard a great deal about as it travelled the country studying this matter. Consumers are always on the hook for a sum of money that is different from and greater than the price that is posted or marked. It does not matter if the person is buying a restaurant meal or a refrigerator. The point is that almost every time a cash register rings in this country we can be sure that a consumer is caught short, surprised, inconvenienced or embarrassed.

• (1020)

I stress that Canadians overwhelmingly related stories to us, as did retailers, of awkward moments at the cash register when they were confused as to the price of items because tax had to be added. In testimony before the finance committee of this House, a retailer said this to us when commenting on the prices of goods in his shop: "I cannot sell shoes in my store for \$11.49, but I can sell them for

\$9.99". But the reality is that a consumer cannot buy those shoes for \$9.99; they really cost \$11.49.

While we may have some sympathy for the marketing needs of retailers and, as I will explain later we have gone a great distance in responding to their concerns about tax inclusive pricing with flexible guidelines, we have had very much in mind the need for consumers to know what things really cost, what they will really have to pay. The marketplace place will function better because consumers have that information.

Public opinion research has shown conclusively that tax inclusive pricing is favoured by the overwhelming majority of consumers. An Ekos Research Associates survey conducted this past month found that consumers in Nova Scotia, New Brunswick, Newfoundland and Labrador strongly support tax in pricing. When respondents were given a choice between tax included and tax excluded pricing, 80 per cent of consumers preferred tax included pricing, a finding that is consistent across all three provinces.

When asked about their intensity of support or opposition to tax in pricing, 42 per cent of consumers said they supported it and 37 per cent said they strongly supported it. Over 65 per cent of respondents said that it is extremely important to know the full price before reaching the cash.

The reasons stated by consumers for preferring tax inclusive pricing are compelling. Eighty per cent agreed that taxes should be included in the price so that the total price of a good is known before getting to the cash. Seventy-six per cent of respondents said that including sales taxes in the price displayed on the product is a more honest way of showing prices to consumers. Sixty per cent of respondents did not think that adding sales taxes to the display price would make things more complicated for consumers, an assertion we have heard from certain people.

While 69 per cent of respondents said that they pretty much know the total price of an item before reaching the cash, 64 per cent of respondents said that they are often unpleasantly surprised at differences between sticker price and total price at the cash. Remember my example of the \$9.99 item that the retailer says he can move at that price but also the \$11.49 actual price under the new system.

Participating governments in consultation with affected businesses have developed guidelines for tax included pricing. We have made and participate along with the other participating governments a concerted effort to ensure that the pricing requirements that accommodate the wishes and needs of consumers do not do so in a way that imposes an undue compliance burden on vendors. In this spirit of a fair and practical approach, the participating governments are continuing to refine the pricing guidelines which were released some weeks ago with a particular emphasis on the issue of price advertising in the harmonizing provinces.

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The guidelines issued a number of weeks ago go a long way toward addressing retailer concerns about cost and inconvenience in moving to the new tax inclusive system. I note just two options that exist for retailers pursuant to the guidelines, namely shelf pricing or bin pricing. There will not be a need to go through and reticket every individual item. There are options to shelf price, to bin price items, to dual price so that price points can be advertised as long as the full tax inclusive pricing is also available. So there is a great deal of flexibility in accommodating vendor concerns.

The government has listened and has responded but it has never forsaken the desire of consumers in this country to know once and for all the real cost of items they wish to purchase.

• (1025)

During the finance committee's recent study of this legislation one of the main criticisms was that it might criminalize offences under the pricing requirements. The participating governments are certainly eager to encourage compliance with the new system. Consumers would expect no less of us, but I can assure the hon. members that failure to comply with tax inclusive pricing is not a criminal offence but a regulatory one. In addition to clarifying this point I would like to make the more general comment that the government intends to take a flexible approach to monitoring compliance with the pricing requirements.

While it is true that the new system will come into place in April of this year, monitoring, education and assistance will be available and compliance will only be effectively looked at six months later. In August, as the pricing guidelines indicate, is the time by which it is expected that vendors will have made the transition, with all the help that the guidelines provide and other help which relevant departments in the participating provinces will provide; a full six months to adjust to the new scheme once it is implemented. That is in addition to the time which retailers have had and have spent consulting with government which has resulted in the very effective response to the pricing guidelines.

The goal is to make sure that businesses have plenty of time to become more informed of their obligations and fully apprised to the various options available to them in fulfilling their obligations.

Tax included pricing is not the only benefit that will accrue to consumers under harmonization. They will pay lower prices on many items. For the sake of argument, let us forget for a moment about the layers of provincial retail sales taxes that are absorbed in business costs, the tax on tax, the tax cascading that consumers pay the price for, and consider only the nominal rate of tax that consumers pay directly. Even with this assumption Nova Scotia and New Brunswick consumers now pay a combined rate of 18.77

per cent on most goods that they buy. In Newfoundland and Labrador the combined rate is almost 20 per cent.

Under the harmonized sales tax consumers will pay only 15 per cent. This may mean a higher rate of tax on some services, as we move to the GST base, but in the rate debate the bottom line is what really matters. When all is said and done, I want to reiterate what we have said in this House before, the overall tax burden on consumers in the harmonizing provinces will decrease under the harmonized system. How could it be otherwise as the rate moves from 20 per cent in Newfoundland and Labrador to 15 per cent and from almost 19 per cent in Nova Scotia and New Brunswick to 15 per cent?

The bottom line is overall tax will go down and consumers will see that as they reflect back on their overall purchases over the course of any year in the new system. This is a benefit that will be felt across all sectors of the economy.

I would now like to move away from the consumer related aspects of Bill C-70 and mention that several technical motions were adopted by the finance committee earlier. These were motions that have addressed witnesses' specific concerns.

I want to pause for a moment on behalf of the government to thank the finance committee for the very fine work it did in the hearings that were held here in Ottawa where it heard from dozens and dozens of individuals, interest groups, interested parties who came to speak to Bill C-70. In addition to that I would like to thank the individual members of Parliament on all sides of this House who held consultations in their ridings, town hall meetings, and reflected comments back to the government with respect to Bill C-70.

As the chairman of the finance committee said during the hearings here in Ottawa, there is not one witness who came forward to the clerk of the committee asking to be heard who was not heard, who could not be provided for if they wished to be heard here in Ottawa. In addition, members held individual hearings and town hall meetings in their ridings and there was a tremendous amount of input. In addition to the witnesses who appeared here in Ottawa, dozens of other witnesses provided written briefs to the committee and to individual members.

• (1030)

As a result of that consultation held by the committee, a number of motions were brought forward by the government to bring amendments to Bill C-70 at that stage which reflected concerns that had come to the government's attention. By pausing to speak about that process, it is to say that the system works. The committee deliberations resulted in very specific responses to precise problems that certain groups brought to our attention.

For instance, one group brought to our attention certain cash flow problems that they would have as a result of the new system. We responded to that. Individuals asked for clarification with

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respect to the suggestion that failure to comply might amount to a criminal breach. That is not the case. Clarifications came forward. There were other examples as well.

I spoke about the cash flow issue to give an example. Under the proposed simplification measures originally reviewed by the committee, auctioneers would have been responsible at all times for remitting the tax collected on auction sales to the government rather than passing the tax back to a registered principal.

In response to concerns raised at the committee stage, these rules are being amended further to alleviate the cash flow burden that this measure would otherwise create for wholesalers selling large lots of goods through auctioneers. This will be accomplished by giving auctioneers and certain principals the option of making an election that would allow the auctioneer to pass the tax back to the principal.

I have been speaking about the process in responding to witnesses to debunk those who stand in this House and say that to propose amendments at the committee stage, or indeed at this stage in the House, is to suggest that the government has not done its homework or that there is something wrong with the legislation. This is how the system works in this House and in this country. If a government fails to listen to witnesses who come forward with compelling reasons why legislation should be amended to respond to particular inequities or to clear up certain anomalies or confusions, then it is a sad day indeed.

I find it somewhat remarkable to have people stand in this House and criticize that process when, if we presented a bill and entertained no amendments whatsoever at committee stage or here in the House, we would be accused of some sort of dictatorship. The system works. It works effectively and it works well.

The arguments in favour of sales tax harmonization are too compelling to refute. All stakeholders stand to gain from it. The participating governments have developed a framework for harmonization that is balanced and reasonable. Bill C-70 will reduce the tax burden on individuals in the harmonizing provinces. What could be wrong with that?

We have responded favourably to Canadians' desire to know the full cost of something before paying for it at the cash register. What could be wrong with that? We have responded to consumers who were afraid of not being able to know the tax if they need to know it. It will be there on the receipt for all to see. What could be wrong with that?

Harmonization represents a fundamental restructuring of the way in which sales taxes are levied and administered. It eliminates overlap and duplication. It is simplified in administration, it is

simplified for retailers in compliance. What could be wrong with that?

There will be minimal potential for disruption and confusion during the transition period because of the pricing guidelines and the delays allowed to retailers to get on side. What could be wrong with that?

The legislation shows innovation and foresight for it leaves the door open to any province that may wish to harmonize in the future. What could be wrong with that?

In this country we cannot wait to move forward with important changes, for every province to sign on. Indeed it is the structure of this federation that often opportunities are presented for provinces to go their own way for a time. But the wisdom of this harmonization now being embraced by three provinces will be understood soon by other provinces because their consumers will demand it, their retailers understand it.

With the exception of one witness, every witness who appeared before the finance committee supported harmonization across this country and urged the government not to give up on trying to effect harmonization with the rest of the provinces. I might point out at this time that the province of Quebec is currently harmonized with the federal GST. The province of Quebec understands the benefits of harmonization. What could be wrong with harmonization? If it is good enough for Quebec, why is it not good enough for the Atlantic provinces?

• (1035)

Before closing, I would like to focus on an aspect of harmonization which has been much discussed and some might say yelled about in this House as it was a moment ago. It is the decision by the government to provide a formula for short term adjustment assistance to qualifying participating provinces when they face significant structural costs to enter the new integrated sales tax regime.

Under this legislation, this move to a harmonized sales tax, adjustment assistance becomes available to provinces that experience a revenue shortfall in excess of 5 per cent of their current retail sales tax because of moving to the single harmonized sales tax system. I repeat the formula is that adjustment assistance becomes available to provinces that experience a revenue shortfall in excess of 5 per cent of their current retail sales tax revenue because of moving to a single harmonized system.

This is the case for Newfoundland and Labrador. This is the case for Nova Scotia. This is the case for New Brunswick. Under this formula, Quebec would not have qualified for adjustment assistance when it harmonized, nor would British Columbia or Ontario if they harmonized right now.

In fact, while my friends opposite rail against this adjustment assistance, Quebec did not experience a loss of revenue when it

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harmonized because of the way in which it harmonized over a period of time, not all at once as the participating provinces are. Quebec ran two parallel systems and experienced an increase in revenue, not a decrease.

There is another aspect of this adjustment assistance debate which needs to be repeated in this House. Our history is rife with examples where such assistance has been offered to provinces or regions. I hear little from members opposite about those other examples when they benefited their provinces. However they rail against this adjustment assistance to Atlantic Canada which some of them would not qualify for.

When the Crow rate which helped the farmers of the west respond to the challenge of distant markets was abolished, over \$1 billion in adjustment assistance was provided to grain farmers. I did not hear any complaints from the members of the third party such as we are hearing with respect to adjustment assistance for Atlantic Canada in moving to the harmonized system.

In 1972 when the federal government instituted income tax reform, every single province received adjustment assistance, a total of \$2.7 billion over a seven-year period. I did not hear anyone say: "No, do not give our province any of that".

When subsidies were scaled back for the agricultural sector, compensation was also provided. I did not hear members of the official opposition or the third party stand up and say: "No, we are not entitled to that. Do not do that".

It is curious. Those examples, the Crow rate and agricultural subsidies benefited particular regions and provinces and not Atlantic Canada. This adjustment assistance which is justifiable, which is justified, which is appropriate because of revenue losses in those provinces, is being criticized by people who stood silent in this House when adjustment assistance went their way. I think that says it all.

What I find disappointing is that there are Canadians who have attacked the entire concept of this adjustment assistance, but that is a mindset which ignores history, misreads the present, misunderstands the past and lacks vision for the future.

The assistance we have developed applies equally to all. There is no discrimination, no favouritism and no bribery. The participating provinces are joining in the harmonized system because it will make their economies more efficient, more effective, more competitive and consumers will benefit.

Some critics may view this bill as an easy target if their ambition in life is to grab headlines and score cheap political points in the short term. However, the legacy of this government is sound management, not sound bites.

[*Translation*]

As I just said in English, Bloc members are against harmonization, which is very surprising, because Quebec already has harmonization. Is it because they want to keep the benefits of harmonization for themselves, their companies and their consumers?

• (1040)

[*English*]

Could that be the reason? Do they want to keep a comparative advantage for themselves? Atlantic Canada wants that same comparative advantage. Its governments have decided that they shall have it and indeed they will.

As an economic policy and as a model of federal-provincial co-operation, the merit of this legislation is unassailable. Therefore in closing, I urge hon. members of the House to support Bill C-70.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, it is a pleasure to speak on third reading of Bill C-70. This is a very important bill. It is certainly not routine. This bill will have crucial consequences for the maritimes but also for all citizens in Quebec and Canada. In my view, this bill is highly controversial, concerning as it does a measure that the members of this government fiercely opposed when they were in opposition.

Hon. members will recall, and especially my colleague from Sorel, the battle of epic proportions which the Liberal Party of Canada waged against the GST. Later on I will share with you some quotes from the Liberal opposition's report when the GST was introduced and from the debates that preceded its introduction. The position taken in this report was the exact opposite of the position taken today by the Liberal government, the opposition at the time.

Bill C-70 provides that in three Atlantic provinces, provincial sales tax will be merged with the GST, so there will be only one tax, referred to as it the "HST", the harmonized sales tax, which will be 15 per cent. Basically, this agreement compensates three maritime provinces for harmonizing their sales tax with the GST. In fact, this compensation will be paid for by the people of Quebec and other Canadian provinces outside the maritimes and is expected to amount to nearly one billion dollars.

The government has not provided any solutions. If the government wanted to achieve anything at all with respect to the GST, it certainly did not do so with this bill. We will comment on the government's commitments later on. The harmonization that was much vaunted by the other side for many months has not come through. It is only being done in a specific geographic area, in three maritime provinces. Harmonization should mean harmony, but that is certainly not the case.

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During the three days of public hearings held by the Standing Committee on Finance, even representatives from the maritimes disagreed with the government's proposal and, meanwhile, the government did not have a clue how to get out of this mess.

Before getting to the crux of the matter, I would like to make two comments regarding the procedures followed for this bill and the conduct of the government's representatives. First of all, the government's representatives behaved in a manner I would call undemocratic, ever since we started examining this bill.

At the second reading stage, we received the bill 24 hours before hand. Twenty-four hours to examine a bill that is more than 300 pages long, plus explanatory notes. We were told to do our job. We must explain to the public that certain parts of the bill could cause problems and should be debated in the House.

It is unheard of to receive a bill as important as this one, with so many clauses and having so many potential consequences, only 24 hours ahead of time. It is hard to explain why, unless we realize that the Liberals want to talk about GST as little as possible. They want to give us as little ammunition as possible with which to attack the GST because their own arguments are so weak. From the very beginning, their approach has been very much ad hoc.

• (1045)

Quite simply, I wish to point out two things in connection with the attendance of the witnesses over three days in early January and the way the Liberals presented things.

First of all, right from the word go, right from the start of these hearings, the Liberals arrived at the finance committee with 16 amendments to their own bill. Imagine how unsure of themselves they must have been to have seen problems in the bill they had tabled themselves, to start off by giving the committee 16 amendments.

We saw those amendments at the same time everyone else did, even though our role as official opposition would require us to have access to them in advance so we could assess their scope. And that is not all.

On the third day of the hearings, because hearings on such an important matter were restricted to three days, the Liberals tabled 113 amendments on the very evening that the bill was being analyzed clause by clause. Yes, 113 amendments to a government bill introduced by representatives of the government—there is some incongruity to that.

Mr. Lebel: They were bewitched by a magic potion.

Mr. Loubier: Exactly. So, for a bill of approximately 272 pages, there were 113 amendments. You can see that both the process and

the bill itself can be described as an improvisation right from the start. Proposing 113 amendments to 272 clauses is a neat trick.

Not only did they table these amendments, which is ridiculous enough in itself coming from a government that claims to be serious, but at the same time, those amendments to the bill were provided to us two hours in advance, and involved modifications and outright deletions.

I get the feeling the government is so anxious to conceal things about the GST that it wants to prevent us from doing our job as the official opposition. And despite our asking continually during the three days of hearings in January that they be extended, because people from the maritimes wanted to take part in the finance committee hearings in order to explain that the government was making a mistake, with its perpetual improvisation, with its game of pretending to do something about the GST, whereas it had promised to scrap the GST, to abolish the GST, our request was refused. As a result, the bill is riddled with inconsistencies, even practical barriers for businesses. We shall return to that point later.

As for the improvisation I referred to, even this week when we undertook examination of Bill C-70 at the report stage, we did not even have the bill as amended by the committee available to us when we started our examination. That takes the cake. This is a solemn institution, with a government that claims to be responsible, and, when Bill C-70 is studied at report stage, we do not even get the latest amended version of it. I think Liberal members are so stricken by pre-election fever that they forget to do their work properly. Lucky for them they have an official opposition that looks after the interests of Quebecers and Canadians while this fever rages.

Not only is the government continually improvising, it is diverting taxpayers' attention in this bill. Why? Because the bill talks about harmonizing in a small part of the country: three maritime provinces at a cost of \$1 billion, we must not forget. It is too awful for us to keep silent on this political compensation.

They are hiding the truth. It is not the truth to say that harmonizing is necessary in the maritimes, and this will provide an example for the future. The truth is that the government made a commitment to abolish the GST. The commitment was not made by the rank and file of the Liberal Party. The Deputy Prime Minister, who made a big production of her resignation and re-election at the cost of half a million dollars, had promised her government would abolish the GST. So did the Prime Minister. We must not let this be forgotten, because we will soon be going to the polls, and the people will remember that, when the Prime Minister makes a promise, he will not necessarily keep it, because he can say whatever he likes and do the complete opposite once he is in power.

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• (1050)

The people will remember. They will remember that, during the election campaign, the current Prime Minister said, and I quote: "We will scrap the GST". Scrapping does not mean harmonizing and it certainly does not mean paying \$1 billion in payoff to the maritime provinces in order to come out smelling like a rose in the matter of the GST.

The people of Canada and Quebec will remember as well that the Prime Minister said on May 2, 1994: "We hate this tax and we are going to eliminate it". They will remember each time the Prime Minister opens his mouth to make a solemn commitment, as we have seen regularly since that famous evening in Verdun, the first referendum evening when he made a slew of commitments he did not keep either. People will know that the Prime Minister's commitments are not worth the microphones he utters them into.

The Liberals, the government, the Liberal Party of Canada have a very selective memory on the subject of Bill C-70, and the comments I heard earlier from my colleagues prove it. First, when they were in opposition, the Liberals got themselves in a great state. My colleague from Sorel remembers that, because he was a member of the Conservative Party, which was in government and which set up the GST.

In their minority report, a report dated November 1989, when they were in opposition, the Liberal members of the Standing Committee on Finance stated, and I quote: "It is the position of the Liberal members of the finance committee that the Conservative goods and services tax proposal is flawed and cannot be "patched up" in a way that would be fair for Canadian taxpayers". This is a quote from page 262.

What have the Liberals done with Bill C-70? A patch-up job. In the three Atlantic provinces, the existing GST and provincial sales taxes are being replaced with a single tax called HST, or harmonized sales tax. But the fact of the matter is that it is the same tax. It is the GST with a different name, with approximately \$1 billion in bonus for the maritimes. They have done a patch-up job to meet their election objectives. They have made a partisan patch-up job at public expense, at the taxpayers' expense, with the taxes paid to the federal government every year.

Here is another quote from the Liberal minority report, at page 277, regarding the fact that the new harmonized sales tax would be included in the sales price. I may have failed to mention this detail. The maritimes tax harmonization scheme provides for the new 15 per cent tax to be included in sales prices.

Coming back to the minority report tabled by the Liberals in 1989, at the time when the goods and services tax was established and the Liberals were in opposition, let me quote from page 277 of the minority report, which stated: "The great danger of making the GST a hidden tax is that it would be much easier for the

government to raise the rate in the future". In those days, the Liberals opposed tax inclusive pricing, arguing that the Conservatives would do everything they could to raise the tax without anyone noticing. The Liberals are doing that very thing. That is incredible.

I would like to bring to the attention of the public another quote from the report of the Liberal minority, which was in opposition at the time. They were sitting then exactly where we are sitting today. Regarding tax reform, the Liberals said, and I quote from page 300 of their report to the finance committee: "Sales tax reform cannot be undertaken independent from income tax reform, corporate tax reform, social welfare reform or independently of the other levels of government. Canada is in need of an overall tax reform that encompasses all forms of taxation and all levels of government".

Not only did the Liberals not abolish the GST, but they have not undertaken any overall income and corporate tax review.

• (1055)

We had to nip at the heels of this government for three and years, and we had to submit ideas and analyses ourselves to reform individual and corporate taxation, as was done in November for businesses and just recently for individuals. The official opposition had to do the government's job as regards tax reform, because the government is not doing its job. It even goes against its own vision, doing exactly the opposite of what it claimed it would do when it sat in opposition. As for the participation of other levels of government, we know what to make of it.

Officials representing the governments of Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia were literally pushed aside. Why? Because this is a bill providing \$1 billion in compensation, something which is unacceptable to officials representing Canadian provinces other than the maritimes, including those from Quebec. It is unacceptable because the government takes money paid by the taxpayers from all these provinces to compensate the maritimes through a local harmonization process. This is unprecedented. It is obviously a political and partisan measure that makes no sense at all. We have now reached the point where, in order to make local tax changes in the maritimes, the federal government takes the taxpayers' money to compensate the provinces concerned. It makes no sense.

The result is a bill that is in total contradiction with what the Liberals claimed to defend before they took office. It has nothing to do with the tax reform they claimed to support at the time, particularly as regards the GST, a tax which they then claimed to hate. The Liberals said they hated the GST. At the time, they pointed their fingers at the Conservative government and relentlessly attacked its members on the GST issue. All the Liberal members who were there at the time said the GST had to be abolished, that it had to be scrapped, because nobody wanted that tax in Canada. Once they took office, there was no problem any

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more. Not only did they keep the GST, but they are also tinkering with it, something to which they had been opposed at the time.

In addition, with respect to the process surrounding the debate on Bill C-70, we added our voice to that of the Government of Quebec and the governments of certain Canadian provinces and urged the federal government to make public the details of the calculations that prompted it to hand over \$1 billion, or close to \$1 billion, in compensation to the maritime provinces.

Each time, we came up against a blank wall. The government is refusing to make public the criteria behind this compensation, how it was calculated and the figures available for the three maritime provinces. Their refusal to release this information means that there is something to hide. Could it be that the \$1 billion in compensation is not justified? Could it be that a request from the governments of these three Atlantic provinces was thrown on the table and the Minister of Finance responded with this \$960 million subsidy? Could it be that this is nothing more than a partisan agreement, something to show Quebecers and Canadians that the government is working to reform the GST, that it is doing something? Because, by doing something, they are giving the impression that the Liberals are gradually starting to deliver on their promise.

It is not right that \$1 billion of our money has been spent and no details are available about how this amount was arrived at.

• (1100)

I again ask the Minister of Finance, on behalf of the Government of Quebec and the provincial governments who have been asking for this information since the early summer, to make it public. I remind him of this request that he make public the criteria and the method used to calculate this \$1 billion in compensation to the maritimes.

This is not the only bill Quebecers and Canadians will be stuck with as a result of this agreement between the federal government and three maritime governments. Three, five, ten, fifteen, twenty or one hundred years down the road, taxpayers outside the maritimes will also be hit with the ongoing costs of equalization payments.

With your permission, I am going to give a little explanation of the equalization process for the benefit of the public. A province gets an equalization payment if it is determined that its tax base, in other words its ability to collect taxes from taxpayers, is not sufficient to enable it to provide public services equivalent to those available elsewhere in Canada. There is a very complex formula. I would urge you, Mr. Speaker, since you sometimes seem to enjoy the complexity of things, to read a lengthy but very interesting

document put out by the Minister of Finance explaining all the calculations in detail; the technical wizardry is something else.

So when we analyse the tax base and are faced with the fact that in the maritimes the Liberal government purposely made the suggestion, which was accepted, to reduce the sales tax base, we see that equalization will play a greater role in the future than it already does in the three maritime provinces. Let me explain.

In the three maritime provinces, sales tax plus the federal tax on goods and services, the GST, added up to around 19 per cent: provincial sales tax plus GST equalled a tax of 19 per cent on goods purchased in those provinces. In the agreement with the maritimes, this tax is reduced from 19 per cent to 15 per cent. In other words, 4 per cent of potential tax revenue was eliminated.

Eliminating this 4 per cent of potential sales tax revenue of the three maritime provinces will necessarily mean that equalization will play a more important role.

To finish my exposé, in the future, after paying one billion dollars in compensation to the government's three maritime provinces, Quebecers and Canadians will continue to pay through equalization, Quebecers perhaps to a lesser extent because they will be asked to vote in a future referendum on the sovereignty of Quebec, but other Canadians will have to pay in perpetuity for the sales tax forgone by the maritime provinces as a result of reducing total consumer taxes from 19 per cent to 15 per cent.

The Minister of Finance is not advertising the fact. When we asked him about this in the House, he was vague to say the least. He was confident about the positive impact on economic growth and said that the tax revenues connected with his fantastic harmonization agreement with the maritimes would ensure that equalization would not be a major problem.

It is totally unrealistic to say that equalization would not be a major problem and that taxpayers will not pay in perpetuity for this very costly agreement with the maritimes.

• (1105)

According to Bill C-70, the agreement with the three Atlantic provinces could be used as a model for implementing the new harmonized sales tax system, which is nothing more than the GST in disguise. It is just as heinous as the previous tax. They say this could serve as a model for a new consumption tax system in other provinces in Canada. If this is the model, then, as we say, things must be pretty rough.

Even in the maritimes, they are rejecting this new system. This new tax system is going to be a fiasco. In the maritimes, they fear it

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will bring total chaos. If this is the model they want to implement elsewhere, it is not worth much, and the government has problems.

Since the Liberals set aside only three days for finance committee hearings, witnesses from the maritimes willing to come to Ottawa to testify on this bad piece of legislation had to be turned away. As some of them told me, the Liberals thought that, during those three days, the representatives of the three maritime provinces would praise the government, tell them what a good job they had done, and say that they were happy to have the \$1 billion in compensation paid by the people of the other provinces and proud of the agreement and of being used as a model for the implementation of a new tax system elsewhere in Canada.

The Liberals, however, got a great surprise—so did we for that matter. According to the Minister of Finance, this agreement appeared to be well received in the maritimes, and we believed him. We did not take his word, as usual, but we did think there was an element of truth. He believed what he said. He had met representatives of the maritimes, and everything was fine. Even the members from the maritimes said the agreement was a wonderful thing.

During the three days of finance committee hearings, the representatives of the maritimes told us that the bill had to be done over from scratch. The bill could not be used in the maritimes, because of the minister's endless changes. I myself would not do this bill over from scratch. I would pitch it in the garbage.

Why. The answer is simple. The aim of the bill was to improve opportunities for economic growth by promoting consumer spending, which would create thousands of jobs in the maritimes. According to some representatives from the maritimes, the new harmonized sales tax would create so many jobs the affected provinces would not have enough room for them all.

In fact, this tax may threaten rather than create jobs. There are very high costs associated with setting up and managing a new sales tax system. Representatives of large businesses operating in the three Atlantic provinces as well as in other Canadian provinces cautioned us not to proceed. Not only will setting up this new system cost approximately \$100 million, but businesses operating in the maritimes will have to pay between \$90 and \$100 million per year in recurring management costs.

There are no savings. Harmonization may well prove to be a monumental fiasco. Representatives of major organizations like the Retail Council of Canada, whose members are responsible for 65 per cent of the retail trade, told us tax inclusive pricing was a bad idea. According to them, it will confuse consumers and result in additional management costs for retail operations, regardless of their size.

Sears Canada, Woolworth Canada and Canadian Tire—not exactly small businesses—also told us not to implement this system.

They asked that the implementation of the system be deferred because of the incredible difficulties inherent to its setting up and management.

• (1110)

Businesses like Canadian Tire, Woolworth and so on are in the habit—and I think this is normal—of seeking the highest possible rate of return, so they centralize in huge warehouses the goods that will be sold through their many stores across Canada.

Goods are shipped from these large warehouses to the retail stores operated by Canadian Tire, Woolworth and other companies. But before they are shipped, the goods are tagged or labelled. At present, there is centralized tagging for all of Canada, which means that the procedure is the same throughout the country. The tags indicating the retail price are the same in Ontario, Quebec and the maritimes.

But the new system and the inclusion of the new harmonized sales tax in the sales price for the three maritime provinces will change all that. Large chains that warehouse and tag their goods themselves will be forced to put, on one side, goods for sale in the three maritime provinces and, on the other, the goods for sale in the other Canadian provinces and Quebec.

Why? Because the price will not be the same. The retail price of goods sold in these chain stores in Quebec, Ontario, Manitoba and so on, will not include the sales tax, while the price of goods sold in the maritimes will. So, these are two different systems.

They require different accounting processes and different inventory management systems. This means not only a different inventory management system, but also a different management system for the taxes to be paid by these businesses. The stock value is based on the costs of buying goods and on resale costs. Imagine the mess. All this to help but a fraction of the Canadian population. This will result in an increase in overall costs and in a terrible mess.

And the Minister boasts about having set up an extraordinary model. Extraordinary indeed. It is a model that is costing us \$1 billion, that will cost us even more in equalization payments, that will trigger implementation costs of \$100 million for businesses in the maritimes, that will result in yearly recurrent expenses of 90 to 100 million dollars in additional management costs, because managing stocks, prices and the movement of goods in the Canadian provinces will be a terrible nightmare for these businesses.

This is serious. It is no wonder that, on the third evening of January, when the snow was falling and it was really nice outside, the Liberals tabled 113 amendments to their own bill. They do not know what to do. They do not want the charming Minister of Finance, who is a very credible person, to lose face. He could indeed lose face with a bill such as this one. It makes no sense. If, even with a \$1 billion gift to the maritime provinces, the federal

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government is still not able to sell this unenforceable bill, then there is a problem.

I personally told the chairman of the Standing Committee on Finance that it made no sense to table such a bill. I did not get a clear answer from him. I have the feeling that he too is beginning to think the days are long when dealing with Bill C-70.

It came as no surprise when, yesterday, the government displayed an undemocratic attitude that has become something of a tradition in the past three and a half years by imposing closure on this bill. The more we talk about the GST, the more it hurts the government. There is a difference between harmonizing, particularly if it is done improperly as in the maritimes, and abolishing the GST, which is what the government pledged to do.

The more we talk about this bill, the more we analyze it. After all, the government only gave us 24 hours to review this legislation, including its explanatory notes, to make sure the interests of taxpayers are protected.

• (1115)

The closer we look at this bill and the more people we consult, even in the maritimes, the more we are left with the conclusion that you have to be a little strange, to have a brand of logic that perhaps only they understand, to bring in a system of taxation like this one. It makes no sense.

I ask the Minister of Finance, who is listening attentively, to delay implementation of this bill, to listen to the arguments put forward by the maritimes and by the official opposition and the other opposition. It makes no sense to implement a bill like this, that is costly for everyone, just so that he will look like he is doing something about the GST. It is unbelievable, but this is what often happens, more often than not. We therefore formally ask him to postpone this bill.

We agree that politics have changed. A politician can make mistakes. And a politician who makes a mistake and admits it can be forgiven. The Minister of Finance made a mistake; the Prime Minister also made a mistake. He made a mistake with this bill. He has made many since we have known him, but this bill takes the cake.

If the Minister of Finance admits that he made a mistake with this bill, that it is costly, that it is a fiasco, we will probably forgive him, because to err is human, but he must stop feeding us this nonsense. He must stop telling us how wonderful this bill is, when he cannot even convince the people in the maritimes that he is right.

Having given my views on Bill C-70, I would like to take a moment to look at taxes on books.

The government is proudly telling anyone who will listen, and I heard a Liberal colleague crowing about it just recently, that it has

lifted the tax on books. It is true that it has lifted the tax on certain books, but not all. Furthermore, when the Finance Minister tabled his bill, I congratulated him on this aspect of it, but asked him to chuck the rest. I congratulated the Finance Minister on taking a first step by removing the GST on books. But he did not go far enough. He is exempting books bought by institutions of learning. This represents only a small percentage of the books bought in Quebec and in Canada.

We are asking, as we have for years, that the GST on books be eliminated. Even before the last election, my seven colleagues who founded the Bloc Québécois—and I acknowledge the presence of the hon. member for Sorel—battled to get the GST taken off books. They joined forces with the entire literary community of Quebec and Canada to demand that culture not be taxed, that books not be taxed, and that steps be taken to make culture more accessible.

The first seven representatives of the Bloc Québécois—Bloc Québécois: the first generation, they might be called—were the first to rise up in defence of Quebec literary culture, and Canadian literary culture as well. This is somewhat incongruous, but there is something rather incongruous about the Bloc Québécois too. It does, however, fit in well with history until Quebec decides to take charge of itself and declare its sovereignty.

Yet it is somewhat peculiar for sovereignists to be defending Canadian culture, by demanding that the GST be removed from all books and fighting a minister for international trade who is prepared to put it up for grabs by the Americans or anyone else in the world. And it is somewhat peculiar for sovereignists like my colleague for Richmond—Wolfe, the culture critic, to rise in the House and demand that the CBC and the major cultural institutions be given back all the money they have been robbed of in the past three years. All this devastation is caused by the same person: the finance minister, who looks good, winks nicely and just oozes charm, but he can sure wreak havoc.

What we are doing may be peculiar, but we are doing it nonetheless. We are standing up proudly in defence of culture, and we are asking the Minister of Finance—and this is the second time the official opposition is asking him this—to abolish the GST on books, thus giving a boost to the culture he claims to be defending.

• (1120)

[*English*]

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I rise to speak to Bill C-70. The first thing we need to do when speaking to this legislation is to talk about it in context. To do that, we need to go back, believe it or not, about eight years to the time when the current finance minister was seeking the leadership of the Liberal Party.

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At that time if I remember right—I have a newspaper clipping somewhere from the Calgary *Herald*—the finance minister came out four square against harmonization. The reason he was so opposed to harmonization at that point was that he foresaw, quite correctly, that harmonization would make it extremely difficult to ever lower taxes once it was in place.

That is what he said in 1989. I truly believe that what he said is true. What has happened since then demonstrates in a way that I cannot say with words, that the government cannot be trusted on these issues, that it will say one thing and do quite another. The Liberals are more interested in staying in power than in serving the people.

Between 1989 and the election of 1993, we heard over and over members of the opposition, people who currently hold positions of responsibility in the government, people like the defence minister, the Prime Minister, the finance minister and the Deputy Prime Minister, say in one form or another that they were going to axe the GST, they were going to scrap the GST, they were going to abolish the GST.

People who are currently prominent Liberal backbenchers—if that is not an oxymoron—said over and over again that they would get rid of the GST. Many of them had it in their campaign literature. We pointed out in the House who those people are. The member for Niagara had it in his campaign literature. The member for Vancouver South had it in his campaign literature. The hon. member across the way is challenging me on this. I have given him some names and I trust that he will check this out so that he knows how he is being duped by his own party.

We all recall a few days before the last election campaign—I do not think the member across the way will deny this—that the Deputy Prime Minister appeared on national television and said that if the GST was not scrapped, axed and abolished, she would resign. She said it on national television.

In the days following the election campaign, all of a sudden the government did a complete 180 degree turn on those types of promises. Members across the way will say that on page 22 of the red book it states that the Liberals were only going to replace the GST.

The Liberals said one thing in the red book, of which approximately 70,000 copies were distributed. They were saying something completely different when they got on national television where millions of people were watching. It was probably the only information most people got on the Liberal platform because that document had so little circulation for very good reasons. On the one hand the current government was saying one thing and on the other hand it was doing another thing.

Let us fast forward a little. It was well into the government's mandate when it started to finally feel the pressure of all the promises Liberals had made and had used to lever themselves into

power. They had made a ton of promises about these things. I see my friend from Broadview—Greenwood is here. He remembers this very well. Those promises were catching up to them.

• (1125)

Finally, after an embarrassing situation here in the House where government members had to vote against scrapping the GST, even though that was the promise many of them had made on doorsteps across the country during the election campaign, the Deputy Prime Minister, after polling her riding, saw that it was safe for her to resign because she knew she could be re-elected again, and resigned. It cost the country half a million dollars or something like that, but finally she did resign. She was subsequently re-elected. We all know that. I think that was a disappointment to Canadians who felt that if she resigned she should not run again.

While all that was happening, the government was going through all kinds of machinations to make a deal with Atlantic Canadian premiers. It offered them a backroom deal of \$1 billion if they would come on board to be part of a harmonization deal.

People will remember that the provinces were not exactly lining up to come on board and sign a harmonization deal. The government did talk about a harmonization deal but all of the provinces said that there was no way they wanted to be part of it. That was until the government put \$1 billion on the table. Is it not funny how \$1 billion will change attitudes, especially when that \$1 billion is designed for Liberal premiers in Atlantic Canada?

That was the second time in this sorry saga that the people of Canada had been let down. They had been let down initially when they were told that the GST would be scrapped and it was not. The second time was when a backroom deal was cut with Atlantic Canada premiers and people were left out in the cold. Despite the fact that in Atlantic Canada this deal was going to fundamentally affect their lives they had no say. It was \$1 billion, and the people of Atlantic Canada were left out.

That is not where this tale ends. We wish it did but it goes on. The government said it was going to introduce HST legislation or as it is euphemistically called in Atlantic Canada BS tax legislation. That was done on December 2, 1996. It was only days after that when the Prime Minister appeared at a town hall meeting and he was still in denial. I guess the Prime Minister is so cocooned, so distant, so disconnected from reality he still cannot get it through his head that what he said in the days leading up to the election campaign were words that people had actually counted on him fulfilling.

He appeared at the town hall meeting. He actually chided a young woman from Montreal, Johanne Savoie, for having the nerve to try to hold him accountable for his promise. He said to her: "Tell me when you heard me say that I would scrap the GST". Much to his chagrin she did exactly that. She told him that she had seen him on television. She told him that she had heard him on the

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radio. He denied it but the CBC reported seconds later on a newscast that indeed he had said those things.

The Prime Minister was caught. He was hung on his own words. Again the Prime Minister was in denial. He was trying to tell people that he had not said those things when in fact he had. I wish I could say that the Prime Minister saw the error of his ways, apologized and said that he would not do that again and it was wrong for him to do that, but he did not. The whole thing continues on. The sorry mess continues.

After that the government in its wisdom decided that not only was it not going to allow people the chance to be involved in having a discussion about the \$1 billion that went to Atlantic Canadian premiers, and people were not going to be allowed to hold the government accountable on breaking a promise to get rid of the GST, the government was not going to even allow people from Atlantic Canada to come to hearings on the GST.

During hearings in January, I moved a motion that hearings be extended and moved to Atlantic Canada so that the people there could have a say on this issue. I would say that unless people have that opportunity, we have at least taxation without consultation if not taxation without representation.

• (1130)

I know there were some hon. members opposite, and at least one from Atlantic Canada, who said "I am sensitive to the fact that people in my region should have a say in this. I am going to advertise and we will fly them from Atlantic Canada to Ottawa". In other words, in her situation, because I guess she felt that she could only push her luck so far with her colleagues, she was trying to do what she could.

Certainly that flies in the face of all logic. The finance committee should go to Atlantic Canada to talk to people about a taxation system which will affect their lives in a fundamental way.

We had all kinds of people come forward from business. Provincial politicians came forward. We had people come forward representing groups such as chambers of commerce who said that there were flaws in the legislation. There were things that were wrong with it. They had to come to Ottawa because Ottawa was simply too arrogant to go to them.

Ottawa could not be bothered to go to Atlantic Canada, despite the fact that this legislation is going to have a profound impact on the economic future of Atlantic Canada. That is wrong. It is fundamentally against everything which every member in the House believes in, even if some cannot bring themselves to say it. Just about every member of the House knows that if we are going into a region to say "we are going to change your tax system completely", then those people should have the right to have their say before a committee which has some influence on how the

legislation will be implemented. It is common courtesy. It is common sense. It is something that should happen as a matter of course in a democracy.

Unfortunately Liberal members voted it down. It is shameful. It is ridiculous. I hope that when those members return to their ridings in Atlantic Canada they will come up with an explanation to justify how they could deny their constituents what should be a basic right.

I have talked about the lack of process in inviting input, but that does not mean there were not people who were raising their voices, speaking out against many aspects of the harmonization legislation.

One of the biggest problems people have with the HST legislation is the tax in pricing component. I talked to dozens and dozens of business organizations and people who had grave concerns about the impact it would have on their businesses in Atlantic Canada and, as a consequence of the impact on those businesses, on the people of Atlantic Canada.

People came forward from Carleton Place who said they will close 19 stores in Atlantic Canada if this legislation goes through. There was no caveat on the comment. They said they will do this.

Woolworth's has 125 stores in Atlantic Canada. Those stores fall under a number of different names. It might close as many as 25 per cent of them. Over 30 stores in Atlantic Canada will be closed because of this legislation. It said that some of the things in the legislation and the tax in pricing component will mean extra costs to business. That will mean that all the stores which are marginal, which are barely making a profit, will all of a sudden become unprofitable. Many stores will be facing new leases in the near future and given the choice between signing a new lease or closing the store, knowing that the legislation will mean they are destined to be unprofitable, those businesses will be closed. Obviously the people working in those stores will lose their jobs.

In Atlantic Canada those jobs are precious. People need those jobs in Atlantic Canada. For crying out loud, the unemployment statistics which came out on Friday told us that unemployment in Newfoundland is at 20 per cent. That is a human tragedy of unbelievable scope. However, the government entertains to let businesses close because of its legislation and a part of it is not even necessary to carry forward the great bulk of the legislation to achieve any good that could come from the legislation, according to these businesses.

• (1135)

I have not even mentioned the other businesses that closed down. MMG Management closed a number of stores in New Brunswick, and I believe 72 or 75 jobs were lost as a result. This is not an abstract piece of legislation that has no effect in the real world. I

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can guarantee that the effect is quite profound and I would say for those people who have lost their jobs it is a great tragedy.

That is one aspect of the legislation that people were speaking out against, but again they had no voice in Atlantic Canada, first because there were no hearings in Atlantic Canada and second, I would argue, because a bare few MPs from Atlantic Canada have even bothered to speak to the legislation. I have yet to see one of them stand in question period and go after their own minister, asking why they are not listening to the people of Atlantic Canada on concerns they have with this legislation.

However, it does not end there. There are other concerns that people have. One is that the legislation will mean that a disproportionate impact of the tax changes will fall on the poor in Atlantic Canada. For years the government and Liberals have talked about how they care more. They have tried to assume the superior air. They have tried to take the moral high ground on the issue of compassion and they have tried to tell Canadians they care more. But it is indisputable that this legislation will mean that the people of Atlantic Canada who can least afford it will bear the brunt of the cost of this legislation.

Let me give an example. Children's clothing will go up in cost in Nova Scotia, heating fuel for homes will go up in cost, utilities of various kinds will go up in price, gasoline for cars will go up in price. People who can least afford it will be trapped by this new legislation because they are on a fixed income and do not have the means to make it up.

Contrarily, ironically, a fur coat will cost less; a yacht will cost less. But did we hear members from Atlantic Canada raising this in question period? No. They are absolutely mute on this point. Did the people of Atlantic Canada have a chance to raise this before the finance committee in their home towns in Atlantic Canada? Absolutely not. Again I think the government has let the poorest of the poor in Atlantic Canada down.

There are other problems with this legislation, not what is in the legislation but what is not in the legislation, which is the fulfilment of the promise the government made to end the GST on reading materials. It would be bad enough if it simply did not fulfil the promise, but when it ends up doubling the GST on reading materials, I think that simply mocks the people to whom the promise was originally made.

The don't tax reading coalition wrote to the Prime Minister in the lead-up to the 1993 election and asked him if he would remove the GST on reading materials. "Oh, my, yes", the Prime Minister said. "Yes, we will get rid of the GST on reading materials. After all, we passed that sort of policy at our policy convention". Subsequent to the Liberals' policy convention in 1993 they also

passed another policy in 1995 to get rid of the GST on reading materials. But the GST remains on reading materials.

I know some will argue that they have removed it in some ways for university and libraries. I want to be fair. They have done that, but they have come nowhere near fulfilling their promise. In fact, by introducing the harmonized sales tax in Atlantic Canada they have doubled the GST on books.

Once again we have the Liberal myth versus the reality. The myth being "we are going to get rid of the GST". The myth being "we care about the poor". The myth being "we are going to listen to people". The reality was they did not get rid of the GST, they did not remove it from reading materials. The reality is they raised prices for the poorest of the poor in Atlantic Canada. The reality is people did not have a voice because there were no hearings in Atlantic Canada.

• (1140)

There is even more, and I must comment on these things. One of the things we have heard from the government over and over again is what the finance minister spoke to the other day. He said "we believe in tax fairness". He talked about the tax fairness measures he and his government have introduced since they have been in power.

If you are a taxpayer, when you look at these so-called tax fairness measures, you will be bound to say that this is not tax fairness but a tax grab. In so many cases the finance minister removed legitimate deductions simply so more revenue could be raised. If it were tax fairness the Liberals would have given the money back to Canadians in the form of a lower rate. That would have been fair. But they kept the revenue.

They had a chance to demonstrate that they really believed in tax fairness when members of the medical community, private ambulance services and physicians, said to the government that when the legislation came into place, many people like farmers and pharmacists were able to zero rate GST because they could not pass it on to the people who ultimately consumed the services which in their case would be the provincial governments. They asked to be treated in the same way as others who were zero rated.

There were some wonderfully warm words from the other side that this is important, we need to be fair to everyone, the tax system should treat everyone fairly. But what did the Liberals do? They said no. They said "tax fairness only means that we get more money. We close loopholes", as they call them, "so we can get more money. It does not mean that we would ever give money back to anybody. That would not be fair. We would not want to treat everybody the same, especially if it meant giving taxpayers a break".

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Again the government let people down. It says on the one hand that it believes in tax fairness but on the other hand it does something quite different.

People raised some other concerns with respect to tax in pricing. One of the first people we had before us in our Ottawa hearings three weeks ago was a gentleman who raised a concern about a provision in the legislation that would allow the government to send someone to jail if they inadvertently did not put a tax inclusive price on a chocolate bar or whatever. When he raised this issue the finance committee was in an uproar and everyone said "we will fix this. We will not allow that to happen. That is ridiculous. What happened here? How did this happen? We are going to fix this".

To its credit, the government will no longer send anybody to jail if they inadvertently do not put the proper price on a chocolate bar. What bothers me is the fact that this provision was in a press release that came from the finance department betrays an attitude. It tells us that the finance department and by extension the finance minister are so disdainful of the public on these sorts of issues that they will put things in a press release that they want to be widely disseminated by the media to the public. It speaks of an arrogance in the government that in the past has been the downfall of other governments.

When people raised this, politicians on the finance committee immediately saw this was wrong. They protested against it and it was changed. But my question is how did this get in there in the first place. Why did they have that type of language in the legislation?

• (1145)

At every stage over the last three years we have seen the finance department become more and more aggressive with respect to people who are trying to do their own books. All of a sudden an official from finance or revenue shows up says: "We are going to squeeze every nickel out of you and if you do not give us every nickel, we are going to camp on your doorstep and make life miserable for you". Everybody knows. The government has hired more auditors and tax collectors. It has made life generally more miserable for people who are simply trying to get by and run a business out there, the people who create real jobs.

I think the government went over the line in the harmonized sales tax legislation when it publicized in a press release that a person will go to jail for 30 days if he does not put the proper price on a chocolate bar. It bespeaks an attitude, one I do not think Canadians like. It is an attitude we saw coming from the Prime Minister in the town hall meeting. It is an attitude we saw coming from the Prime Minister in an interview in the *Toronto Star* on the weekend. Frankly, I think Canadians are a little sick and tired of

that type of arrogance and that kind of disdain for regular rank and file Canadians who are simply trying to get by.

I want to say a word about the tremendous bureaucracy the government is putting in place in introducing harmonized sales tax legislation. Tax in pricing is something that simply does not have to be in the legislation in order for the government to carry forward with the bulk of its changes but it has insisted on it being in there. The government has said it has to have it despite the protest from businesses which said it is going to cost jobs in Atlantic Canada.

Businesses said they are going to end up passing on costs of \$100 million a year to Atlantic Canadian consumers and the government does not care. The government said not to worry about it, that it will set up a regulatory regime to make it a little easier for them and it will not be such a big deal.

The government has even come down with guidelines saying to those who want to have catalogues in Atlantic Canada that in their catalogues they must say in type which is one thirty-second of the page in size that the prices do not include provincial sales taxes. Are we now going to see an army of bureaucrats come out with pocket protectors, rulers and magnifying glasses? Are they going to come into Atlantic Canada and sit down and measure the type in catalogues? Are they going to be measuring signs in stores?

The government came up with 20 or 25 different ways of allowing people in Atlantic Canada to comply with the legislation before the government would come down on them for not being in compliance. The end result is we are going to have 20 or 25 different systems.

Consumers are going to be hopelessly confused. What started out as tax simplification is now going to be tax complication. It completely defeats the whole purpose of the legislation. It is ridiculous to be doing it this way but the government, never to be swayed by common sense or logic, decides to boldly go ahead and damn the torpedoes.

I have talked about the process and I have pointed out that initially the government said it was going to scrap the GST and it did not. Then it went ahead with the backroom deal and left the Canadian people out. It gave Atlantic premiers \$1 billion to go ahead with the legislation. Then it refused to have hearings in Atlantic Canada.

I think it is appropriate that this has been topped off with the government now invoking closure on this legislation. Once again it is shutting the Canadian people out of the process. It is saying to the people that elected representatives cannot stand up for the people of Atlantic Canada to point out the flaws in this legislation, to try to get the government to change its mind when so many people have indicated they have grave concerns with the legislation. And here we are debating this legislation for the last time.

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This government has used closure more often than any other previous government. Twenty per cent of the legislation that passes through this House is subject to closure. In other words the government says it is going to shut down debate here in the Parliament of Canada. This is the place where democracy should reign supreme, and the government routinely denies members of Parliament the right to freely express themselves. I think that is wrong.

• (1150)

It was wrong when hearings were not held in Atlantic Canada. It was wrong when the premiers of Atlantic Canada cut a deal with the Prime Minister for a billion dollars and left Canadians out of the process. It was also wrong when the government deceived Canadians about its intentions with respect to the GST.

This movement to introduce closure simply punctuates the sentence. It puts a period on a sentence of anti-democratic behaviour and behaviour that simply does not become mature men and women.

We have arrived back at where we began. I want to make the argument for why this whole idea of harmonization is a bad idea. At the beginning of my speech I pointed out that the current finance minister, the member for LaSalle—Émard, when he was in opposition in 1989 and running for the leadership of the Liberal Party, pointed out that harmonization would make it very hard to lower taxes in Canada. He was prescient. He was dead on. He knew exactly of what he spoke. Political convenience made him change his mind over the years.

There is no denying that harmonization will make it virtually impossible to lower taxes in this country. Let me explain why. There are two major reasons.

The first reason exists in the agreement itself. The agreement states that in order to raise the rate of the harmonized sales tax, it requires only a simple majority of provinces and the federal government to agree and then they can go ahead and raise the rate. However to lower the rate requires absolute unanimity. It requires everybody to get on board and say that they agree to lower the GST, or the harmonized sales tax, or the BST, or whatever you want to call it.

When was the last time we had complete agreement on anything in this country? For crying out loud, we have had the Charlottetown and Meech Lake accords. It is fairly obvious that in a country this big and this diverse it is going to be virtually impossible to get 10 provinces, two territories and the federal government to ever agree on anything let alone lowering taxes which almost never happens in this country.

The finance minister was right in 1989. He was right when he said that harmonization would make it impossible to lower taxes.

I want to make another point with respect to the difficulty this poses in coming up with ways to lower taxes. One of the arguments I would make for not introducing harmonization is that when we have a single rate of tax across the country we eliminate competition between jurisdictions.

One of the great advantages of my province of Alberta is that we do not have a sales tax. Frankly, I think it is because Alberta does not have a sales tax that Saskatchewan's sales tax is not higher than it already is. The same would apply to B.C. People already come across the border to shop in Alberta because we do not have a sales tax. If we go to a single rate across the country, we will not have the type of competition that puts downward pressure on taxes. We need that in this country of all countries. In the G-7 we need it.

I looked at a graph the other day and granted, it was of income taxes. In this particular case it showed the increase in income taxes in Canada compared to the G-7 average. Without a word of a lie, our income taxes between 1965 and 1994 have gone up 1,000 per cent higher than the G-7 average.

No one can tell me that we do not need every mechanism possible to keep downward pressure on taxes in this country. We have had 35 surreptitious, sneaky tax increases by this government alone. We had 71 by the Tories before it. Every year because of what is called bracket creep, the government raises taxes in effect. Any time inflation is below 3 per cent, none of that is indexed. We end up paying probably close to \$2 billion more in new taxes every year.

• (1155)

We have some of the highest taxes in the industrialized world and we need every mechanism, every tool we can find to push taxes down. That is why our party has argued that it is time to have a debate about taxes in this country.

Some people have said: "Let us look at the deficit problem and the debt problem". We agree with that. That has been the Reform Party mantra for 10 years. We have been saying let's balance the budget. But balancing the budget is not the end. It is the means. We have to shrink government and balance budgets so we can have lower taxes which creates all kinds of wealth in this country. That creates jobs, permanent jobs, well paying jobs. That is what it is all about.

We need to have the tools in this country to lower taxes. We do not want to give any government some kind of veto power to keep taxes high. That is what the government is proposing to do not only with this legislation but with future legislation that would have to deal with the harmonized sales tax.

That is wrong. We cannot afford to have higher taxes. Do people in this Chamber realize that in 1996 we had record high taxation which led to record high personal indebtedness, which led to record bankruptcies? There were more bankruptcies in 1996 than in any previous year. For 76 months in a row, as a result of all that

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taxation, we have had unemployment over 9 per cent in this country.

Can there be any question that taxes kill jobs. By now we must have learned that message. If people doubt it, I invite members to look just south of the border to the state of Michigan. Look to Michigan, a state that was part of the rust belt only a few years ago. It elected a new governor in 1990. He introduced 15 tax cuts. Michigan produced 450,000 new jobs between 1990 and 1995. That is more jobs in one state than the entire country of Canada produced in that five-year period. That is 450,000 in a state of what, six or eight million? In a country of 30 million, we could not produce that same amount of jobs.

That is unbelievable to me. It is unbelievable that we have not learned that lesson. The lesson is that taxes kill jobs. If we ever are going to deal with the problem of unemployment, we must learn this lesson. We must get our tax rates down. It is time that members in this place learned that lesson.

I must point out for a moment that our party has introduced a plan that will offer Canadians a way to get to the point where we have lower taxes. We will give people the tool that the government is denying with this GST legislation.

We have said that we will shrink the government. We will get rid of some of the wonky subsidies. We will not hand out money to Bombardier any more. That would not be done under a Reform government. We will not give money to some of the weird and wacky special interest groups who love to grace the halls of Parliament at budget time to cry for more money. They will not get money from the Reform Party. People are just a little sick and tired of giving money to those sorts of people.

We will cut spending for all those departments that more properly belong at the provincial level. We will not have those any more. We will provide Canadians with a government that does about 10 things and does them well. We want a government that focuses on getting the justice system right. Instead of doing 20 or 25 things and doing them all poorly, let us do 10 and do them right. Let us fix the justice system.

Let us fix national defence. It has become a national embarrassment the way the government cannot get a handle on fixing national defence. There is a rot at the top of national defence and we cannot fix it. If we would focus on fixing it instead of spending money on flags or whatever it is we are doing, we could actually do these things. We would be doing the country a great service.

Let us do those 10 things well. Let us get out of certain areas that we are in right now which more properly belong to the provinces. Like welfare. The provinces and lower levels of government have the solutions to things like the welfare problem. They are much more capable of dealing with it than bureaucrats 2,000 miles away. Let us let the provinces deal with those things.

• (1200)

If we shrink government we can balance the budget and give a dividend back to Canadians in the form of lower taxes, \$2,000 by the year 2000. That is what Reformers propose to do. That is the way to help people in Atlantic Canada, in central Canada and in the western part of the country. That is how Reform is going to help people. We will not go around raising taxes or removing the mechanisms to lower taxes. That is what the government has done. That is not our plan at all.

I will summarize by saying that the finance minister was right in 1989. He foresaw that harmonization meant higher taxes. He foresaw that this legislation would simply mean that at some point in the future, when the deficit had been dealt with, it would be impossible to lower the GST to give Canadians the benefit of their hard work.

I conclude by saying that we are opposed to this legislation. I hope that hon. members, in particular those from Atlantic Canada, will see the folly of this legislation and will vote against it.

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, initially there had been an accord that I would be sharing my time, but that has now been changed and I will not be doing so.

I am pleased to have the opportunity to address the House today in support of this bill, which makes amendments to the GST and harmonizes the HST in the Atlantic provinces. I am pleased to do so because I want to try to bring forward some of the more positive features while recognizing that there are difficulties. A model has been put forward that is applicable to other provinces, with the same advantages to other provinces.

No special deal has been set up, as some colleagues would pretend, in order to try to make politics. It is rather interesting when one talks about the Reform Party these days. There are a lot of articles about how much difficulty it is having. It is not unusual to notice why. We have just heard from one of their more moderate members who spent much of his time talking about going to jail for putting a sticker at the wrong place on a chocolate bar. Let us get serious. Would that really happen?

He talked about the arrogance of the Prime Minister. What nonsense. We have one of the most gentle, kind, down to earth prime ministers we have ever had. There is no arrogance. That is the kind of sentiment that Reform wants to put out in order to gain political points.

He talked about Bombardier, which is one of the large, prosperous and significant companies in Canada, and within a few seconds was talking about weird, wacky interest groups and somehow put them together. If you are an interest group, does that make you weird and wacky? No, I think not. I know of a lot of interest groups whose members are extremely well educated and knowledgeable who have specific and important objectives. Just because they

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come to Parliament and to governments to share information and seek assistance does not mean that it is inappropriate, but there goes the Reform philosophy. It puts Bombardier and weird and wacky interest groups all together. That comes from one of their more moderate members.

Is anybody surprised that Reform is having difficulty trying to convince Canadians that it is a serious political party? It does not surprise me.

I recognize that the scrap versus replace debate is ongoing. I understand the position of both groups. I made it my job to do so. However, I think any fair-minded person would recognize, if they took the time to look at it, that this legislation is a big step toward the accomplishment of another of the government's red book promises, as imperfect as it may be.

I want to quote what was in the red book as opposed to what the opposition parties that are trying to make political hay are saying. They recognize that taxes are not popular. They recognize that when a tax is changed, that is the time to try to embarrass the government. There is no serious criticism in trying to make what is happening better, simpler, easier, more acceptable to businesses and consumers. There is none of that. There is simply an attempt to exaggerate items, but they exaggerate to the point where no one really believes them.

• (1205)

I will return to the quote.

[Translation]

A Liberal government will replace the GST with a system that generates equivalent revenues, is fair to consumers and to small business, minimizes disruption to small business, and promotes federal-provincial fiscal co-operation and harmonization.

That is what we said. I realize that in the course of the debate, there are a number of things people may have said. And unfortunately, they may have caused some people to jump to conclusions. That is really too bad.

Suppose we look at what we said officially.

[English]

The broad elements of the final agreement with the Atlantic provinces included—it is important to understand that because therein lies a model which could be applicable to other provinces—a substantial reduction from current combined rates down to 15 per cent in the three participating provinces; a single administration for both federal and provincial sales taxes; tax inclusive pricing so consumers will know in advance of their purchase the exact price

they will pay. For transparency purposes, the tax or rate of tax will be shown separately on the sales slip.

A national approach to interprovincial sales will ensure a level playing field for businesses in the participating provinces. Federal rebates and the GST low income tax receipt will continue to apply under the harmonization agreement.

A key element of the new system is a single set of rules and forms, as well as a single administration. Tax relief for charities and public sector bodies will continue. Participating provinces will provide rebates for the provincial component of the HST to charities and qualifying non-profit organizations.

In each province, municipalities, hospitals, schools, public colleges and universities will receive a partial rebate of their tax.

I believe that businesses in participating provinces will become more competitive at home and abroad. Some have indicated exactly that, recognizing that some people have disagreed with them.

Furthermore, businesses will collect and remit the HST on sales in the participating provinces. This approach ensures that sales tax is collected and remitted in a more effective and efficient manner. Surely we have a commitment to be more effective and efficient. Perhaps the Reform Party does not want that.

Simply put, the harmonized sales tax means a simpler tax system for both consumers and businesses which is more efficient to govern.

I would like to address an issue about which I am pleased with the direction taken. I have always supported and continue to support the removal of the GST from all reading materials. It is a position which I took a long time ago and I have not wavered from it.

I was extremely pleased with the announcement made by the Minister of Finance on October 23, 1996. At that time the minister announced the government's intention to implement a 100 per cent GST rebate on all books purchased by public libraries, schools, universities, public colleges, municipalities, qualifying charities and non-profit organizations across Canada, effective immediately. I have not heard the opposition talk a lot about that.

This change includes all classroom books distributed freely to students by educational authorities. As a result, all books purchased by these bodies will not be subject to the federal sales tax anywhere in Canada.

This rebate affirms the federal government's commitment to support literacy. However, I must confess that I consider the measure to be a partial success as opposed to a total success. This special rebate recognizes the important role played by public

libraries, educational institutions and other community organizations in helping people learn how to read and improve their reading skills, something which has become increasingly critically important in today's society.

• (1210)

Finally, I have received numerous representations from physicians in my riding and from across Canada. The physicians have made what I consider to be an effective case concerning the application of the GST to their practices. Although physicians are treated for income tax purposes as small businesses, they are unable to claim a GST refund on the medical supplies used in the delivery of health care.

I am told that the recent agreement between the federal government and the Atlantic provinces will make matters even worse than they were. I believe that doctors deserve to be treated the same way as any other self-employed Canadian or small business.

As I said at the finance committee meetings which reviewed Bill C-70, I have concerns with respect to the GST and physicians. Officials acknowledged that such difficulties need to be addressed. It continues to be my hope that an equitable solution can be found. Surely there is a solution that is acceptable to both physicians and government. I am seeking a solution that is acceptable to the government and to the doctors. I will continue to play a role to that end if I am requested to do so.

[*Translation*]

Finally, I would like to sum up the benefits of harmonizing the GST. This is not to say there are no obstacles to overcome, no problems. Obviously, the system is changing, and when we change something, we know there will be problems. We cannot anticipate everything, but the benefits are there, and I will mention a few. It is one of the most effective measures for supporting job creation and economic growth in that region.

Some people say we should remove the GST altogether. We would love to be able to do that, and if it were at all possible, that is what we would do. However, we cannot forego the revenue. The Prime Minister and the Minister of Finance have said many times it would be impossible to abolish, to shelve this tax, without replacing it with a tax increase to keep revenues at the same level.

I also wanted to talk about tax cuts, something not often mentioned by my opposition colleagues. For consumers in the three provinces where the tax is being harmonized, this new system will mean a tax cut and eliminating the tax on the tax. That was not mentioned.

The new tax will be better for consumers, business and governments—that is what harmonization is all about—and it will be

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easier for the consumer, because tax will be included in the sales price. What consumers see on the price tag is what they will pay at the cash, but retailers will indicate the tax clearly on the sales slip. Those are the advantages.

Businesses in harmonizing provinces will have only one sales tax administration to deal with and not two; a single group of auditors and not two.

It is a better system for the economy, because the harmonized tax will be more effective from an economic standpoint. It is a national strategy for interprovincial sales to ensure the rules of the game are fair for businesses in participating provinces. Furthermore, federal refunds and the GST credit for low income earners will continue to apply under the harmonization agreement.

[*English*]

I believe that the government is taking a big step forward with this bill, as imperfect as it is. It is a complex bill. It was complex before, it is complex still today and it will continue to be. Clearly there will continue to be challenges and difficulties to surmount. Surely if we are what we pretend to be in this House, we ought to be identifying not only the problems, not only the hurdles, not only the challenges, not only the insensitivities if they exist, but also the solutions to correct it. I have not heard that.

• (1215)

I have heard gross exaggerations that they will remove the tax and they will do this and they will do that and then they will do this and that and this and that, knowing full well there will never be an opportunity for them to do it. It is very easy to promise everything when you know you are not going to have to do it. But where is your responsible behaviour when you look at a piece of legislation and you are unable to look at not only the difficulties but the merits; when you are able to identify not only the problems but to suggest corrective measures as opposed to empty exaggerated rhetoric that attempts to aid a drowning party and somehow lift it up? That is what is happening here.

I personally look forward to the signing of agreements of this nature across the provinces. I am hopeful my colleagues will use their resources, their knowledge, their insights in order to make this legislation even better than it is. If they were to do that, they would be helping consumers across Canada. If they were to do that, they would be helping business men and women across Canada. If they were to do that, they would be helping our country, which is already number one on a number of measures, become even better, stronger, more united, more oriented toward helping each other as opposed to being pecky and picky and attempting to destroy the very fabric that holds us together.

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[Translation]

Mr. Nunez: Mr. Speaker, I rise today to speak at third reading of Bill C-70 concerning the so-called replacement of the GST, the goods and services tax.

[English]

Mr. Silye: Point of order, Mr. Speaker.

The Deputy Speaker: The hon. member for Calgary Centre is going to say that the Bloc just spoke and therefore it should be him.

Mr. Silye: No, Mr. Speaker, I just wanted to ask a question. Are we not under questions and comments? When does that kick in?

The Deputy Speaker: It does not. At this stage of the debate there is not 10 minutes for questions or comments.

Mr. Silye: Mr. Speaker, under orders of the day it says that after three speakers, one from each party, we go to questions and comments after 20 minute interventions.

The Deputy Speaker: Thank you very much my hon. colleague. Just give me a moment and I will check that.

I am most grateful to my hon. colleague for Calgary Centre. There was an error by the Chair and in fact the hon. member for Calgary Centre is quite correct. There is a 10 minute questions and comments period. I call on the hon. member for Calgary Centre.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I do not mean to interfere in the debate but the member will get his chance and so will we.

I would like to ask the hon. member from the Liberal Party who just gave his speech to comment on a couple of things within his speech.

First, I would like to comment that members of the Liberal government, including the Prime Minister, always say that they are number one and that by a number of different lists they are number one. Do you not think, Mr. Speaker, that anybody could be number one in any profession, in any business, if they could borrow for 30 years and just let that debt continue to grow and invest anywhere in the world and let that debt continue to grow and be number one in anything?

• (1220)

The government fails to recognize that the real problem is the debt which we are not making any payments toward. This government is adding to the problem a little more slowly than the previous government, but it is still adding to the problem. That is what I have to say about this number one issue.

Back to the debate on Bill C-70. The member referred to two things, one was that this bill is imperfect. I would like him to outline where he feels this bill is imperfect. It is his responsibility

to tell the people of Canada where he as a member of the government side thinks this bill is imperfect.

I would also like him to comment on the justification for already spending a billion dollars on this movement. The bill does not even come into effect until April 1, 1997, yet this government with last year's revenues has already dished out, paid under the guise of transitional costs although it has not even transitionalized—if that is a word—close to a billion dollars.

I would like the member to comment on where this bill is imperfect and the transitional cost of a billion dollars.

Mr. Duhamel: Mr. Speaker, I welcome the question. I thank my colleague for making the intervention to the Chair and subsequently to me because it gives me an opportunity to respond to the questions that were raised.

For that member or any member, particularly a member of the Reform Party to suggest that we are number one on any number of measures because we have borrowed is virtually scandalous. We are number one because we are Canada. We are number one because we are Canadians. We are number one because our aboriginal peoples from the beginning of this country have contributed to its greatness, because the English and the French and Canadians from virtually every single country in the world have come to contribute their talents, their energy and their efforts to make this country the country that it is.

He suggested that we have become number one because of previous governments with which he is very sympathetic and if my memory serves me correctly, he wanted to run for a particular government that had the same label as the one that preceded this one which doubled the debt. To suggest for one moment that we are number one because we borrowed is scandalous. I am surprised and disappointed because I have a lot of respect for that member. Frankly as I see some of the more moderate members making some of those grossly exaggerated, insensitive inaccurate comments, I know where they are going: down, down, down.

With respect to the imperfect bill, there are a number of imperfections. There are difficulties with respect to advertising. There are difficulties. For example, a particular item might cost \$9.99 and with the tax it would be beyond that. People have in their minds that they are buying a \$9.99 item. There are many others. My colleague probably read—I hope he did—the various testimonies from the literally hundreds of groups that drew various points to our attention and that wanted them corrected. These are in the process of being corrected.

There is virtually no piece of legislation that does not improve after men and women of sound mind and good intentions have looked at it in a co-operative way in order to make it better for the people they represent and serve. Is that astonishing? It would be extremely astonishing if legislation of that magnitude and impact did not undergo refinement. In fact it would never happen. My

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colleague knows that and he knows it full well. It is an attempt to try to embarrass the government, but it is not going to work.

We are talking about all of these dollars that have supposedly been spent. Does my colleague suggest they have been spent for naught? Does my colleague suggest that we spent that to have fun? Does my colleague suggest that we spent that irresponsibly? Where is the proof? Of course not. Changing any system is expensive and he knows that. He knows that changing any system is expensive but he will not acknowledge it. I find that most unfortunate, most most unfortunate. It is to help with the transition and he knows it.

• (1225)

Mr. Silye: Mr. Speaker, the hon. member refers to this billion dollar payment, or \$961 million, as supposedly spent. The proof is that it is in the public accounts for last year. The money has been spent. The finance minister included it, against generally accepted accounting principles I might add, in last year's expenditures. It is there. The money has been given to those three provinces. For what? Why? The bill does not even come into effect until April 1. The finance minister is borderline on breaking conventional accounting practices and that is my proof.

Mr. Duhamel: Mr. Speaker, I find it shocking that my colleague would suggest the Minister of Finance is breaking rules and regulations that have been established. I do not believe that. Canadians do not believe that. The Minister of Finance is one of the finest Ministers of Finance we have ever had. He is one of the people whom I admire the most because he does toe the line. He is aware of the rules and regulations. He follows them.

For my colleague to suggest that because a bill comes into effect on a certain day and there are no expenditures before shows a lack of understanding of the political process, of the implementation process. I thought he was a business person, I would even add of business principles. That is shocking, absolutely, totally, completely shocking.

Mr. Silye: Mr. Speaker, as a business man it would be improper for anybody to load up front a billion dollars in any business venture before the whole deal takes place.

This has cost the Canadian taxpayers one billion dollars already. Now it is going to cost corporations the transitional cost for their computers, their point of sale equipment. I am glad he is getting coached by the member from the finance committee because he is going to need it.

The business aspect of this deal is that now that the taxpayers have paid up front, front end loaded a billion dollars, the retailers and the businesses will have to pay to change their computers and to change all this mixed up tax included pricing. After that is all in

place, then guess who will have to pay some more after that in a year or two, starting in April. The consumers will have to pay more on goods and services that the GST never applied to. There will be three people paying a lot.

As a business person I would never have entered into this kind of arrangement. It is piecemeal, ad hoc and irresponsible.

Mr. Duhamel: Mr. Speaker, I wish we could continue this exchange because the more questions my colleague asks, the more he and his party are falling at this point in time.

I cannot believe my colleague would not recognize that we had an agreement signed much before April 1. He forgets that. He conveniently forgets it I suspect, because he is quite a bright fellow actually.

With respect to the way he suggests we have spent the money, front end loaded, he uses expressions. I wonder if he could define them for us. It would be very helpful to Canadians because most of them do not know what he is talking about.

He knows that that money was needed. He knows that that money was spent responsibly. He knows that we had an agreement well before April 1. He knows that the Minister of Finance and his colleagues have done a tremendous job on an extremely complex issue.

If he will recant, I hope he will give an address and do nothing but point out some of the positives of this piece of legislation. At the same time he should indicate what he might do in order to prove it as opposed to making grossly exaggerated, insensitive and wildly inaccurate statements.

[*Translation*]

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, I hope I will not lose my temper like the previous speaker. I am pleased to speak to Bill C-70 concerning the GST. This bill proposes a so-called replacement of the GST by the HST, or harmonized sales tax.

This is basically the same tax, in the same amount. Nothing is changed, really. I would like to draw your attention, however, to the attitude of this government that does not fulfil its promises.

• (1230)

We have here a glaring example of a promise unfulfilled by this government. They had made an election commitment to eliminate, kill, abolish the GST. "We will scrap the GST", said the current Prime Minister on television when he was running in the election. "We hate this tax and we will kill it".

In a minority report dated November 1989, the Liberals, then in opposition, stated: "It is the position of the Liberal members of the finance committee that the Conservative goods and services tax

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proposal is flawed and cannot be 'patched up' in a way that would be fair for Canadian taxpayers".

The Prime Minister has tried to make the public believe that he had never made any promise of the sort. But the evidence is there, television was there. He was forced to recognize it, after a waitress questioned him about this toward the end of last year and after being taken to task in an editorial published in the *Globe and Mail*.

The Minister of Canadian Heritage was forced to resign her position as a member of Parliament over this, and this has cost the taxpayers \$500,000. The hon. member for York South—Weston, who is an honest man, left the Liberal Party of Canada, accusing it, that is the government, of not having fulfilled its commitments. Indeed, it is the members opposite, government members, particularly those who hold ministerial responsibilities, including the Solicitor General, the Minister of Health and the Minister of Public Works, who fought this tax when it was introduced in Parliament by the Mulroney government.

Voters will not forget what this government did. They will not forget that it has not kept its word in this case, but also regarding other issues, including job creation. This is one of the most negative things about this government, which was elected under the slogan "jobs, jobs, jobs". There is also another issue concerning which the government did not keep its word: the funding of the CBC.

Today, with Bill C-70, the government is seeking to harmonize the GST with provincial taxes. However, it is already costing the federal government \$1 billion to harmonize the GST in the Atlantic provinces. The government refuses to provide the same financial assistance to the Government of Quebec, which is in the process of spending \$1.9 billion to harmonize its tax with the federal one.

Like others in the Bloc Québécois, I would like to say and to repeat this: there can be no sales tax reform without an in depth review of personal and corporate income tax, and without the participation of the other levels of government.

It is imperative that Canada undertake a tax reform that will include all forms of taxation, at all levels of government. For three years now, the Bloc Québécois has constantly been raising the issue of taxation. Two reports proposing excellent recommendations were tabled.

• (1235)

The first, which was tabled last November, examines corporate taxes. The second looks at individual taxes and was tabled in this House a few days ago.

The Bloc Québécois firmly opposes family trusts and tax havens. We also defend the interests of Canadian and Quebec taxpayers. We proposed an overhaul of the corporate tax system. The federal government could recover up to \$3 billion annually by eliminating certain outmoded, ineffective and unfair tax expenditures. This money could then be used to help businesses create jobs.

Tax expenditures allow businesses, particularly large ones, to reduce the taxes they pay to Revenue Canada by quite a bit, sometimes to eliminate them entirely. The cost of these tax expenditures is estimated at over \$9 billion annually, according to the latest figures from the finance department.

These billions of dollars in uncollected taxes represent an additional tax burden for taxpayers and other businesses that do not benefit from these tax deductions.

It is useful to point out that the percentage of federal tax revenue from corporate income tax has fallen considerably over the last 30 years. It dropped from 23 per cent in 1961 to 9 per cent in 1995. Canada is one of the G-7 countries with the lowest corporate taxes. It has also ranked well below the average for OECD countries consistently since 1965.

Given the current job market difficulties, the goal of corporate taxation should be to maximize the creation of sustainable and meaningful employment, while ensuring that financing of public services is shared equitably by corporations and individuals.

The tax system must encourage businesses, particularly SMBs, to create jobs. It is important to emphasize at this point that it would still take over 800,000 more jobs in Canada to match the situation in 1989, before the recession.

Official unemployment rates are still scandalously high, 9.7 per cent in Canada and 12.2 per cent in Quebec, according to Statistics Canada figures released a few days ago. Why is Canada unable to lower its unemployment to 5.4 per cent, as the U.S. has done? It must be pointed out that, in the public sector alone, 200,000 federal and provincial public servants have lost their jobs in the past two years. This is unbelievable.

The government lacks control over intercorporate dividends, which means that some companies with branches in tax havens such as Barbados are able to minimize the tax they have to pay by doing some tax planning. They maximize their profits via means that are unproductive to both the government and society.

According to the auditor general, this tax loophole appears to have cost the taxpayers the modest sum of \$240 million in 1992 alone. The Bloc Québécois recently tabled its second report on personal income tax, a system which currently favours the most advantaged people in the country.

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The federal government currently pays out \$77 billion in tax expenditures to individuals annually. By introducing greater progressivity, the Bloc Québécois has identified \$2.5 billion that could be recovered by doing away with, or tightening up, tax expenditures that are deemed unfair. Obviously, it would be the low and middle income taxpayers who would benefit from this revision.

• (1240)

The federal government has been in power for over three years. The actions it has taken to make the taxation system fairer and more progressive are lamentable. The Minister of Finance is holding up corporate tax reform unduly. What is more, he is refusing to undertake any serious study of the personal income tax system. He does not dare attack tax advantages which run the risk of upsetting the friends of the Liberal Party.

The Bloc Québécois is addressing the federal tax system in a concrete manner in order to make it more equitable, more progressive and more focussed on job creation.

For instance, one concrete measure would be to abolish outright a privilege that is now obsolete: the tax free salary and other remuneration paid to the Governor General by the federal government. This is an anachronism, because today, even the Queen of England has to pay income tax.

The Bloc Québécois suggested that part of the resources in RRSPs be spent on fighting unemployment. An RRSP-employment program would allow a person who is unemployed to withdraw part of his RRSP without penalty for the purpose of starting up a business. Now that is a great suggestion by the official opposition, the Bloc Québécois, that would create jobs. The Minister of Finance should include it in the budget he will bring down in this House on February 18.

We also suggest raising the maximum for investments in a labour sponsored fund. The Liberals reduced this maximum from \$5,000 to \$3,500 in the 1996 budget. However, these funds have had a positive impact on economic development and job creation. The maximum should therefore be raised to \$5,000.

Last October, I attended a meeting of the finance committee which heard submissions from representatives of venture capital corporations. These included Fernand Daoust and Pierre Laflamme, for the Fonds de solidarité de la FTQ; Jim Cambly for Working Ventures Canadian Fund; Earl Storie, for Vengrowth Investment Fund; David Levi, for Working Opportunity Fund of British Columbia, and Jim Delaney for First Ontario Labour Sponsored Investment Fund.

Labour sponsored venture capital corporations administer a total of \$3 billion. They exist in practically every region in Canada.

These investment funds are sponsored by the labour movement. Capitalization is provided by a vast number of shareholders, mostly workers. The federal and provincial governments give tax credits. The purpose is to protect and create jobs, stimulate regional economic development, and provide training for workers and shares in the company supported by their money. We all know that unemployment and job insecurity have become a fact of life in our economy.

The Fonds de solidarité of the FTQ is the oldest labour sponsored investment fund in Canada. It was set up in 1983 and for 14 years injected one billion dollars into small businesses in Quebec, thus helping to save or create about 45,000 jobs. These funds warded off a final shutdown at the Kenworth company in Ste. Thérèse, Quebec, and protected hundreds of jobs held by members of the CAW.

I want to take this opportunity to pay tribute to the FTQ, the labour organization where I worked for 19 years, on this its 40th anniversary. In fact, it was on February 16, 1957, in Quebec City, that delegates of the Fédération provinciale du travail du Québec and the Fédération des unions industrielles du Québec founded the FTQ. This merger brought together trade unions and industrial unions.

At the time, the labour movement was very active and fought the Duplessis government which since 1944 had been actively anti-union.

• (1245)

It must be pointed out that, in actual fact, the FTQ is far more than 40 years old. Its origins go back to the end of the nineteenth century. It builds on the old traditions of a combination of European and North American trade unionism, and is the heir of the rich history of the international labour movement.

Today, the FTQ represents 480,000 people working in all sectors and all regions of Quebec. In addition to doggedly defending the interests of wage-earners of all backgrounds, the FTQ also battles for the sovereignty of Quebec and for its membership's right to work and to live in French. On behalf of the House of Commons, I wish the FTQ, my labour congress, all the best on its 40th anniversary.

My colleague from Saint-Hyacinthe—Bagot was saying just now that the government is ramming this bill through and taking an undemocratic attitude by preventing discussion on this highly complex bill. It is close to 300 pages in length, and thrown together any old way.

He also referred to the pre-election fever the government is trying to turn to its advantage, particularly in Quebec. According to the latest surveys, the Bloc Québécois has 49 per cent of public support, and the Liberal Party of Canada only 39 per cent.

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I would like to touch on the meeting held in my riding of Bourassa this past Sunday. It confirmed the nomination of my long time opponent Denis Coderre as the next candidate for the Liberal Party of Canada in my riding. I defeated him in 1993, and will have no trouble doing so again in the next federal election.

The riding's provincial representative, Yvon Charbonneau, was present at this meeting. I would remind you that he used to be a trade unionist like myself, but he renounced those convictions somewhat by joining the Quebec Liberal Party, which had imprisoned him and other union leaders in 1972. Mr. Charbonneau was quoted as saying: "In this riding, we have a Bloc Quebecois member, Osvaldo Nunez, and we want to get him out of here". Such arrogance!

With all due respect to my provincial counterpart, I wish to tell him that it is neither he nor his party who will push me out of my riding. These words do not scare me, nor do the racist attacks against me by my former and current Liberal opponent in Bourassa, Mr. Coderre, and by the former federal Minister of Human Resources Development, now the Minister of National Defence.

The three provincial Liberals supporting the Liberal candidate on Sunday were called to order by Jonathan Sauvé, president of the Quebec young Liberals. He wanted to remind them that the Liberal Party of Quebec had to remain neutral in the next federal election campaign. Mr. Sauvé also said that the provincial Liberals must not team up with any federal political party.

The Quebec Liberal Party youth commission revealed its intention not to campaign for the Liberal Party of Canada. Mr. Charbonneau thus appears at odds with the calls for neutrality issued by his leader, Daniel Johnson.

Jonathan Sauvé added yesterday that they had spent much of the past year explaining to Quebecers that the QLP was not a branch office of any other political party.

Bill C-70 is not acceptable to the people of Canada, to the people of Quebec and, especially, to the people of Bourassa. It is unfair. It is a bad bill. It is a half baked bill, and I will vote against it.

• (1250)

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I would like to ask the hon. member from the Bloc to tell the House what he thinks about the comment of the member for St. Paul's who also wants to ask a question. Earlier today and also yesterday, in defence of the harmonization or blended sales tax, BST, the member for St. Paul's used Quebec as an example and said that if it is good enough for Quebec it should be good enough for the rest of Canada.

I would like to know what is the Bloc's response to that kind of justification for the rest of Canada and all taxpayers to spend a billion dollars just in three provinces. How and in what way would he react?

[Translation]

Mr. Nunez: Mr. Speaker, as the hon. member has just said, Quebec harmonized its tax in 1991 and asked nothing of the federal government.

Today, we realize that harmonization cost nearly \$2 billion. We say that, if the federal government is prepared to pay \$1 billion to the Atlantic provinces to harmonize the federal tax with the sales tax of these three provinces, why would it not pay Quebec the amount it is asking for?

This takes nothing away from our statement as representatives of the Bloc Quebecois or the speech I made to the effect that this bill was hastily thrown together, is bad and unfair, and is one we will vote against.

[English]

Mr. Silye: Mr. Speaker, I have a brief question for the hon. member of the Bloc. If the Government of Canada were to offer Quebec a billion dollars would it then agree to drop its plans to secede from the union and stay in Confederation?

[Translation]

Mr. Nunez: Mr. Speaker, the question is totally irrelevant. In any case, I can tell you that the sovereignty project in Quebec cannot be bought. We would not drop it, even if the government gave us \$2 billion. I must add that we send \$30 billion every year to Ottawa.

The sovereignist project is a political project, a social project that arises from the hearts of Quebecers in response to the deep aspirations of the people of Quebec. It will go on until Quebec becomes a sovereign country.

[English]

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am very pleased that the hon. member for Calgary Centre actually asked a question about this bill because prior to that it was very confusing. The member for the Block appeared to be talking about the Quebec provincial election. I have to remind him that this is the Parliament of Canada and we are debating federal legislation here not the situation in his riding for the provincial election.

The hon. member talks a lot about tax rates. Does he think it is at all important to have in mind how personal and corporate tax rates in this country compare to other jurisdictions? Does that have any impact on the prosperity of this country and is that a legitimate thing? Does he know what our position is and our tax rate is versus

our major trading partner or anyone else for that matter? I would like to hear a comment from him about comparative tax rates and the importance of that.

I also wonder whether he might comment on some of his colleagues in Quebec City who said, during the last referendum, that if Quebec were to separate it would become a tax haven with extremely low tax rates to attract investment, both corporate and individual.

While the member rails against the government, I suspect he may not know much about comparative tax rates and certainly not much about what is in store from some of his colleagues in his own home province of Quebec City who talk about Quebec becoming a tax haven.

• (1255)

[Translation]

Mr. Nunez: Mr. Speaker, everyone knows that it is very difficult to compare tax systems internationally. On the whole in Canada and Quebec, the tax system favours business. Corporate taxes are much higher in some countries than they are in Canada, and in Quebec naturally.

In a sovereign Quebec, I think it will be much easier to set up a much fairer tax system, one that is much fairer for individuals and corporations, one that stimulates job creation.

For example, as I mentioned earlier, the labour sponsored investment fund has contributed hugely to job creation in Canada and, particularly, in Quebec, and we will promote this fund in a sovereign Quebec. Right now, all the federal government is doing is cutting some of the credits to these funds, which runs counter to its job creation policy.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): I congratulate the hon. member for doing such a good job of explaining the Bloc's analysis of Bill C-70 and answering our colleague's question on taxation in a sovereign Quebec.

Perhaps he should have added—it was an omission on his part, I am sure—that the federal government started by offering its own vision of taxation, of how to make it fairer and more equitable. I think the Liberal Party should take a good look at itself before talking about what the tax system should be like in a sovereign Quebec.

I have a question for the hon. member for Bourassa. How does he explain that, when Quebec harmonized its sales tax with the federal sales tax in 1991, no compensation was paid to Quebec, while it should have been entitled to \$2 billion? In his opinion, what was the finance minister's motivation for giving the maritimes \$1 billion just like that?

Mr. Nunez: Mr. Speaker, in a nutshell, there is no justification for paying huge amounts to three Atlantic provinces to harmonize their taxes. All taxpayers in Canada and Quebec will have to foot the bill, at a time when this government is telling us that the deficit

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must be tackled. It seems unreasonable to me to grant this \$1 billion subsidy to the three Atlantic provinces.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I am surprised that the Liberal member for St. Boniface, who has proven to be very aware, intelligent and with it, was not on the issue that the government has already given \$1 billion to three of the Atlantic provinces for harmonization. In fact, the payment was made out of last year's funds. The payment was criticized by no less than the auditor general because a final agreement had not been signed. It was only a letter of intent. The auditor general said it was a very dangerous precedent to be set by a finance minister for future years. It is on the borderline and is construed and believed by a lot of people to be against generally accepted accounting principles.

The member for St. Boniface just proved by his speech and lack of knowledge what the first speaker from our party, the member for Medicine Hat, pointed out earlier, that the Liberal members of Parliament are being duped by the government and by the finance minister on this issue.

Here we have the situation in Atlantic Canada. Canadian taxpayers have already spent \$1 billion to get rid of this GST. To help the Liberals keep their promise we have now paid \$1 billion to three Atlantic provinces. Retailers and businesses estimate they are going to spend upwards of \$100 million. They presented these numbers to the Standing Committee on Finance. This is not a number I am making up, nor am I exaggerating, it is their number.

• (1300)

Third, starting April 1, 1997 the consumers of Atlantic Canada are going to see how this affects their pocketbook. I do hope the Prime Minister does call an election for June because after three months of paying at the tills and seeing how this whole fiasco affects them, there will be a groundswell against the Liberal Party. It will have overestimated its popularity in the polls. There will be a new groundswell for a party that does offer a true alternative, a true choice and a fresh start for Canadians.

With that introduction let me get into some of the main elements of Bill C-70 at third reading. In direct contradiction of Liberal Party members who have their speeches written by spin doctors that we support this harmonized sales tax, let me point out that the minority report of the Reform Party on replacing the GST clearly stated otherwise in its executive summary.

On page 113, for the record, accurately, in context it states:

The majority finance committee report on the replacement of the GST cannot be fully endorsed by the Reform Party. While the replacement goes part of the way in

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responding to concerns presented to the committee, many of the concerns will only be addressed by future negotiations with the provinces.

I did not realize at the time that meant bribing them.

The majority report recommendation merely tinkers with the current GST and does not live up to the Liberal promise to "Scrap the GST".

After all, this is what it is all about.

We are of the view that value added taxes are incapable of responding to a significant portion of the concerns raised during our hearings.

The Reform Party recommends that spending cuts be the government's first priority. As well the entire current system personal, corporate and value added taxes should be replaced by a simple, visible and proportional system of taxation that incorporates the principles of fairness and the lowest rate possible. In the interim, the party will support reforms to the current regime that move in this direction.

After all, we do want what is in the best interests of all Canadians.

While harmonization does simplify the tax system it makes no sense to do it in a piecemeal, ad hoc fashion because it simply increases the confusion, the cost and the resentment across the country.

Liberal members yesterday and today said they do not understand why the costs are going to go up. The costs are going to go down because the provincial sales tax will be treated like the GST. There will be input cost recoveries by the businesses lowering the costs. Let me tell these members why the cost goes up.

It goes up because the base on which this new combined tax will be applied has become broader. It will be applied to more goods and services. Previous speakers have pointed out, from clothes to housing, where this tax will apply. Because of that broader base the new harmonized sales tax or blended sales tax, HST or BST, will cost consumers more money.

In the ninth report of the Standing Committee on Finance the government wrote:

The GST is collected at each stage of the production and distribution process. However, since each business collecting the tax also receives input tax credits for the GST it has paid out, it is the final consumer who ultimately pays the tax.

It is the final consumer who ultimately pays the tax. As Liberal members try to defend this HST in terms of cost savings, they must not forget that yes, it is a savings for businesses after they pay the initial outlay of \$100 million to conform their point of sale material, but it is the consumer who will ultimately pay a higher tax.

This is why other provinces like Ontario, Saskatchewan and British Columbia which have provincial sales tax are against it. It will shift the tax burden from businesses to consumers and that is what is bad about this particular bill. In effect it is an 8 per cent increase on those particular goods and services that were strictly

on the PST and not on the GST. The GST has a broader base than the PST. That is a simple fact and simple arithmetic and should be enough proof for the Liberal members as to why this will be an increase in costs to consumers.

● (1305)

The purpose should be to eliminate dual tax regimes, but this version retains it for national firms. Somebody operating outside those three Atlantic provinces will have to have tax included pricing there, not tax included pricing elsewhere.

Therefore when they report their taxable income, they will need two different forms. This is an increased cost for businesses which then, in turn, looking at the bottom line, eventually will pass along this cost to the consumer. Once again it hits the consumer where it hurts the most, right in the pocketbook.

This billion dollar bribe or transitional payment to the three provinces, the cost of reducing the sales taxes in the harmonized provinces, is being paid for by all the taxpayers.

The deal will increase the complexity of the tax system for all businesses in Canada with operations in the Atlantic provinces. It does not just affect those three provinces. It is not just a deal for those three provinces.

National retailers have said that tax inclusive pricing in a partially harmonized system will lead to increased cost. If done nationally it would be a much simpler solution due to separate packaging requirements for harmonized provinces.

In response to these concerns, the federal government and the participating governments announced changes on January 17, 1997—

Mr. Campbell: Mr. Speaker, I rise on a point of order. I am sorry to interrupt my friend, the hon. member for Calgary Centre, but I am sure he would want me to point out that he used a word in his speech that you have asked in this House just yesterday not be used in this debate, the word bribe. I would ask that he withdraw that word.

The Deputy Speaker: I do not know that the hon. member for Calgary Centre was here yesterday when that word came up. There was some discussion about it. The hon. member's colleague did agree to replace that word with a more palatable word in the House.

The Chair suggested that the word bribe in the dictionary probably has something about a payment or an inducement for an illegal purpose. If the hon. member has a dictionary that suggests otherwise or if he wishes to look at a dictionary and finds that the Chair is mistaken on that, fine. Otherwise I wonder if he would be kind enough to rephrase that term.

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Mr. Silye: Mr. Speaker, in the rest of my speech there is no reference to any form of inducement. I will not be using that word any more.

An hon. member: No withdrawal?

Mr. Silye: People can ask for what they want. The Canadian taxpayer knows what is going on here. We know what is happening. Everybody knows what is happening. Whether or not we withdraw a word is not the issue.

The issue is we have now made a large payment prior to the enactment of the bill itself to three provinces. The government calls it a transition cost. There has been nothing in transition yet, but that money has been paid. I call that an inducement. I call that an encouragement. I call that a lot of things. It may come close to the word that I am not supposed to use, and so I will not use that word if they find it offensive. But the Canadian public knows if it smells like a—, it is a—.

Mr. Campbell: Mr. Speaker, on a point of order, the hon. member for Calgary Centre, whom I have great respect for, would notice that when he stood up and said initially that he did not intend to use that word any more, I sat down and did not rise to my feet.

He has now gone on for another two minutes suggesting that is precisely what he intended to say, ending in his last comments a moment ago. I would renew, through you Mr. Speaker, my request that he withdraw the initial use of that word. I was prepared to leave it be, but not in light of his later comments. I renew that request through you, Mr. Speaker.

The Deputy Speaker: The hon. member, to the Chair, did not use the word in the last two minutes, but I would ask the hon. member if he would be kind enough to withdraw the word of two minutes ago and to please avoid using that word again.

Mr. Silye: Mr. Speaker, I will not withdraw that word and I will tell you why. You gave me an opening and said if I find a dictionary where the definition of my use of the word bribe is acceptable then I can use it.

I will give a definition of the word bribe: “Money offered to procure action in favour of the giver”. This is money given to three provinces, that favours the federal government, for them to comply with the harmonized sales tax.

• (1310)

I would like to proceed. There have been already three or four minutes taken out of my speech. May I continue?

The Deputy Speaker: The hon. member’s colleague yesterday did withdraw the word. The Chair did not rule that the word bribe was an unparliamentary word. It leaves the Speaker in an awkward position if the member is going to take the view that it is a parliamentary word.

The *Oxford Concise Dictionary*, page 161, defines “bribe” as a verb: “to act especially illegally or dishonestly in one’s favour by gift of money, services, et cetera”. *Bribed the guard to release the suspect* is given as an example. Second, a noun: “money or services offered in the process of bribing”.

It seems to me that, as was suggested earlier, this dictionary at least suggests there is an illegal purpose involved. It is correct that Beauchesne’s does not appear to put “bribe” on its list of unparliamentary words, at least what I can see quickly.

I would invite my colleague, in view of what has been stated in the dictionary, to agree to withdraw the word in the interests of amicable, open debate.

Mr. Silye: Mr. Speaker, I do like to be amicable and I like open debate. In no way when I used the word bribe did I mean that it was illegal. Nor do I mean that the government is being dishonest, even though that definition is hinted at in your definition.

My definition basically says “money offered to procure action in favour of the giver”. A further definition below that is “pervert by gifts or other inducements the action or judgment of” whomever. It is a matter of interpretation. I do not mean that what is being done here is illegal, but it is something being done that the Canadian taxpayer should be aware of. Three provinces will have their costs lowered because of this particular payment than the other provinces at the cost of all taxpayers. I would just like to proceed with the debate.

The Deputy Speaker: The hon. member did not give a source for his definition. I hope it was not “Levinson’s Unafraid Dictionary” or something like that. I wonder if he would be kind enough to give us the precise and complete definition he has and from what dictionary.

Mr. Silye: Mr. Speaker, the definition I have is a xerox copy of page 147 from the *Concise Oxford Dictionary* 1973. Is that the same one you have?

• (1315)

The Deputy Speaker: Actually this one is from 1995 and I think I gave the entirety of the definition. I think somebody was looking at earlier editions and we are now living in 1997.

I appreciate exactly what the member is saying and I would again invite him to withdraw that word so that we can get on with other issues other than spending all morning on this issue.

Mr. Silye: Out of respect to you and the Chair, Mr. Speaker, I will withdraw the word bribe.

With respect to harmonization, businesses located outside the harmonized provinces will also be required to collect both the federal and provincial portions of the blended sales tax on purchases made by residents of the harmonized provinces. That means businesses in seven other provinces will have to act as tax collection agents for the provinces of New Brunswick, Nova Scotia

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and Newfoundland and they will have to carry the associated costs. That is another reason the bill is not well thought out and should not be proceeded with.

The Reform Party opposes tax inclusive pricing. This practice violates the principle of open taxation which is essential to the efficient functioning of open democracies. Disclosures of taxes paid on cash register receipts preserves an element of openness in taxation but as the experience in Europe has shown, it eventually results in strongly diminished public awareness of the tax. Eventually governments simply increase the rate when they need more money.

We are heading toward a \$700 billion debt. We are going to crack \$600 billion sometime this year. Our interest costs are rising notwithstanding the lower interest rate. The economy always goes in cycles. Economists tell us that. The government continues to add to the debt. It is doing so less than the previous government, but it is still adding to it. It added \$17 billion or \$18 billion last year. That is a lot of money. It is a deficit. It is adding to the problem. As those interest costs go up, the government will have no other choice but to raise taxes. It will raise the HST/BST from 15 per cent to 20 per cent to 25 per cent. It will raise personal taxes and corporate taxes. It will be forced to raise taxes in order to make the payments on the debt.

The standing committee listened to a lot of complaints from a lot of people who came to the hearings and it claims to have solved them. I am not sure that it has. Some of the issues were highlighted in a story by John Geddes of the *Financial Post*. He used Carlton Card's representation which was made by Shannon Hallett, who expressed her firm's frustration with the Liberal members of the Commons finance committee. She warned that a policy the government plans to impose will force Carlton to close 19 of its 37 shops in the economically fragile Atlantic provinces. Is that not of concern to a party which ran on jobs, jobs, jobs?

At issue is the proposal to force retailers to bury the new 15 per cent harmonized sales tax in prices rather than adding on the HST at the cash register. To retain that support, why not just drop the tax inclusive pricing?

Tax in pricing would cost Carlton \$84,000 in one-time expenses such as programming computer inventory systems. It would add \$63,000 a year in continuing costs such as putting new prices on cars bound for the east coast. Furthermore, tax in pricing would cost stores in the three provinces about \$90 million. Winsbys Shoes told the committee how hard it would be to sell a \$99 pair of pumps if it had to put a \$115 tax in price tag on them.

Shoppers Drug Mart vented annoyance at the prospect of having to comply by putting up tax in price conversion charts beside racks of magazines which come printed with the tax out price. Re-ticketing thousands of items in a store and trying to cram the tax in price

and tax out price along with the bar code on small labels will be a problem.

These are all problems that the bill has not solved, even though the Standing Committee on Finance said it would look after all of them.

Why is Ottawa so determined to keep this contentious tax included pricing rule when the rest of the harmonization of two taxes into one could be sold much better and could be accepted by Canadians all across Canada?

• (1320)

Mr. Kirkby: Because you told us to.

Mr. Silye: I already covered the topic of what the Reform Party said and what it did in its minority report in context, not out of context as the Liberals are trying to do again.

Ottawa is proceeding with this because this is its idea of keeping its election promise. This is it folks, Canadian taxpayers. This is how the Liberal Party has kept its promise. Liberal members went door to door and said that they would get rid of, abolish and kill this tax. They said that they hated it. This is what they did. They got rid of it by blending it with the provincial sales taxes in three provinces. They feel they have now kept their promise. What they have really done is they have entrenched the GST forever.

When the Minister of Finance was on this side of the House he said that if you ever harmonize a GST with a PST, you entrench the GST forever, and he has done it. The member from Toronto also stated that the committee looked at a lot of options for the GST and the final solution was that there was no better tax than the GST. The Liberals have entrenched it. This is their way of keeping their promise of getting rid of the GST.

Look at their promise in the red book that they would replace the GST with a system of taxation that was simple and more fair. All the evidence I have given today is to the contrary. It is unfair. It favours one region over another. It subsidizes one over another at the expense of the other. Businesses are yelling out saying that they could go broke. Is that fair?

It is so complicated that there are definitions for tax in and tax out pricing. There will be four items on the shelves in the stores which people are pointing out. Is that simpler or is that more confusing? The definitions of all these rules and the white book required to implement all these rules will add about another 300 pages to the Income Tax Act. That is not simplifying it. A harmonized tax can make sense, and I will get to that soon.

The Reform Party sees the GST as an unnecessary and temporary tax that does not belong in the federal domain. Inasmuch as the tax

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will exist temporarily, the Reform Party encourages the government to streamline taxation, remove as many of the significant problems that exist until such time as we can implement much wider tax reforms that provide both tax relief and tax simplification.

If the government presented a national solution to this problem, a national solution to fulfil its promise to get rid of the GST or to replace the GST with something that was revenue neutral, then we could support it. We have given the government some suggestions but it has chosen not to listen. The government said that it listened to over 20 proposals but the one proposal the government did not listen to is the proposal in our fresh start.

It is a proposal to simplify the tax system and generate the replacement revenues required so we can eliminate the GST. It would operate on the basis of a simplified tax system. We could get rid of this convoluted, complex, confusing income tax system we have now and replace it with a more effective, fair, simplified, harmonized system, harmonized with the Canadian taxpayers. Get in tune with the people who pay the final price. It is the person at the cash register, not the person who produces the goods, not the person who sells them. It is the person who buys them.

Why not have a system where we increase our personal exemptions, as we say in our fresh start? We could increase spousal exemptions, remove the federal and provincial surtaxes, reduce the UI premiums not by five cents per hundred as this finance minister would do, but reduce them every year by 10 cents until we get to 28 cents or 30 cents, or 60 per cent as some people are asking for.

We need to do something for the Canadian taxpayers, for the people who have to foot the bill to run government. Why do we have to spend \$108 billion? Why not just spend \$90 billion to run a government as we suggest in our fresh start platform? We could pass along those spending savings to the taxpayer in terms of tax breaks and tax cuts.

The difference between the Reform Party that would only spend \$90 billion and the Liberal Party that spends \$108 billion is that we would give the people the money to look after themselves right at the source before they send it here to Ottawa where Ottawa takes 30 per cent to 40 per cent off and sends it back to them in terms of child care and child tax credits et cetera. Why not leave the money in parents' hands in the first place to take care of their children? They will have more money for clothes and food right when they earn their money. Create the incentive for people to work and earn more so they pay less in taxes, not more in taxes. Why punish incentive? Why not create incentive and help these people look after their families?

• (1325)

It is ridiculous that we tax people who make \$12,000. It is absolutely shameful. Yet this government is planning to reduce

child poverty by increasing payments. This is admirable and it is one way of doing it, but a better way of doing it, a less expensive way of doing it is to leave the money in their hands in the first place.

In conclusion, the Liberals' are attempting to keep their promise to replace, to harmonize, and it is not even harmonized. It is not even harmonized in the Atlantic provinces. They could not convince Prince Edward Island to come on board. There is no unification there. It has not worked. It is not going to work. It is going to be a big embarrassment to this government.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I much prefer the discourse of the hon. member for Calgary Centre when he leaves the explosive words behind and gets back to the substance which he does very well.

I want to ask him one question on the substance of what is being done and the change that is taking place in Atlantic Canada. I wonder if he had any idea and would share with this House the amount of tax that is currently on business inputs in the Atlantic provinces.

Because I may run out of time and not have a chance to find out if he knows, I would like to share with the House the fact that businesses in Atlantic Canada spend \$700 million paying retail sales tax on their business inputs. Interestingly enough, that will be returned to business, and will be available to business to pass on to consumers in lower prices and to offset any of the costs that some businesses may incur in moving to the new tax inclusive pricing system. Out of that, approximately 20 per cent or \$140 million is tax on business inputs that is paid by retailers in Atlantic Canada.

I did hear the member opposite speak earlier about the cost to retailers in Atlantic Canada but I wonder if he knew about the \$140 million in inputs that they are not going to have to pay and the \$700 million the business sector in Atlantic Canada will be saving and passing on to consumers.

Mr. Silye: Mr. Speaker, I appreciate the question. I will try to answer it in the following way.

There is no question that if businesses are allowed to get credit for their input costs amounting to \$700 million, as the hon. member put it himself, this savings is available for businesses to pass along to consumers. It is available but that does not mean they will pass it along. Let us assume that they do. There is \$700 million that will then be passed along to the consumers. That is revenue neutral. There is no increase in costs, there is no decrease and everybody is happy.

What about this close to \$1 billion payment to the three Atlantic provinces? Why was it made? It was made because theoretically—and this is all theoretical; we are in the realm of theory here—these three provinces would receive that much less in revenue by moving

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over to a lower combined rate from their 18 to 20 per cent down to 15 per cent to make up for that loss in revenue which they would have received from their provincial sales tax. Because of this input system through the GST, because it is a different form of a tax, they have to be compensated.

To compensate three provinces at the expense of all Canadian taxpayers is something I certainly object to when it is not necessary to do so. Then there is the fact that it is a 15 per cent combined rate. This tax goes on goods and services that the GST did not go on before. This will have a dramatic effect and impact on the consumers of Atlantic Canada. It has an impact on those businesses which deal with Atlantic Canada that are located outside of Atlantic Canada because they have to sustain dual packaging, dual pricing. It adds a lot of complications and a lot of cost.

There is this argument that this is just like a GST. Instead of getting rid of or replacing the GST, I still argue and maintain that the government has entrenched the GST and has, in effect, introduced in those three provinces a 15 per cent GST. Remember when the Conservatives first introduced this tax and the Liberals on this side said they would have to get this rate and that rate down and make all these exemptions, which they did? However, the biggest argument against this was that once the bill was passed the government would be able to raise it and raise it.

• (1330)

I humbly submit that this could very well be the first step by a government, maybe inadvertently, actually increasing the GST from 7 per cent, which was originally supposed to be 9 per cent, to 15 per cent.

I understand and agree with the merits of the GST system and its advantages to business and how the tax does not cascade. It does make sense. However, when we look at the impact on the range of goods and services that Atlantic Canadians will now have to pay 15 per cent on rather than the previous 9 per cent, their costs will go up. Their out of pocket, disposable income will go down. They will find that they have less money for goods and services.

That is my argument in terms of the counter balance and the higher cost to consumers which offsets this \$700 million in input costs, which does make sense, which should help businesses and it should be passed along. There is also the fact that the provincial governments make less revenue and need to be compensated.

What happens at the end of four years? This billion dollar payment to the three provinces is supposed to be just for the three or four years. What if those three provincial governments still have not balanced their books and are still running deficits? What if they need more money for whatever they want to provide their citizens?

What are they going to do? They are going to have to raise the tax. Now they have a convenient one tax they can raise, which is our other argument against this tax.

I am only trying to be fair in pointing out the criticisms of this tax. I think our party has been very good, even in the standing committee, of offering solutions. The members of the standing committee know that we tried very hard to work with the government to come up with a system to replace the GST. We looked at a lot of things but this piecemeal, partial harmonization will do more harm and create more confusion at a higher cost than if the government would have taken its time and done it right with all the provinces complying and co-operating rather than just trying to save the Deputy Prime Minister's political career.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I listened with interest to the member for Calgary Centre. There is just one aspect of the harmonized GST that the hon. member possibly did not touch on and that is the whole concept of the ability to remove provincial sales tax from export sales.

Members will know that Canada is a major exporting country. Indeed, a big section of our job growth has been related to the export sector. Much of the financial recovery that we are going through right now is related to exports. The maritime provinces, in particular, need to rebuild their economy so that they move into the 21st century. Exporting will be a big feature of that.

For example, in my riding General Motors manufactures cars and sells them on the U.S. market. Every car that is shipped into the United States from plants in Oshawa will have a certain degree of provincial sales tax embedded in the selling price. That makes our exports less competitive with some of the other competitors that are involved, such as OECD countries and southeast Asia. One of the main aspects of the GST was its ability to remove taxes from export sales.

We have provided these three provinces in particular—and the province of Quebec already has a harmonized GST—with a tool to rebuild their economy and a tool to enter into the 21st century with a more dynamic economy zeroed in on export sales.

• (1335)

Why would the member and his party try to frustrate the whole concept of building a new and better economy for the people of the maritimes to create jobs in the future?

Mr. Silye: Mr. Speaker, I welcome the question from the hon. member. I agree that a goods and services tax, that a consumption tax along the lines of the GST does eliminate tax cascading and does allow us to produce and manufacture products, and export goods at a lower cost.

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That still does not justify what the government is doing with this partial harmonization in three provinces. That is a tax theory, a tax question, and I agree with the member's point of view on it.

How long will it take the savings from this Oshawa plant to recover a billion dollars of taxpayers' money to help three provinces to recover the \$100 million minimum that some of these businesses have said it will cost them to conform to this new bill? Yes, it is good for business. Yes, products can be sold cheaper. However, in the end the very philosophy of a GST is that the consumer pays the tax. The hon. member knows that.

What we have done here is make it more fair for business. There is no question about that. However, we have now increased taxes. Harmonization helps. Instead of having two taxes, federal and provincial we have one. All those arguments make sense.

When the consumers find out how much more it will cost them, I predict there will be a lot more complaints and a lot more people crying about it than there is now. Everybody will be affected. At first they support the theory and the concept. Then, as they find out more about it, it becomes like the tax inclusive pricing which is causing a nightmare. That is what is really creating a cost for businesses.

The government would have them on side if it just dumped it. I do not know why the geniuses in cabinet do not go for it. They are stubborn. They will force it. The MPs will have to explain it. That is fine. Handle it. That is their job. They brought this in.

In the end, wait until the consumers get a hold of it. Wait until they see how it affects them. That is when it will be really of concern to members of Parliament, especially the Atlantic provinces. They will hear about it in their constituency offices. I predict that.

Mr. John Maloney (Erie, Lib.): Mr. Speaker, it is a privilege for me to rise today to speak on Bill C-70, the harmonized sales tax bill.

A great deal has been said in this debate about harmonization, what it will mean for Nova Scotia, New Brunswick, Newfoundland and Labrador. For the benefit of this House I want to take a moment to review some of these benefits. I would remind hon. members that the HST and its ensuing benefits will impact positively on the three participating provinces.

Clearly there could be additional benefits for the other provinces as well. I hope people are listening carefully to this debate today, especially in my home province of Ontario. It has been repeated several times in this debate that Bill C-70 represents a significant step toward a fully harmonized sales tax system, one of the government's goals.

The end result for the three participating provinces will be a system that is fair to consumers and small businesses residing and operating there. The new system will also promote fiscal co-operation and harmonization among the federal government and those three provinces. Hon. members know why harmonization will result in a simpler, fairer and more economically efficient sales tax system.

First, consumers in those three provinces will benefit. Removing the provincial retail sales tax from the business inputs, together with a lower 15 per cent rate and reduced compliance costs for businesses will mean lower consumer prices on many goods. Consumers will also know the full price of what they are buying before they get to the cash register because of tax inclusive pricing. At the same time, the rate of sales tax payable will be visible on their receipts.

Second, under the HST, businesses will be dealing with only one set of sales tax forms and operating rules. There will be one tax administration instead of the two sets of everything they do now. Not only will they have reduced compliance costs, but the competitiveness of businesses will be promoted. That is because the HST payable on business inputs will be recoverable, especially for businesses located in the participating provinces.

There will also be lower administrative costs under the HST because overlap and duplication will be eliminated. Of course, the single lower rate of 15 per cent is significantly lower than the rates currently in place in the three participating provinces.

• (1340)

It is important to note that the harmonization in the participating Atlantic provinces will mean a drop in their combined sales tax rates from just under 20 per cent to 15 per cent in Newfoundland and Labrador and from just under 19 per cent to 15 per cent in both Nova Scotia and New Brunswick.

To ensure a smooth transition, the HST base will be the same as the GST base. The rules governing the new system will generally be the same as those for the GST.

Economic benefits will also flow from the removal of tax on business inputs. In addition to eliminating the tax cascading that is inherent in existing provincial retail sales tax systems, the harmonization of sales taxes will minimize distortions in investment decisions.

I refer to businesses being able to recover the tax on business inputs in the new system. Keep in mind that the current provincial retail sales taxes are applied on the price of purchase, including the GST. Since the existing provincial retail sales taxes do not have a mechanism for removing taxes paid on purchases by businesses in the course of producing the goods and services that they sell, these taxes become embedded in the prices that businesses charge for the goods and services they produce.

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A key advantage of the HST will be removal of the embedded taxes. This will make the tax payable on goods and services more transparent to consumers. In addition, companies and the participating provinces will be able to price their goods more competitively. This will be particularly advantageous for exported goods which will be completely relieved of tax. Along with promoting the international competitiveness of businesses in the participating provinces by removing tax from exports, steps will be taken to ensure that they and their competitors and non-participating provinces are treated equitably.

The design of the tax will ensure that goods and services sold into a harmonized province from outside the province for consumption or use in the participating province are subject to the same level of tax as goods or services sold within the province.

Registrants across Canada will be required to collect HST on goods or services sold in a participating province or shipped to that province. At the same time they will be eligible for input tax credits for HST paid on inputs into their commercial activities. Under current provincial sales tax rules in both participating and non-participating provinces, consumers are required to pay tax on any taxable purchase consumed in their home province.

If a purchase is made from a business in another province, consumers are required to self-assess the applicable provincial sales tax. The requirement to collect tax on interprovincial sales will ensure the application of a provincial tax is continued under harmonization in an administratively efficient manner.

In order to ensure a consistent and simple approach for businesses required to collect HST on interprovincial sales, a single set of rules will be provided in the Excise Tax Act. The federal government will apply this approach on behalf of any province that adopts a similar system.

As hon. members know, the registrants will be able to recover tax payable at the HST rate of 15 per cent on goods and services to the extent that they are acquired for consumption use or supply in a commercial activity. This will eliminate the tax cascading inherent in existing retail sales taxes in participating provinces.

We know too that the removal of tax on business inputs will enhance the competitive position of businesses operating in those provinces. Similarly, special rebate mechanisms will apply where property or services are acquired in participating provinces and the property is removed, or the services are for use outside these provinces by people who are unable to claim input tax credits.

Let me emphasize that registrants regardless of where they are located will be able to claim input tax credits in respect of tax paid or payable either at the 7 per cent GST rate or 15 per cent HST rate

on property and services they acquire or import into Canada as inputs into their commercial activities.

By allowing registrants located in participating or non-participating provinces to claim input tax credits for tax paid or payable regardless of whether it was charged at the 7 per cent GST rate or at the 15 per cent HST rate, the dual objectives of eliminating tax cascading and maintaining competitive equity can be achieved in a way that is both simple and effective.

Businesses engaged in commercial activities anywhere in Canada that purchase goods and services in participating provinces that are taxed at the harmonized rate will be entitled to recover tax payable at the HST rate. Another result is that when reporting tax collected or claiming input tax credits, registrants will not have to separately identify the federal and provincial components of the HST at the 15 per cent rate or tax collected or payable at the 7 per cent GST rate.

Furthermore, most registrants will continue to use the current GST return to calculate net tax remittances. This aspect of harmonization will make a difference between the participating provinces and the remaining non-harmonized provinces.

Let me reiterate that at present in all provinces except Alberta, consumers pay provincial sales tax on all taxable purchases consumed in their home province. If they buy something outside the province they are required to self-assess the provincial tax applicable. Businesses generally apply only the GST on sales to other provinces but they are still required to indicate where PST does not apply, for example by destination. The PST does not apply out side the province.

• (1345)

Under the HST there will be no hidden taxes because of the input tax credits that businesses can claim to recover the tax on goods bought to run their operation and make products. Equity and competitiveness for Atlantic businesses dictate that all goods and services consumed in participating provinces should be subject to the same level of sales tax. This includes goods supplied by businesses in non-participating provinces for final consumption in Atlantic Canada.

Introducing a national measure for collecting tax on interprovincial sales will establish a stable, fair and predictable set of rules for businesses selling into the harmonized provinces. As we know, businesses in the non-participating provinces will have to apply the 15 per cent HST on all sales into a harmonized province.

I should point out here that frequent changes will not be required as other provinces harmonize. This is not a new sales tax on goods and services sold in the participating provinces. Sales tax on interprovincial sales has always been applicable. Many national businesses involved in interprovincial transactions already collect

and remit provincial taxes on a province of destination basis. This new approach merely ensures that sales tax is collected and remitted more efficiently and effectively.

As long as collection of tax on interprovincial sales is based on a single set of rules, collecting the 15 per cent HST will not involve a significant change for these businesses.

Some consumers shop to purchase items free of provincial sales tax in other provinces. While consumers are required to self-assess the applicable provincial sales tax on these purchases, as I mentioned before, this is not the most effective way to ensure that the tax is paid.

With businesses now having to collect and remit the HST when they sell into a participating province, consumers will no longer be able to purchase these goods free of provincial sales tax. Consequently, the same tax savings incentive to buy out of province will no longer exist. This approach is more equitable for businesses and consumers alike. Retailers in participating provinces will no longer be at a disadvantage compared out of province vendors. Both will be required to charge the full rate of tax on their sales.

Collection of tax on interprovincial sales requires two basic elements, a common base and referencing of federal legislation. The national approach to interprovincial sales establishes an efficient and effective system for collection of tax on interprovincial sales which can benefit all provinces by facilitating the collection of the provincial sales tax on all sales into the province.

We already know the HST treatment of interprovincial sales benefiting participating provinces. For example, through additional sales tax revenues and by providing a level playing field for all businesses selling in or into participating provinces.

We know too that there will be no incentive for businesses in any province to avoid paying tax on their inputs as they can claim input tax credits for the full amount of tax paid.

As I said at the beginning, this bill puts into law the first step toward replacing the GST with a truly national sales tax system. Perhaps, when the non-participating provinces see the benefits of harmonization, they too will join in and reap the benefits. After all, the consumers and businesses in those provinces deserve the same breaks as residents in Nova Scotia, New Brunswick and Newfoundland and Labrador.

No doubt the HST will be a better sales tax system when it is a national system. But this is a start, an important, valuable start that will truly benefit the economies of the Atlantic provinces. That is why I urge all hon. members to support this bill.

[*Translation*]

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, I am pleased to participate in this debate on Bill C-70 for various reasons. Several of my colleagues and members of the Reform

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Party have pointed out that, through this bill, the Liberal Party has completely reneged on an election promise.

I was listening to the hon. member for St. Boniface, who mentioned the added bonuses of the so-called harmonization of the GST. All the hon. members will remember the statements made by the Prime Minister, the Deputy Prime Minister and even the Minister of Finance to the effect that the GST was an unfair, regressive tax which hurt the economy and, in some respects, encouraged work for cash when the tax is applied to services.

● (1350)

We have realized that, after undertaking to abolish this unfair and intolerable tax, the government is now diverting attention by saying that it has been successfully harmonized and that the Prime Minister's promise to eliminate the tax had been misunderstood.

It will be remembered that, in the late 1970s, the Liberal Party guru, former Prime Minister Trudeau, had taken very similar action regarding the gasoline tax. At the time, when former Prime Minister Joe Clark was briefly in office, Mr. Trudeau described the gasoline tax introduced by the Conservatives as an unacceptable, intolerable and unfair tax that would be abolished as soon as the Liberals were in office.

And we all know that Mr. Trudeau became Prime Minister of Canada and that the gas tax was not abolished. Quite the contrary, it was increased. This bears a strange resemblance to the promises made by Mr. Trudeau's disciple, the current Prime Minister, who said he would abolish the GST because it was unfair, regressive and bad for the economy. Again, the promises made were not fulfilled and the government has now found a roundabout means, the so-called harmonization, which it touts as an outstanding solution.

We will never stress often enough what I would call the inconsistent, farfetched promises made over a period of decades by the Liberal Party, a party that makes all kinds of promises but never fulfils them. Such was the case with the gas tax and such is now the case with the GST.

The government talks about harmonizing the GST but, to my knowledge, the GST is still at 7 per cent, under the agreement reached with the maritime provinces. What was harmonized is the provincial tax, which was lowered in Newfoundland, New Brunswick and Nova Scotia. In other words, the provincial tax was harmonized, thus reducing the total tax, a loss the federal government will quickly compensate through equalization payments.

But the government also gave these three provinces \$961 million in compensation, to help them integrate the GST and implement the so-called harmonization. Strangely enough, Quebec was a harmonization pioneer, as mentioned earlier by a Liberal member, who said that having an harmonized tax was good for trade and exports. Again, one wonders what principles of justice and fairness are used by a government that subsidizes and compensates the

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three maritime provinces that agreed to “harmonize” their taxes, while Quebec did the same at its own expense.

I was in the private sector when that process took place and I remember that all the costs, such as the acquisition of software to integrate the GST with the provincial sales tax, were supported by small and medium size businesses in Quebec. As for the provincial government, it trained some of its employees and integrated its computer system so as to achieve harmonization with the GST.

Did Quebec get any compensation? Let me use the words of the Minister of Human Resources Development in reference to culture: “Not a bloody cent”. We did not get any compensation from the federal government. Now Quebec is asking to be compensated for having harmonized its tax with the federal GST, but this government is turning a deaf ear so that the province might not get anything.

Meanwhile, the maritimes, where, as the government says, the tax has been harmonized, are being subsidized or compensated to the tune of \$961 million.

• (1355)

With such compensation, New Brunswick can now be competitive and attract some Quebec and Ontario businesses, by stressing the fact that taxes will be lower in that province, given the kind of subsidy granted by the federal government, through the compensation paid to maritime provinces.

This is a rather curious system when you look at it: the federal government provides a kind of competitive tool to three provinces by harmonizing its tax, to the point that it becomes unfair, since these provinces will benefit from such a substantial subsidy or compensation. How then can we believe that the Canadian federation, with bills such as this one—

The Speaker: I am sorry to interrupt the hon. member. I know you are in the middle of your speech, but you will have 14 minutes left. You will have the floor again after question period.

It being almost 2 p. m., we now move to members’ statements.

STATEMENTS BY MEMBERS

[English]

CHINESE NEW YEAR

Mrs. Anna Terrana (Vancouver East, Lib.): Mr. Speaker, last week the Chinese community celebrated Chinese New Year. In

fact, the celebration was enjoyed by all communities under the leadership of those Canadians who emigrated from the countries where Chinese New Year is observed.

In my riding of Vancouver East the Chinese Cultural Centre, the Chinatown Merchants’ Association, the Chinese Benevolent Association and S.U.C.C.E.S.S. organized several events in which a large number of people participated. It was a real celebration with a very successful parade with lions and dragons, drums and fireworks in a glory of colours and folklore. All devils were scared away.

One of the groups in my community we are very proud of is the Strathcona Chinese Dance Company. It was invited to Ottawa by the National Capital Commission to inaugurate Winterlude. Thirteen young people came under the leadership of Annabel Ho, while in Vancouver the remaining 70 young dancers performed under the leadership of Mimie Ho.

I would like to congratulate the whole Chinese Canadian community for its contribution to Canada and for sharing its traditions with all other Canadians.

Kung hei fat choy. Happy New Year of the Ox.

* * *

JUSTICE

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, Canadians expect a fair and responsive justice system. Yet for the past three years the apparent lack of justice in the Patrick Kelly case brings to light serious problems within our justice system.

Kelly, a former RCMP officer, was convicted of murder when his wife fell to her death from their 17th floor balcony. The police investigation into the Patrick Kelly case is being conducted by the same police force and the same homicide squad that has been accused of wrongdoing in the original investigation.

How can Mr. Kelly have an independent review when Ed Stewart, the primary officer in the original investigation, is staff officer with the police department reinvestigating the case? Ed Stewart apparently lost the tape recording that would verify or refute many of the allegations made by the key witness who later recanted her statements. This brings into question any impartiality in the investigation.

In the name of justice, the Minister of Justice must arrange for an independent body to conduct the Kelly investigation.

[Translation]

SMALL BUSINESS

Mr. Gilles Bernier (Beauce, Ind.): Mr. Speaker, SMBs are the biggest employers in almost all communities in Canada, accounting for over half of all this country's jobs in the private sector.

When it comes to job creation, SMBs are responsible for 80 per cent of all net new employment. In addition, SMBs generate over one quarter of all sales, one third of all profits, one fifth of all goods, and approximately 40 per cent of the GDP.

Unfortunately, SMBs are spending too much time, money and energy complying with government requirements. The smaller a business, the higher its basic costs.

With the largest concentration of SMBs in Canada, the Beauce region is in a position to comment. I urge the government to do something to reduce the paper burden so that our SMBs can spend more time doing what they were intended to do, which is to produce goods and service effectively and not to waste time on often pointless paperwork.

* * *

ONE HUNDREDTH BIRTHDAY OF SISTER SAINTE-HERMINE

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, today the Communauté des filles de Jésus in Rimouski is celebrating the 100th birthday of Sister Marie-Anne Chenel, also known to many as Sister Sainte-Hermine. I would like to add my congratulations to those of her religious family and her relatives.

• (1400)

Over the years, Sister Chenel has followed her chosen path with conviction. She lovingly took up duties as the teacher of young children and, through her presence and involvement, built up lasting ties within her community.

I wish Sister Sainte-Hermine serenity on her journey. May she continue to be, for a good many of us, an example of perseverance and hope.

* * *

[English]

ORGAN DONATIONS

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, I rise today to inform the House of the fantastic work being conducted at the Thunder Bay Regional Hospital's McKellar site.

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A Thunder Bay medical specialist, Dr. William McCready, indicated that McKellar is the top hospital in Canada for organ donation. In 1996 nine multi-organ donors were brought to McKellar. Transplant teams have retrieved healthy hearts, kidneys, livers and lungs for use in patients throughout Canada whose diseased organs put them in a life or death situation.

The transplant process is facilitated when Canadians sign a donor card and when their relatives or next of kin have given permission for organs to be removed for transplanting. I urge all Canadians to complete donor cards. This humanitarian act has the potential to give the precious gift of life to someone in need.

* * *

PENSIONS

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, the domestic law and administration of Great Britain have created a serious disadvantage for 130,000 Canadian citizens of British origin now living in Canada who are entitled to vested pensions from the British government. These British-Canadians do not enjoy the same benefits as British immigrants to the United States and other countries whose British pensions are indexed against inflation.

We ask the Canadian government to continue its diplomatic efforts to persuade the Government of Great Britain to bring its treatment of British-Canadian pensioners in line with similar pensioners in the United States and other countries.

* * *

CRIME PREVENTION

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, I am encouraged as I speak to constituents in my riding that crime prevention and our commitment to a partnership with law enforcement, community groups and citizens for safe homes and safe streets is working.

In 1994 our government established the National Crime Prevention Council. Active community involvement is growing.

Last month Mr. Fred Roberts, one of my constituents, witnessed a robbery and assault of a senior by a group of teenagers. Mr. Roberts did not think twice about rushing to aid his neighbour. Later he apprehended a perpetrator and persuaded him to turn himself in to the police.

The Etobicoke Crime Prevention Association is also central in working with Youth Service Canada and the Department of Justice to create prevention programs.

All this proves that citizens, communities and governments can work together to prevent crimes and to produce safer streets.

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[Translation]

WORLD CHAMPIONSHIPS

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, last Saturday in Nagano, Japan, Jean-Luc Brassard took the world moguls title in freestyle skiing. The silver medal went to Stéphane Rochon. A few hours later, Nicolas Fontaine won the gold in aerials.

The names of Jean-Luc Brassard, Stéphane Rochon and Nicolas Fontaine will now stand alongside those of Gaétan Boucher, Josée Chouinard, Isabelle Brasseur, Sylvie Bernier, Myriam Bédard, Sylvie Fréchette, Annie Pelletier, Gilles and Jacques Villeneuve, Bruni Surin and many others, who are eloquent testimony to the fact that Quebecers can compete with anyone in the world and win.

Bravo Jean-Luc. Bravo Stéphane. Bravo Nicolas.

* * *

[English]

GRAIN TRANSPORTATION

Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.): Mr. Speaker, prairie elevators are bulging with grain. Meanwhile dozens of ships are waiting to load in Vancouver and massive demurrage charges to western farmers are accumulating.

The two major railways have chosen this inopportune time to suspend service for at least three weeks on hundreds of kilometres of lines in western Canada. Outstanding car allocations have been cancelled and producers have been hung out to dry.

● (1405)

As usual, the interests of western grain farmers are being ignored. However with a transport minister from Victoria and a minister of agriculture apparently from some other planet, this is hardly surprising.

* * *

TOBACCO LEGISLATION

Mr. Svend J. Robinson (Burnaby—Kingsway, NDP): Mr. Speaker, the Liberal government is under tremendous pressure from tobacco manufacturers to weaken and delay Bill C-71, the tobacco legislation. New Democrats urge the government to move ahead with the bill, which already represents a compromise, with no more concessions and no more delays.

It is ironic that the tobacco industry is seeking to make deals around sponsorship such as allowing international events. At the same time other governments, including the U.S., Belgium and France, are moving to a total ban on all tobacco sponsorship of arts and sports.

The government should ensure that the funds lost to cultural and sports groups are restored and strengthened from other government revenues. The government must not be bullied by the high pressure propaganda from the tobacco companies, companies that have already a very cosy relationship with the Liberal Party.

Canadians can have both a rich and varied cultural and sporting life and protect the health of our children and our own health from the destructive impact of tobacco.

No more concessions and no more delays. Move ahead with Bill C-71.

* * *

TOBACCO

Mr. Gary Pillitteri (Niagara Falls, Lib.): Mr. Speaker, we have witnessed the Liberal government's ongoing commitment to Canadian youth by several initiatives geared to provide our young people with a better and brighter future. To achieve this important goal, the government needs the full co-operation of the whole community.

The recently introduced tobacco legislation is focused mainly on deterring our young from ever starting to smoke. Therefore, the report showing that the community of retailers in Niagara Falls has the highest percentage of refusals to sell tobacco to minors, 90 per cent against 50 per cent which is the national average, is indeed welcome.

Niagara Falls retailers have demonstrated their commitment in helping to prevent youth from experimenting with and becoming addicted to tobacco, thereby contributing to a healthier society.

* * *

THE BUDGET

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, last week the Minister of Finance announced the tabling of the 1997 budget on February 18. I suspect this budget will be delivered in the same balanced fashion as the first three budgets of this government: balanced in order to protect the social programs respected by all Canadians yet building economic growth and jobs for Canadians while meeting the financial goals and obligations that will allow Canada to continue as a leader among the G-7 industrialized nations.

Today, Canadians are proud of bringing our financial house to order and no longer being referred to as a financial third world country, but instead being known as a world leader for building economic growth and creating over 700,000 new jobs for Canadians.

I am certain that once again the 1997 budget will focus on economic growth and jobs, the protection of our social programs and keeping our financial house in order.

S. O. 31

[Translation]

BROME—MISSISQUOI RIDING

Mr. Denis Paradis (Brome—Missisquoi, Lib.): Mr. Speaker, two years ago this week, on February 13, voters in Brome—Missisquoi elected me to represent them in this House. To all my constituents, I would like to say again how proud I am to be their member, their communications highway to Ottawa, their voice in this Parliament.

In the by-election held two years ago, federal and provincial Liberals working together and a strong federalist force helped to take Brome—Missisquoi away from the Bloc Québécois. This solidarity has been beneficial to all our constituents.

Now that a federal election is imminent, let us all join in a common effort to ensure that all of Quebec's regions, especially the Eastern Townships, elect those who are truly prepared to defend the interests of Quebec within our country, Canada.

My nomination meeting will be on Thursday, February 13, 1997, and I will say again how proud I am to be a member of Team Canada.

* * *

MINISTER OF HUMAN RESOURCES DEVELOPMENT

Mrs. Madeleine Dalphond-Guiral (Laval-Centre, BQ): Mr. Speaker, on the weekend in Drummondville, the Minister of Human Resources Development said quite bluntly that the French language and culture survived in Quebec thanks to the federal government, because Quebec, according to the minister, never invested a red cent in culture.

Apparently, these words were a clear indication of the minister's attitude. He lost his cool before the young Liberals.

• (1410)

If that is indeed the case, we have reason to be concerned about the minister's ability to keep his cool during the next election campaign.

The official opposition believes that the minister's remarks reflect this government's contempt for Quebec. The federal government feels superior to Quebec and sees Quebec culture as merely a regional phenomenon in Canada.

The Quebec Department of Culture was established on March 24, 1961, and it was a federalist, Liza Frulla, who reminded him of this. He is young yet, so there is still hope for improvement.

[English]

CANADIAN FORCES BASE NORTH BAY

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, today a group of North Bay residents is on Parliament Hill with a petition. It brings attention to the possible move to Winnipeg of the North Bay military base's main function, monitoring and maintaining air surveillance over North America. Political influence is expected to play a major role in the decision.

We are asking Mr. Chrétien to ensure the survival—

The Speaker: You cannot use the name of a member of Parliament. Use his title, please.

Mr. Duncan: We are asking the Prime Minister.

I am quoting Monika McGrath, a resident of North Bay and organizer of the bus trek: "The politicians always make decisions that affect everyone but tend to forget this country's most valuable resources, our children. Therefore, we will be here to present their petition to the Prime Minister under the heading: Don't Kill My Future".

Since 1993 the DND workforce at North Bay has been reduced by two-thirds. The people of North Bay deserve a response from this government—

The Speaker: The hon. member for Hillsborough.

* * *

PROVINCE HOUSE

Mr. George Proud (Hillsborough, Lib.): Mr. Speaker, I rise to pay tribute to the second oldest legislative building in Canada. Province House in Charlottetown, the home of the P.E.I. legislature, turned 150 years old in January of this year.

Over that 150 years it has been the location of gala receptions for numerous visiting dignitaries and the site of countless heated debates. More important, it was the site of the Charlottetown conference of 1864 where the Fathers of Confederation first discussed the formation of our great country.

In recognition of its historical significance, Province House was declared a national historic site.

Province House stands as a symbol of Canadian and Prince Edward Island strength and unity. Tonight the Charlottetown Historical Society and Parks Canada will officially celebrate its birthday, with more festivities planned throughout the year.

On behalf of all my hon. colleagues, I would like to wish Province House of Prince Edward Island a happy 150th birthday.

Oral Questions

[Translation]

JOB CREATION

Mr. Raymond Lavigne (Verdun—Saint-Paul, BQ): Mr. Speaker, yesterday the Government of Canada announced it was granting \$1.3 million to the Société nationale des communications du Québec. This amount will come out of the transitional fund for job creation, which includes \$90 million for Quebec.

Thanks to this financial assistance, the Société nationale des communications du Québec will be able to establish a call centre that will offer business and residential customers a wide range of telephone services.

This is another way for the government to make a tangible contribution towards job creation and economic recovery in Montreal.

* * *

[English]

SIR WILLIAM MACKENZIE INN

Mr. John O'Reilly (Victoria—Haliburton, Lib.): Mr. Speaker, I rise today to inform the House of one example of turning disaster into success. In Kirkfield, Ontario the Sir William Mackenzie Inn is doing just that.

A tornado in 1995 wiped out many mature trees across the 13 acres of land. Instead of this devastating the land of the inn, it gave the owners an idea. On June 22, 1996 the inn decided to have a wood carving contest using chainsaws. The inn awarded free accommodation, great prizes and lots of media coverage.

Once destroyed trees turned into works of art. One carving resembled a moose in the forest, while another resembled mother nature. The winner, "Cougar on the Rocks", by Peter Turrell was spectacular.

In conclusion, I would like to congratulate Joan and Paul Scott for turning a near business closing incident into a huge success.

Mr. Speaker, when you visit Kirkfield this summer, drop in to view these masterpieces.

ORAL QUESTION PERIOD

• (1415)

[Translation]

CANADIAN BROADCASTING CORPORATION

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, enough is enough. There are limits to rewriting the red book to reflect the devastation wrought by this government.

Before the 1993 election, we read on page 88 of the English version of the red book, and I quote: "Funding cuts to the Canadian Broadcasting Corporation, the Canada Council, the National Film Board, Telefilm Canada, and other institutions illustrate the Tories' failure to appreciate the importance of cultural and industrial development".

My question is for the Deputy Prime Minister and Minister of Canadian Heritage. How can she say this morning, following a cabinet meeting, that, by promising stable funding to the CBC as of 1998, she is fulfilling the commitments of the red book, when for the past three years the Minister of Finance has relentlessly cut more than \$500 million from the budgets of the CBC, Telefilm, the National Film Board and the Canada Council?

Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.): Mr. Speaker, the figures quoted by the member opposite are incorrect.

We must not forget the remarks made by the member for Rimouski—Témiscouata on "Midi Quinze" regarding cuts to be made to the budget. She said: "If we are going to cut, there are major cuts to be made at the CBC". These were the remarks she made on March 16, 1995.

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, the minister thinks she has made a great discovery. I repeat: the CBC needed trimming at head office, and Mr. Beatty closed it. He understood.

For the third time, this government is promising the CBC stable funding. Today it is again making this promise after hitting the CBC with the hardest cuts it has ever faced in its history.

How can the minister think for one second that the people will believe her, when her government has already twice reneged on this promise? Does this new promise signal elections, which will the permit the cock to crow for the third time and the Liberals to deny?

Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.): Mr. Speaker, clearly we had to make cuts in government. I would like to look for a moment at the cuts made to Radio-Québec. According to *Le Soleil* of August 20, 1995, half the employees at Radio-Québec were cut.

It is true cuts were made, but what we have said is that, as of next year, we will guarantee the CBC five years of stable funding up to a maximum of \$900 million. We have made a firm commitment to the CBC, which none of the other parties has made, unfortunately.

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, this is quite extraordinary, because the previous Minister of Canadian Heritage promised the same guarantee, and it prompted the resignation of Mr. Manera, who felt the government was not keeping its word.

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As regards Radio-Québec, Quebec contributes \$7.50 per capita to its television, whereas Ontario contributes only \$5.50. The minister should compare apples with apples and not with carrots.

Even with four former CBC presidents saying that the Corporation can no longer fulfill its mandate, the minister in her cynicism is promising stable funding, but after additional cuts of \$200 million and 4,000 jobs. This is a far cry from Radio-Québec.

What are the government's real intentions in promising stable, insufficient and long term funding to the CBC? Are they to shut down the regions, to run the French network into the ground or simply to shut down the now redundant English and French television networks of the CBC, as her colleague for national defence has suggested?

• (1420)

[*English*]

Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.): Mr. Speaker, two facts have to be pointed out.

First, when we took over the government we were faced with a very difficult financial situation. Cuts were required which were absorbed in all departments of government and to a lesser extent in the cultural industries.

In fact, the CBC cut which caused a lot of pain and a lot of jobs represented 23 per cent of their budget as against 50 per cent of the Department of Natural Resources and 30 per cent of the Department of the Environment.

The second point that I hope the hon. member would reflect on is that this is the first time in the history of the fiscal framework that the CBC will be given a guarantee that it will receive a stable amount of funding for the next five years. That will permit planning a movement to an all Canadian network.

Contrast that commitment in the fiscal framework to the statement by the Reform Party that it would abolish CBC television, to the statement by the Conservative Party that it wants to get out of CBC television, and to the statement of the member for Rimouski—Témiscouata that there is too much fat in the CBC.

* * *

[*Translation*]

DISTINCT SOCIETY CONCEPT

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, yesterday, the leader of the official opposition asked the Prime Minister when, in its decision making or legislative process, the government had taken into account the meaningless resolution that was passed by this House last year. This was a quite simple

question that the Leader of the Opposition asked, but the Prime Minister did not answer.

Let me ask him the same question today. If indeed this resolution is as important as he claims it is, could the Prime Minister give us one example, one clear case where the concept of distinct society has been used to give Quebec more power or to give legislation an interpretation favouring the interests of the people of Quebec?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the whole program we set out in the throne speech in February of last year clearly shows this government's desire to find common ground in many areas so as to provide for the respect of jurisdictions, as requested by the people in Quebec.

Read the speech from the throne; you will see what we have accomplished since then and the hon. member will have all the examples he needs.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): No, Mr. Speaker, I only know one case where the concept of distinct society, as the Prime Minister understands it, has been applied and that is harmonization of the GST.

The maritimes have been paid \$1 billion to harmonize it, but the federal government still will not compensate Quebec, which agreed three years ago to harmonize its provincial sales tax with the federal GST. For the Prime Minister, Quebec is a distinct society when it does not make any difference.

Will the Prime Minister not recognize that breaking so many promises has made him an embarrassing ally for Quebec federalists and all those who once thought it possible to reform the Canadian federation?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, may I take this opportunity provided by the opposition to get to the crux of the debate?

In Quebec, polls show that 80 per cent of the population regard themselves as Canadians. Outside Quebec, more than 50 per cent of the population are prepared to recognize Quebec as an essential part of Canada. Our role is to help these populations come to terms, in spite of the official opposition's divisive philosophy.

* * *

[*English*]

EMPLOYMENT

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, in the last election the Prime Minister promised Canadians jobs, jobs, jobs.

This is the Liberal record that is etched on the minds of Canadians: 1.5 million people unemployed; two million to three million underemployed; 700,000 moonlighting to make ends meet;

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one out of four Canadians afraid of losing his or her job. The Prime Minister can try to ignore it, to explain it, to inflate it and excuse it, but that is the Liberal's dismal record on jobs.

• (1425)

With a record like that how does the Prime Minister expect Canadians to believe him when he promises jobs, jobs, jobs in the future?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we said our priority was to create jobs and to improve the economy of Canada and that is exactly what we have done.

As I said yesterday, the Canadian economy has created more than 700,000 new jobs since we formed the government and I gave examples. It is recognized by everybody that we have done better and we have created more jobs in Canada with 30 million people than Germany, France, Italy and Great Britain together. That is a fact. Of course we are never satisfied and we have to create a lot more.

We had to get to the bottom of the problem. We knew we had a big deficit, that the costs of interest were exceedingly high. We had to put the finances of the nation in good standing so that people could find jobs because we were able to compete.

That is why today in Canada we have the lowest interest rates we have had in 35 years. That is why we see today that housing, which had been in great difficulty for many years, is starting up again. More people are buying houses and new houses are being built every day.

That is why people have a higher level of confidence today than in the last number of years. We have done what has to be done to make sure the deficit is under control and that we are respecting the goals that we stated to Canadians. We have created more jobs and we have made sure that the deficit is under control. That is exactly what we have done.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, if the Prime Minister wants to get to the bottom of the jobs problem he has to eventually get to the tax problem. High taxes kill jobs and the government's tax record is even worse than its jobs record.

Since 1993 the federal government has increased taxes 35 times. The average family take home pay has been reduced by \$3,000 and the federal tax collector is taking in \$24 billion more per year than in 1993. That is the dollar cost of the Liberal tax policies. The job cost is even worse.

Does the Prime Minister accept responsibility for all the jobs killed by Liberal high taxes?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, there have been absolutely no tax increases since we have been here.

Some hon. members: Oh, oh.

Mr. Chrétien (Saint-Maurice): I notice they are complaining. Yes, we have changed some taxes because we plugged some loopholes that were benefiting the rich. Yes, of course we have increased some taxes. Yes, we have increased the tax on the banks.

If it is the type of tax that he is complaining about I will plead guilty. We have plugged loopholes and we have made sure that the banks would pay a fair share of the profits they are making.

There was no tax increase on the income of individuals. We have reduced from \$3.30 to \$2.85 per \$100 the employee contribution to the unemployment insurance fund. We have reduced by more than \$500 million the level of taxes that were imposed at the border for imports to comply with international obligations. I could go on and on.

Some hon. members: More. More.

Mr. Chrétien (Saint-Maurice): Mr. Speaker, I want to keep the leader in good shape so I will wait for his third question.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the government's tax increases only deal with tax loopholes?

Does the Prime Minister consider the tax on life insurance premiums that was imposed by the government closing a loophole? Does he consider the increase in the excise tax on gasoline as closing a loophole? Does the Prime Minister consider increasing the tax on tobacco products a loophole? Does he consider the reduction on RRSP contributions a loophole? Does he consider increasing the Canada pension plan premiums three times a loophole?

• (1430)

The tax increases imposed by his government have resulted in the collection of over \$24 billion more per year by the government. Does the Prime Minister consider all of those tax loopholes?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the hon. leader of the third party does not recognize that there is a factor in the economy that we call economic growth. Since we formed the government we have had growth in Canada every year, and of course the revenues are better than before.

Now he is complaining that after we reduced the tax on tobacco and we reintroduced some of it because we had to plug a big loophole.

Members remember when a lot of contraband was coming into Canada. We wanted to make sure that the contraband was ended. We had to make some moves but the fundamental taxes have not been increased. They have been decreased. That is why the economy is in better shape.

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The hon. member does not recognize the fact that there has been growth, that the economy is in better shape, that now interest rates are lower than they have ever been, that we have to pay billions of dollars less on interest because we have provided the people of Canada with a good, responsible government in Ottawa.

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[Translation]

CONSTITUTION

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

When asked for his opinion on the Government of Quebec's request to amend the Constitution so as to replace denominational school boards with linguistic school boards, the Minister of Intergovernmental Affairs told *Le Soleil* on December 9, and I quote: "If there is a consensus among Quebecers, then there is no problem".

At a time when the Government of Quebec is asking to be exempted from the denominational guarantees contained in section 93 of the Constitution, how does the Minister of Intergovernmental Affairs react to the demands just made by the President of Alliance Quebec regarding linguistic guarantees?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, two and a half years ago, when the Liberal Party of Quebec was kicked out of office, Quebec's anglophone and francophone communities trusted each other. Relations were good.

[English]

I want to say that in English. The legal framework regarding language laws was acceptable for both communities. They were not in love with it but they found that it was an acceptable compromise.

[Translation]

Since then, separatist ideology has created a division between the two communities. The Government of Quebec thought it wise to tell its anglophone minority that there was legislation that it was not to use or it would be taken away. That was what was done to a minority.

The compromises made regarding access to health care have since been questioned, or at least that is what people are being given to understand. That is the situation facing us. We are beginning a difficult debate with respect to education, language, religion and the Constitution. I call on everyone to approach this calmly and with trust. Both communities want a good linguistic system. They must get together and find a solution that is acceptable to both communities.

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, are we to understand from the minister's remarks, which are confusing to say the least, that the consensus already reached in Quebec and expressed by MNAs is not enough and that the minister is also requiring that the demands of Alliance Quebec be taken into consideration, thus ignoring the legitimacy of the National Assembly?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I had to give the hon. member a short course on the Constitution. I must say that the Government of Canada is not giving a right of veto to Alliance Quebec or to any other group in Quebec. That is not the issue.

● (1435)

The hon. member must understand that the concessions also exist in order to protect minority rights, that not all democratic decisions are taken with 50 per cent plus one, and if she believes that Quebec's anglophone community is not part of Quebec, let her say so.

* * *

[English]

EMPLOYMENT

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, every time the Prime Minister opens his mouth he really demonstrates how out of touch he is with ordinary Canadians. His latest comments on the tax issue indicate he is clearly in denial.

The latest example of the Prime Minister's disconnectedness with the Canadian people was last weekend when he gave an interview to the Toronto *Star*. He indicated that he was proud of his record on unemployment: 1.5 million unemployed Canadians; 20 per cent unemployment in Newfoundland—he is proud of that; 17 per cent youth unemployment. He is kind of like the captain of *Exxon Valdez* being proud of his driving record.

Why will the Prime Minister not admit that he has clearly lost touch with regular Canadians who now suffer from his record of broken promises?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have always said that I would not be satisfied until the people who want to work in Canada get jobs. That is the goal of this government, to make sure there is a situation where the people will have occasion to find jobs.

But we have to compare our situation with others. From December 1988 to 1993 the previous government created 126,500 jobs. In the same period, for the same number of months, from November 1993 to January 1997 this government—no, not us, the Canadian

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economy, because we created the conditions for them to create the jobs—created 715,000 new jobs.

If we compare ourselves with the previous government we feel satisfied, but we will never be satisfied until the people in Canada get the work they want. That is why in all the budgets we have developed so far, and the one we will present to this House a week from today, job creation is a priority.

We have worked very hard on that. We have had some success but it will not be enough until everybody who really wants a job gets a job.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, someone should tell the Prime Minister that unemployment is a problem in Canada and that his words are cold comfort to all those unemployed people out there. It is pretty clear that the little guy from Shawinigan has become the bubble boy from 24 Sussex.

Back on planet earth we have had record taxes, record personal indebtedness, record bankruptcies and 9 per cent plus unemployment for 76 months in a row. Why should we trust the Prime Minister to fix the jobs issue when he clearly does not believe we even have problem?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we say all the time that we have a problem. I see the hon. member downgrading the country. What we are telling the Canadian people is that we have problems and we are working on them.

When we travel, the financial press from around the world recognize that this government has done a very good job. All the experts outside the government are predicting that in 1997 we will see more than 3 per cent growth in Canada. It is the same thing for next year. They are predicting that there will more than 300,000 new jobs created per year in the next two years for Canada, and Canada is the country in the best financial position of all G-7 countries. I hope the hon. member will look at these facts once in awhile.

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[Translation]

SEAL HUNT

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

On the eve of the seal hunting season in eastern Quebec and Canada, many questions are being raised regarding the cruel seal hunting practices shown yesterday on the *Téléjournal*. The video, which will be shown around the world, could undermine the work and credibility of the Quebec and Canadian fishing industry as a whole.

Last year, when the seal hunting season opened, did the minister have the necessary means to prevent such unacceptable behaviour?

• (1440)

[English]

Hon. Fred Mifflin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I thank the hon. member for his question because it is a very important one. He makes reference to a video that was shown at a press conference yesterday. It is really the annual effort on the part of the IFAW to discredit the seal hunt.

I have to tell this House that my department is reviewing that video to see what charges, if any, have to be laid against those people in the video.

The hon. member knows Atlantic Canada and the Gaspé fishermen involved in the seal fishery. The majority of the seal hunt is conducted by responsible people in a responsible manner.

I find it passing strange that in its annual effort to discredit the seal hunt, the IFAW, with metronomic regularity, tries to do things to put the seal hunt down.

The hon. member and this House know that despite IFAW's effort, the seal hunt is increasing and this year will have a total allowable catch of 275 animals. This will help the people in Atlantic Canada and it will help the recovery of the cod stocks.

[Translation]

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, to make sure there is no misunderstanding, since the credibility of the whole industry is at stake, will the minister pledge to order an investigation and to bring those responsible for such cruel and illegal acts before the courts? Fishermen and seal hunters from the Gaspé region also told me this morning that the guilty parties must be found.

[English]

Hon. Fred Mifflin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I think I indicated that and in my enthusiasm to support the people who are involved in the seal fishery I said 275, but of course I meant 275,000 seal carcasses.

With respect to an inquiry, I think I have indicated that my department is reviewing the video and will do as we did last year. We will see what is involved and if charges are to be laid, we will lay them.

I have to tell this House that the seal fishery this year, because we are increasing the total allowable catch, and I know the hon. member knows this, will be monitored like it has never been monitored before.

* * *

SOMALIA INQUIRY

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, not only do we have allegations that the Prime Minister's friend Bob Fowler shredded documents about the murder investigation in Somalia but now we hear that when Kim Campbell tried to investigate the murder, Fowler threatened her by saying that her actions could be

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regarded at disloyalty to her department and could hurt her leadership prospects.

All this Prime Minister continues to do is reward Mr. Fowler with one of the top diplomatic postings available. Why will the Prime Minister not hold Mr. Fowler accountable?

Mr. John Richardson (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, as has been said many times in this House, the calling of witnesses is still open until March 31 and any witnesses the commission wishes to call can be called. It can also subpoena documents. It is open.

This government is not going to get involved or interfere with the commission's work.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, I think the Canadian people are getting sick and tired of this sort of cover-up.

We have a former prime minister of Canada accusing a former deputy minister of defence of covering up a murder. If this is not a shocking enough revelation to get the Prime Minister involved, what will it take, Mr. Prime Minister?

The Speaker: Remember, my colleagues, address all your questions to the Chair.

Mr. John Richardson (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I would like to remind the hon. member that it was the former defence minister who hired Mr. Fowler and kept him in that position.

That being said, we are not going to interfere, even with all the provocations and all the name calling that is being brought forward by this party, in the work of that commission.

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[Translation]

IMMIGRATION

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, my question is for the Minister of Citizenship and Immigration.

Since the Liberal Government was elected, the refugee claim backlog at the Immigration and Refugee Board has risen to over 30,000, a 75 per cent increase, and more than half of these are in Montreal.

• (1445)

How can the minister explain these unacceptable delays, and what steps will she take to solve this problem as promptly as possible?

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, it is worthwhile pointing out right

at the start that the Immigration and Refugee Board is a quasijudicial tribunal that is independent of the department and that the chairperson of the board has just taken a number of steps to step up productivity within the board.

That having been said, a bill is currently under study here in the House with a view to helping them work even more efficiently: Bill C-49. If the opposition gives us its support in moving this forward, it will be enabling us to help the board enhance its efficiency, in that only one board member will be required for cases to be heard in future.

With all these measures, I can assure you that everything is being done to try to improve turnaround time in the Immigration and Refugee Board.

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, the minister ought to put an end immediately to the patronage system currently used to appoint IRB members.

Does the minister acknowledge that delays in processing files are inhumane to claimants and their family members, and a heavy burden to the taxpayers who have to pay for its inaction and disorganization?

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I must admit to you that I am having trouble following the logic of the hon. member for Bourassa, since we now have a selection committee independent of the minister to evaluate the suitability of prospective board appointees. If the hon. member for Bourassa has in mind any cases of people who are not competent for their position, I trust that he will have the courage to say so here in the House of Commons, officially, before everyone.

That having been said, it is clear that we are working to ensure that all those applying for refugee status get a reply within a reasonable length of time. As you are well aware, however, we have a quasijudicial process in Canada; we plan to maintain it and we intend to follow the rules.

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CANADIAN BROADCASTING CORPORATION

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, my question is directed to the Deputy Prime Minister.

What will the Minister of Canadian Heritage do to counteract budget cuts such as those made at Radio-Canada and more specifically those affecting the news program *Ce soir*. Could she expand on that?

Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.): Mr. Speaker, as you know, programming at Radio-Canada is the exclusive responsibility of Radio-Canada.

Oral Questions

That being said, we are delighted to hear that following representations by the FCFAC and president Michaud, and also by the hon. member for St. Boniface and a number of other members, Radio-Canada has decided to reconsider its decision to terminate programming of *Ce soir*. In fact, programming in Saskatchewan and Alberta would be maintained, which would have a direct impact on francophones in Alberta and Saskatchewan.

* * *

[English]

SOMALIA INQUIRY

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, we do not feel that the government is treating the question from the member for Red Deer with the gravity it deserves.

There is a former prime minister of Canada accusing a former deputy minister of defence, the de facto commander of the Canadian Armed Forces at the time, with participation in the cover-up of a murder in Somalia.

The head of a commission that is supposed to be getting to the bottom of this says that he cannot because of interference by the government.

My question is for the Prime Minister. Will he simply sit there and ignore this matter or will he take some action to get to the bottom of this accusation?

● (1450)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Parliamentary Secretary to the Minister of National Defence said that we have appointed a commission and that it is the master of the situation. It can call any witnesses it wants. If it wants to call the former deputy minister of the time, if it wants to call the minister of the time, it can. It is up to the commission.

It is very well known that when we establish a royal commission we do not tell it who to interview and who not to interview. That would be a breach of the trust that we have invested in the commission.

This news is known to the commission. It is up to the three commissioners to decide, until the end of next month, who the witnesses will be. They have had the occasion to do that in the last two years.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the head of the commission to which the Prime Minister referred said: "It is not true that 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 an investigation of it".

Just to be clear, is the Prime Minister saying that he chooses to ignore the charge by a former prime minister of Canada that the former deputy minister of defence was involved in the cover-up of a murder?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, that is exactly why we established the commission, to look into what happened in Somalia at the time of the previous government.

We established a commission with three commissioners. It has been in operation for more than two years.

It was the leader of the third party who requested that we finish the inquiry in time for the next election. Now he does not want us to fulfil that request.

The Minister of National Defence said very clearly that the task of the government is to make sure the armed forces can resume their work and operate as they should.

If the commission wants to interview anybody, it has the right to do that. We have given the commission three extensions so far. The Minister of National Defence told it to prepare a report and said that it had three more months to interview people.

The commission has known since early January that it will have to finish its work by the end of March. It still has the time to see Madam Campbell, the former deputy minister or anybody else it wants to see.

* * *

[Translation]

COPYRIGHT

Mr. Louis Plamondon (Richelieu, BQ): Mr. Speaker, my question is directed to the Minister of Canadian Heritage.

According to the media, the fact that the Department of Canadian Heritage and the Department of Industry do not share the same views on copyright has further delayed progress on this bill which would finally recognize neighbouring rights and a compensation system for private copying for copyright owners.

Is the Minister of Canadian Heritage still being held hostage by her colleague in Industry or will she, by the end of this week, be in a position to bring back to the House for report stage and third reading a bill that is crucial to creators in Quebec and Canada, so it can be passed before the next federal election? Briefly, can the Liberal ministers stop fighting so we can get the job done?

Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.): Mr. Speaker, cabinet is unanimous on the importance of proceeding with a bill as vital as the copyright bill. About 70 amendments have been proposed in committee, and we hope to be able to table all new amendments in the House very shortly.

Oral Questions

Mr. Louis Plamondon (Richelieu, BQ): Mr. Speaker, my second question is directly related to the minister's answer. In committee proceedings, the Bloc Quebec proposed a number of amendments with which creators were very satisfied.

Is the minister prepared to protect the gains made in committee against pressure from users who like to see those gains diminished?

• (1455)

Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.): Mr. Speaker, if I understood correctly, the hon. member wants me to say in the House that I do not want to see the amendments proposed by his colleague. If that is the case, the hon. member's logic escapes me.

I think this is a good example of why we should take the time to ensure that all the amendments are satisfactory, because the bill is very important to creators. We want to proceed, and we also want the hon. member to speak to his former colleagues in the Senate to ensure that once the bill has been adopted by the House of Commons, it will not be held up by the Conservatives in the Senate.

* * *

[English]

GRAIN SHIPMENTS

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, the grain shipping delays in western Canada have created a disastrous situation that will cost our economy at least \$65 million, and the amount is growing daily.

West coast shipments are at their lowest level in a decade and at least 38 ships are in port collecting demurrage as they await their cargo. There is no accountability in the transportation system and farmers are being held ransom.

My question is to the minister of agriculture. What specifically does the minister plan to do besides just talk about the weather?

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, this situation is very serious. It is a situation that the government takes seriously, as I am sure do farmers and all the players in the grains industry.

I would advise the hon. gentleman that histrionics and cute lines do not solve the problem. The government is interested in solutions.

I have had the opportunity to discuss the situation with some of the players in the industry, both on the grain shipping side and on the railway side. In the course of the next few days those conversations will continue.

I want to impress upon all the players that this situation is critically important. It needs to be given priority. I am happy to see that the railways have already taken some steps to bring more locomotive power into the system. We all have to put our shoulders to the wheel to find solutions rather than play word games.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, the minister of agriculture is known in the industry as a master of word games and he is considered to be a third rate lawyer rather than a good minister who is interested—

Some hon. members: Oh, oh.

The Speaker: Without further preamble, the question now, please.

Mr. Hermanson: Mr. Speaker, I will appeal to the Prime Minister. Will the Prime Minister hold his minister of agriculture accountable for forcing farmers to pay for his mistakes? He had a chance to pick the transportation system and he did not do it.

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, one of the things that farmers across western Canada notice is that this hon. gentleman and his party seem unable to deal with any issue in a serious manner without personal invective. Solutions are not found through insults. That seems to be a fact that escapes the hon. gentleman. But perhaps it is understandable that it should escape him since now in the reshuffling of the Reform Party he did not make the A team and he is seated so far back I confuse him with the NDP.

* * *

FERRY SERVICE

Mr. Gar Knutson (Elgin—Norfolk, Lib.): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development and relates to transportation to Christian Island in Georgian Bay and Georgina Island in Lake Simcoe.

In 1995 the federal government and the Government of Ontario agreed to joint funding to replace the ferry servicing these communities. The new government in Ontario is refusing to honour that commitment.

What is the federal government doing to ensure these communities are serviced by a safe and efficient ferry service which will promote economic development on the islands?

• (1500)

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I want to thank the hon. member and the several members who have continually brought this to the attention of the government.

I will take just Christian Island, but Georgina Island is in the same situation. There are 400 aboriginal people and 2,200 non-ab-

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original people living on that island. The ferry service is not safe, that is in Lake Simcoe, and people die. There are only elementary schools and the children going to high school have to come off the island in the fall and away from their homes.

We agreed with the former provincial government to pay one-quarter of the ferry cost of around \$937,000, pay \$1 million to the dock facilities and an annual maintenance of \$665,000. The present Harris government without any notice pulled that deal away.

What we can do is stay at the table, stay committed, which we are with our money. The Tories in that area, and there are several, should talk to Mr. Harris and tell him to keep the commitment of the provincial government.

* * *

GOODS AND SERVICES TAX

Mr. Jag Bhaduria (Markham—Whitchurch—Stouffville, Lib. Dem.): Mr. Speaker, my question is for the Prime Minister.

It has been more than three years since he promised to eliminate the most hated GST. Since he has not delivered on this promise to Canadians, will the do nothing Prime Minister formally apologize today in this House for his—

Some hon. members: Oh, oh.

The Speaker: I am sure the Prime Minister heard the question. If he chooses to answer it, he may.

Colleagues, this will bring to a close our question period.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of a parliamentary delegation from Kenya led by the Hon. Bonaya Godana, Deputy Speaker and Chairman of the Sub-committee of the Standing Orders of the National Assembly, and five parliamentarians.

Some hon. members: Hear, hear.

The Speaker: On a point of order, the hon. parliamentary secretary.

Mr. Zed: Mr. Speaker, there has been some consultation among the parties regarding a committee report that we would want to be presented at this time. I wonder if there is unanimous consent to revert to Routine Proceedings under presenting reports from committees.

The Speaker: Does the hon. parliamentary secretary have the permission of the House?

Some hon. members: Agreed.

Some hon. members: No.

The Speaker: Orders of the day.

GOVERNMENT ORDERS

• (1505)

[*Translation*]**EXCISE TAX ACT**

The House resumed consideration of the motion that 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, be read the third time and passed.

The Speaker: I think the hon. member for Charlesbourg had 14 minutes left.

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, I mentioned earlier that, with Bill C-70, the Liberal government was trying to make us forget the promises made by the Prime Minister and the Deputy Prime Minister.

I also drew a parallel between these and promises made by Liberal Party guru Pierre Elliott Trudeau, who, in the late 1970s, promised to abolish the gasoline tax. This most unfair and inequitable tax was hampering economic growth. But when the Liberal Party was elected, Trudeau, far from abolishing the gasoline tax, raised it.

It is clear that this Prime Minister and his government have taken a similar course of action with the GST. They had promised to abolish it and, with Bill C-70, they are trying to disguise it through the so-called harmonization process, thereby enabling the Liberal government to renege on its promises. This also creates some unfairness or inequity.

The agreement signed with the provinces provided for \$961 million in compensation to be paid to the three provinces concerned, namely New Brunswick, Newfoundland and Nova Scotia. Since Quebec had harmonized its sales tax with the GST a few years earlier, Quebec Deputy Premier, Bernard Landry, asked for some compensation. He also wanted to know the specific formula used to work out this \$961 million compensation package for the maritimes and what would be an equitable amount for Quebec.

Some mentioned \$1.2 billion, while others pegged the amount at \$1.9 billion or \$2 billion. At any rate, it is clear that, in this case as in many others, when Quebec asks to be treated as fairly and equitably as the other provinces, its demands are inevitably denied.

Between 1972 and 1974, Quebec justice minister Choquette, a Liberal minister, asked his Liberal federal counterpart, who is now the hon. member for Notre-Dame-de-Grâce, for \$1.3 billion or \$1.4

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billion to cover costs incurred for RCMP services. Costs were incurred in all the provinces for the services of the RCMP and these costs were paid by all the provinces together, even though Ontario and Quebec made very little use of that police force.

As we all know, the RCMP has, for years, been acting as the local police force in some municipalities. All Canadians pay for this service, but Quebec and Ontario have their own provincial police forces. A claim in excess of \$1 billion was made. Again, Quebec's request was rejected, even though it had been made by a Liberal government to another Liberal government. It is clear to me that Quebec does not receive equal treatment. This is again very clear and obvious with the harmonization of the GST.

Why, when the maritimes decide to harmonize their tax with the GST, do they get compensation or a subsidy? This system, in a federation that is supposed to be fair, generates unfair competition.

Recently, during Team Canada's trip to Asia, the premier of New Brunswick used some of the tax benefits related to the \$400 million in compensation his province will receive to attract Quebec and Ontario businesses to his province.

• (1510)

This, to me, is unfair competition. When federal money is used by a province to attract businesses from another province that does not enjoy the same tax benefits, it can only be called federal unfairness. And Bill C-70 is a good example of that.

I also want to discuss certain technicalities. It was mentioned that an harmonizing process had taken place and that there would be a four-month adjustment period, so that the tax could be integrated into the price of the goods or services being sold. You will remember that, around October or November 1994, when they were still saying that the GST would be abolished, that it was unacceptable to try to hide the GST in the cost of goods or services, that Canadians had to know how much tax they were paying, so they could see what the government did with their taxes.

The Liberals are now singing a different tune; they want to hide the GST in the price of goods, which is just the opposite of what they used to say. In any event, from what we can see, this government often does the opposite of what it says, and here we have the proof once again. I like to think, I am even certain, that when another election is held the public will remember false promises, hollow commitments that are not being respected.

All we have to do is look at the distinct society issue, the wonderful declarations of love at Verdun just before the referendum, this promise to scrap the GST, how the government is being run, and so on.

Or even look at the Somalia inquiry, and their assurances that they would get to the bottom of things. This even came up in oral question period. It is certain that we will never get to the bottom of things in the little time remaining, because the Department of National Defence and the armed forces have boycotted this inquiry for almost a year so as not to provide it with information. They are boycotting the inquiry. They are getting ready for an election. They hope to bury the promise to scrap the GST. They are winding up the Somalia inquiry. They tried to cover up the tainted blood scandal. They are spending millions to solve the Pearson Airport problems. They even settled out of court with the former Prime Minister in the Airbus affair.

They are busily getting ready to bury all the issues they have not really delivered on, or that involve promises they want Canadians and Quebecers to think they have kept when they have not.

I do not think these misrepresentations or supposed solutions are going to wash with the public.

I would like to add in closing that companies such as Sears Canada, Canadian Tire, Woolworth and others in the maritimes which also do business across Canada point out that, if Bill C-70 is passed as it is, despite the Liberals' becoming aware at a certain point that the bill had been prepared in such a rush that 113 amendments had to be made—and even then there was not enough consultation, it was done too quickly—they will have to prepare a product pricing system for provinces where there is harmonization and another for those where there is not.

When we think about the fact that the Canadian federation was supposed to have a certain efficiency across its entire territory, how can it be that, within different areas, standards are established which do not apply to all locations? That is somewhat what we are experiencing with this bill. When these companies attempt to have a price with tax and a price without tax for the period of transfer to the provinces where there will be no harmonization, they will be forced to make new catalogues or to set up some new system.

• (1515)

We should not forget, when this measure comes into force, that the government mentioned a transition period of four months with respect to services. When a lawyer, a notary or a labourer advertises an hourly rate, like a notary who works for \$100 an hour, he may include the HST, the harmonized sales tax. In that case he would indicate \$115, while his competitor, since he has three or four months to adjust to the situation, can simply advertise a fee of \$100 an hour.

There are other examples. A plumber or an electrician who works for \$25 or \$30 per hour has the option of including or not including the tax, for a certain period of time. Imagine the

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administrative headaches for all these small businesses, and meanwhile, the consumer who tries to make sense of it all.

I am sorry, but I think this bill was drafted far too quickly, without sufficient consultation. Large companies like Sears say that it will cost them several million dollars more to make adjustments in the catalogues that are distributed across Canada. Parliament should at least think twice before adopting this kind of legislation and make sure that all intervenors agree.

The Bloc Québécois has repeatedly pointed out that not enough time was allowed for debate. Just 24 hours before we started second reading, 13 amendments were brought in. Now we have 113 amendments. We had only three days of public hearings. The government decided that was enough. Enough said about the GST.

It is time the public was aware of all the so-called promises that were not kept. And when they are not prepared to admit they made a mistake, they create a diversion and try a different strategy.

In concluding, I want to say that the public will judge this government on the commitments it was not prepared to keep and its lack of respect for all intervenors who came to discuss this bill but did not have sufficient time to express their views.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member who has just spoken on behalf of the Bloc has raised the issue which the Bloc has raised since the outset of the discussion on the harmonized sales tax, which is the demand for compensation.

I want to ask the member if he is aware of the input tax credit situation with regard to the provincial component. The fact is that Quebec effectively harmonized its federal and provincial taxes some time ago. By moving toward a common base it has effectively broadened the tax base for the provincial side and is now taxing more at a provincial level which means that it has the same impact as tax points or the transfer of tax points to the ability to tax.

On that basis alone, it would appear to me that the taxing authority within the province of Quebec because of the harmonization move has generated it billions and billions of dollars of additional revenues which it otherwise would not have received. Would the member not agree that the harmonization in Quebec, which was done some time ago, has generated billions and billions of dollars to the provincial coffers which were not available to other provinces?

Mr. Walker: Mr. Speaker, on a point of order.

[Translation]

The Speaker: Before giving the floor to the hon. member for his point of order, I want to ask whether he heard the question?

Mr. Jacob: Yes.

The Speaker: The hon. member for Winnipeg North Centre.

[English]

Mr. Walker: Mr. Speaker, the parliamentary secretary to the House leader started off after question period and there was confusion about reverting to Routine Proceedings. We just got that confusion cleared up. There is a committee report to be presented which now has the unanimous consent from everybody to be presented. There is a committee meeting starting in a few minutes.

I wonder if I could have the indulgence of the House to revert to Routine Proceedings with the consent of the House and present the committee report now.

• (1520)

The Speaker: With the consent of the House we can do anything. You understand what the hon. member is requesting. Does the hon. member have agreement to put the request?

Some hon. members: Agreed.

An hon. member: No.

The Speaker: The answer is no.

[Translation]

Mr. Jacob: Mr. Speaker, in response to the hon. member's question, I must say it is, once again, going overboard a bit to say that harmonization has generated billions and billions of dollars for Quebec's coffers.

Yes, I am aware that some input taxes are reimbursed, but as he said himself, Quebec had to raise corporate taxes to compensate. Businesses have been taxed more heavily than in the other provinces, contrary to the situation in the maritimes, thanks to the compensation and subsidies they are given.

Furthermore, I think it is completely wrong to say, as the hon. member has, that harmonization has generated billions and billions of dollars for Quebec's coffers. What has happened is that all of this harmonization has been done at the expense of small and medium sized businesses, with no financial assistance, as well as at the expense of the Government of Quebec.

I would like someone to give me an explanation. The GST was, and still is, 7 per cent, and that portion goes to the federal government, as in the maritimes. When there is talk of having harmonized the GST, that is not totally true. It is still 7 per cent, except that the provincial sales tax has been harmonized with the GST. If we look at Newfoundland as an example, its sales tax was 13 per cent, which was brought down to 8 per cent in order to make a harmonized tax of 15 per cent. The shortfall in provincial tax will be made up with equalization payments.

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Is this what they call harmonization? The federal government will make up the shortfall in provincial taxes with equalization payments. That did not happen in Quebec with respect to input taxes, because there were exceptions in that area.

I believe it is totally erroneous to state that harmonization has generated billions and billions of dollars for Quebec's coffers. To be fair, since \$961 million was paid to the maritimes, the same compensation would have to be offered to Quebec. Moreover, last August, when the provincial premiers met in Jasper, they were all in agreement that, if there were harmonization, compensation would have to be equitable for all provinces, but that is not what is being done.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the hon. member who just spoke has laid out a couple of points that I want to address and put on the record. I will deal with three elements.

The first has to do with the concept of the input tax credit as it relates to the provincial taxes. Under the GST system there is an input tax credit available so that businesses which incur GST in the conduct of their business get to reclaim it when they file their GST returns. Therefore in the system of a consumption tax, it is only the end purchaser, the end user of the service who ultimately pays the tax.

Under the provincial tax scheme, for instance in Ontario, there is no equivalent input tax credit. There is provincial tax levied on tax paid provincial items. In Ontario approximately 30 per cent of the provincial taxes collected by the province are layered taxes. They are taxes on taxes. As a consequence, when we shift to a harmonized basis where both taxes are applied against the same base, the provincial tax becomes eligible for an input tax credit. That means the provinces involved will lose about 30 per cent of the revenues they received under the former system.

This is a very important point that hon. members should be aware of when discussing a consumption tax. Provinces are going to lose the compounding or layering of provincial taxes. It amounts to some 30 per cent in Ontario. That means if the provincial governments are losing revenue, somebody is picking it up. Who is picking it up? The businesses.

• (1525)

Businesses no longer have to absorb all the additional provincial sales tax costs. Now they will be eligible for input tax credits not only on the GST federal component of the harmonized sales tax but also on the provincial. There will be a larger input tax credit for businesses.

The relevance here is with regard to the Quebec situation. Quebec basically scooped the nation in terms of harmonization. Quebec went forward with a fully parallel system provincially and federally for its consumption taxes. It broadened the base and started to apply and basically mirror the same elements.

This means that businesses have a lower cost of inputs because of the input tax credits. It means they have been able to pass on lower pricing to the ultimate consumers. Because exports are zero rated that means this lower cost has translated into lower export selling prices. It has made Quebec exports much more attractive than the competition from other provinces.

It is one of the realities of a harmonized consumption tax system that it is going to make Canadian exports much more competitive than the competition abroad. Right now Quebec has a serious advantage. The province of Ontario is going to have to deal very quickly with the fact that Quebec is scooping up the export marketplace because of the competitive advantage it has by getting an input tax credit and effectively having harmonized its taxes already. That is the first point I wanted to raise.

The second point has to do with a related matter, the underground economy. Members will know that the government has made substantial progress in concert with the provinces by entering into information sharing agreements and by working closely with a number of other agencies to ensure that every attention is being given to the underground economy.

When the GST was introduced, there was a strong feeling that the introduction of a consumption tax forced a lot of businesses underground. That was because the 7 per cent tax which was now visible to people was an inducement to offer an under the table economic transaction without tax on it. It basically gave a 7 cents on the dollar advantage over purchasing in the retail outlet for instance. Under a harmonized basis, federal and provincial, the amount of the input tax credit will no longer be 7 cents in Ontario because the combined rate is 15 per cent. It is going to be 15 cents.

Upon analysis there is a strong view that the underground economy in fact will shrink because there are many many businesses out there that have not claimed economic activity to claim back the 7 cents on the dollar because there is not enough inducement for them to go after it. To add the additional 8 per cent and say that 15 cents on the dollar of every sale that is made is recoverable, at least with regard to the costs on the input credits, there will be as a result of this harmonization a significant impact on the underground economy. And Canadians know that if we all paid our fair share, we all would pay less.

Finally I want to comment on the whole element of tax inclusive pricing. I know it is very easy with a twist of words to make issues sound or look like something they are not. I can recall when the discussions first took place about tax inclusive pricing, the indict-

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ment was that the government was trying to hide the tax so that we would never know when it raised the amount of taxes. Let me reflect on what happened when the GST replaced the former manufacturers sales tax and introduced the federal sales tax.

• (1530)

What happened there was a real ironic situation in my view. Under the former manufacturers' sales tax in the last year of its operation it generated about \$18 billion worth of revenue. In the first year that the GST came in, it generated only \$16 billion worth of revenue which was a \$2 billion decrease in revenue to the Government of Canada.

It made me wonder that if taxpayers got a \$2 billion tax break, why is it that people were so upset with this consumption tax? We know all the arguments about why the FST was unfair and penalized corporations that in particular were involved in exports.

However, one of the most interesting things was that there was an anger generated by Canadians that we have not seen on almost any other issue to do with the taxation or operation of government, a real anger to do with a commodity taxation.

Members have to try to understand why people were so angry when the Mulroney government brought in this tax. It started off suggesting that it would be 9 per cent but it ultimately reduced it to 7 per cent.

The one reason I can think of why people were so angry about the GST was that when they went to a store to make a purchase, when they looked at the shelf and saw the price there, their traditional reaction was that there was where they made their purchase decision. The anger came at the shock they got at the cash register when the price they saw on the shelf was not the price that they had to pay. It was not the amount of money they had to take out of their wallet.

The purchase decision was made on one price and the amount of payment was based on a totally different scenario. Through all the hearings that the finance committee held, this issue came up time and time again trying to eliminate that in your face agitation and the aggravation of seeing one price on the shelf and more added on at the cash register.

To deal with that, the consensus of the broad majority of those who appeared before the committee over those 35 weeks was to use tax inclusive pricing. That means the price people see on the shelf is the price they pay at the cash register. It addresses the fundamental aggravation and concern that consumers had expressed when the GST first came in.

Many who want to be provocative in this place will say "you are hiding the tax and burying the tax". The full recommendation and implementation of the harmonized tax specifies that there will be

the full disclosure of the taxes included on the invoice or the sales slip that the consumer receives. They will know precisely how much is included in that purchase.

Still the fact remains that if it says \$10 on the shelf, it will be \$10 at the cash register. The composition of that may be something different, but it is still \$10 out of the person's pocket.

That is certainly a very important aspect that Canadians should understand. That is not burying anything. Tax inclusive pricing is really an effort on behalf of parliamentarians to say that this is a way of getting the tax out of people's faces.

Nobody wants to pay more taxes. We all want to pay less. We have to work at ways of improving our funds so that there is a basis for tax reduction, which is the ultimate goal of any government. It is to have an efficient government operating and have the amount of taxes that we pay lowered as much as possible while still providing the services that Canadians would like to have.

I am happy to speak in support of Bill C-70 at third reading. It has been with us almost every day, as it were, since the House commenced. Although there will be continued debate and continued questioning of the issues, the most important thing right now that members should consider is the experience of Quebec.

As a result of harmonizing its taxes, Quebec exports have resulted in significant improvements in its export sales relative to the rest of Canada simply because it has had the provincial input tax credit component as financial leverage over other competitive areas, including the other provinces of Canada.

• (1535)

Quebec knew what the right thing to do was. It made this system more efficient. It made it simpler and it made sure that Quebec had every advantage of a streamlined tax system, which is precisely the objectives of the harmonized tax.

I simply would like to close by saying that I believe notwithstanding that we will continue to see the debate, that the proof will be in the streamlining of a system, one system, one set of books, one set of records, one base and an efficiency which Canadians in fact want to see within our government. I think it has been proven time and time again by every provincial government that streamlining the systems within our government is the best policy and in the best interest of all Canadians.

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I have a couple of questions for the hon. member.

Just today I received a number of phone calls in my office here in Ottawa from people in Saint John, New Brunswick about the HST. The one that I received prior to coming to question period was that this gentleman, Mr. Phillips, had received a bill already for his HST on his safety deposit box which he never had to pay before.

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I would like to know from the hon. member how the government can justify charging this when the bill has not been passed in the House, when the premier of the province of New Brunswick has not agreed. They have not reached an agreement and yet even with having not reached an agreement with our premier they have already given to him X number of millions of dollars. That was done a long time ago and the auditor general said that this is not proper, this is not right and this should not have been done. Yet we are still doing it.

I would like to know from the hon. member if he is aware of the anger that exists. The hon. member referred to anger about the GST. Is he aware of the anger that exists? Is the hon. member aware that people are very upset in Nova Scotia, New Brunswick and Newfoundland?

I could buy a fur coat cheaper today because of this bill that will be passed probably tonight but a mother who is having a difficult time and a mum and a dad who have to buy the little snowsuit for the child will pay more. This is what is happening and people are really hurting.

I do not know if the hon. member is aware that insurance companies which sell segregated funds, like mutual funds, and if they are headquartered in those three provinces, the fund management service will be subject to HST for the very first time in those three provinces. The cost in the first year is estimated to be \$350,000. In subsequent years the cost will be \$100,000 more. We are hearing from everyone that anyone who is now looking for mutual funds will go outside the three provinces.

I do not know if the hon. member is aware that my board of trade, my business people in Saint John, who are real responsible people, have gone to the province. They have gone all over the province talking to the other boards of trade members because they are so concerned.

Is this member aware of what was done when the last government was in power, when the House of Commons finance committee looked at the proposed GST in November 1989? The Liberals said in this House: "Since it would be easier for the government to raise the GST rate in the future, if Canadians were not aware of how much tax they were paying at the moment, it is imperative that the GST be visible. The Liberal members cannot support a hidden tax". Then they stated: "Canadian taxpayers have a right to know what taxes they are paying. Any reform of the tax system should be designed to help Canadians understand how much and to which level of government they are paying their taxes".

• (1540)

They stated: "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".

This is all in *Hansard*. Can the hon. member tell us how he can justify standing up and supporting it when his colleagues who were then in opposition opposed a hidden tax at all times?

Mr. Szabo: Mr. Speaker, there is a number of questions there which I thank the member for. I will answer them in reverse.

The first question is with regard to the hidden tax. The member may have missed the last half of my speech in which I explained tax inclusive pricing. I said that the invoice or the cash register slip would show the breakdown that she has asked for. That question has been dealt with. The information is there.

I personally oppose hidden taxation as the FST or the manufacturers' sales tax was. Now we have a perfectly visible tax. The member would agree that consumers make their purchase decisions based on the price they see on the shelf. It is important that consumers do not get that shock at the cash register. But I agree with the member that it is also important that the amount of tax to each level of government is currently shown on the documents, and that is what the bill proposes.

Regarding the second question, it depends on the mechanics. People in Newfoundland are presently paying a 19 per cent combined federal and provincial sales tax. That will be reduced to 15 per cent. That is a 4 per cent reduction, almost a 20 per cent reduction in the amount of taxes they will have to pay on each purchase.

On top of that, if the member had listened to the first part of my speech when I talked about the provincial input tax credit, which is now 30 per cent of all the provincial taxes collected—actually taxes on taxes—she would know that businesses are going to get a 30 per cent reduction in the provincial sales tax costs formerly included in their products. This means they should be able to pass on lower pricing.

The bottom line is if businesses are responsible and pass on the sales tax savings, the input tax credit savings on the provincial component to the consumers, not only will Newfoundlanders go down from 19 per cent to 15 per cent but that 15 per cent will also be applied against a lower base.

Concerning the final question of why there is HST on a bill, the legislation is effective April 1, as the member well knows. Pursuant to the legislation that means any services that cross over that period of April 1 will have to be charged the HST. The billings have gone out at the time because they are usually billed on an annual basis and it is a prorated amount from April 1. Should the legislation not go forward, that would not be payable or it would be refundable.

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, I cannot understand the attitude of this member of Parliament. During his speech he suggested that the reason the Canadian people are so upset with the GST is, as he said, this in your face taxation

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where they were aware of it every time they went to purchase something.

If that is how out of touch this member and his Liberal colleagues are with the Canadian people then they deserve to get turfed out of office, as I am sure they will following the next election.

The simple fact is Canadian people are upset with the GST because it is another tax and they are taxed to death. They are upset especially in light of the fact that there have been promises associated with the GST ever since the Tory government brought it in. At that time the Tories said that they would only use it to pay down the national debt. They would create a debt retirement fund and all the GST revenues would go into that. Canadians now know that is not true. That is not what happened.

• (1545)

Therefore, I would submit to the hon. member that he has completely missed the point concerning why Canadians are upset with the GST.

Mr. Szabo: Mr. Speaker, the member refers to the GST as another tax. He well knows that the GST was a replacement of an existing tax, the manufacturers' sales tax, the FST. The FST generated some \$18 billion of revenue in its last year of operation. When the GST came in, it generated only \$16 billion.

Although the basis on which the tax was changed, the amount of revenue collected by the federal government actually went down in the first year of operation of the GST. It was a replacement.

I will still continue to support the premise that one of the reasons why Canadians did not like this tax is because they could see it on each and every purchase every time they made one. It was different from the shelf pricing. I think this is one, but not the only one, of the components. I remind the member that the GST was a replacement tax, not another tax.

The Speaker: The hon. member for Skeena. May I ask the hon. for Skeena if he will be using the full 20 minutes himself?

Mr. Mike Scott (Skeena, Ref.): No, Mr. Speaker. I am going to be splitting the 20 minutes with my colleague from Kootenay East.

The Speaker: Therefore, it will be 10 minutes and 5 minutes of questions and answers.

Mr. Scott (Skeena): Mr. Speaker, just before I get into the text of my remarks, I have to respond to what the hon. member from across the way was saying.

The Liberal Party, if anything, is extremely acrobatic. It is interesting to watch the flip-flops, pirouettes and the changes of

course and direction that this party takes whenever it considers it politically expedient to do so.

I was in the construction business during the 1970s and I was faced with the increasing FST remunerations that we had to make. These were hidden taxes at the time. The finance ministers in those days, Mr. MacEachen I remember and Mr. Chrétien who was a finance minister back in the 1970s, loved this tax because it was a way for them to increase their revenues without getting Canadians upset. It was an invisible tax for most Canadians but it was certainly visible to me, as I was in the construction industry and had to pay federal sales tax on many of the goods that we were purchasing and incorporating into our work when we were building construction projects.

Now we hear that the Liberal Party supports the idea that taxes should be visible. Frankly, I find that unacceptable. I just do not believe that these people are serious when they talk about being straight with Canadians.

That gets me into the text of my remarks which has to do with broken promises and the broken promise we are debating today. The Liberal government did not promise to harmonize the GST. It did not promise to incorporate it with another tax. It said it was going to kill, scrap and abolish the GST.

After the Liberals made that promise and were elected, they said that they did not promise to kill, scrap and abolish the GST. They held that line for a long period of time. They have finally come around, after the Prime Minister's disastrous town hall meeting last fall, and said: "We are apologizing but not for breaking a promise. We are apologizing because Canadians are confused about what we have said and if we have contributed to that confusion we are sorry". That is typical of this government.

It is typical of this government to engage in obfuscation, mirage and sleight of hand. It is typical of this government to say: "Now you see it and now you don't". That is what has happened since the election campaign in 1993 and the reality of the spring of 1997.

Let us just go through a few examples. The Liberals like to manufacture facts about the health care system and their spending on it. They paint themselves as defenders of the Canadian health care system. They wrap themselves in the red cross every time they can and say: "We are concerned about health care for Canadians and we want to make sure that universal health care of a high standard is delivered to every Canadian from coast to coast".

• (1550)

In reality the government has cut \$3 billion a year out of health care spending. It has cut \$7 billion in health care spending since being elected. It does not want to be held accountable for that so it points fingers at everybody else. It says: "these are the bad guys over here, they're going to cut your health care, they're going to cut

your social programs and so on". This government has done far more cutting than any of the other political parties in this country even suggested.

This is not a Reform promise. It is not a promise that the Reform Party would make. The Liberals promised they were going to maintain stable funding for the CBC. Once elected they gutted the CBC's budget. They ignore the best interests of taxpayers in favour of political expediency every time. Let me give a few examples.

The EH-101 helicopter was cancelled. A decision had been made to purchase helicopters. A contract was entered into before this government was elected. But this government in its infinite wisdom said: "This is not a good deal for Canada and we are going to scrap it". It cancelled the agreement to buy helicopters.

First of all, what was the cost of cancellation? It is not known for sure but the figures seem to be coming in at around \$500 million. Not a single helicopter has been bought but the Canadian taxpayers are out \$500 million. We do not have one helicopter to show for it.

The Sea King helicopters are falling out of the skies. They are unsafe to fly. There is not enough of them to do the job. I do not have search and rescue capacity in my riding of Skeena because there are not enough helicopters that fly to go around. That is the reality of this government.

Now the government admits it has to do something so it is looking at some kind of a replacement for the Sea King helicopters. It is now talking about providing a helicopter that is substantially smaller than the EH-101. There is conjecture that whatever helicopter is picked it is not going to be able to do the job. That is the reality of this government.

The Pearson airport cancellation, whether one agreed with the deal or not, whether it was thought to be a good deal or not, was a deal that was done and above board. I do not think any of the inquiries that have been set up to look into this deal has ever shown any impropriety on the part of the government or the people who were contracting to do the deal. It was a political decision and the Liberal Party was unhappy with the political decision, probably because they did not make it and it was not their friends who substantially benefited from it. It was a political deal but it was above board.

The Liberals were elected and they said no they were going to cancel this deal. Arbitrarily they are going to abrogate a signed agreement. Can you imagine the arrogance of this government? Can you imagine the arrogance of the people who made that decision? On top of that, to protect themselves and insulate themselves from any political repercussions, they tried to pass legislation through the House that stated they could not be sued for their actions. Can you imagine the arrogance of that?

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If they really felt that they have made a good decision on behalf of the Canadian taxpayers you would think they would be more than willing to go to court to defend themselves, that the people who felt they were wronged in this action had a cause of action and wanted to sue the government. They knew immediately when they cancelled the deal they were going to get sued. They knew they were wrong. They knew they had violated a contract. What do they do? They tried to pass legislation. Thankfully that legislation was not passed and now they are going to have to face the music. Unfortunately the Canadian taxpayers are going to end up footing the bill. It is one more example of "now you see it, now you don't". It is one more example of no political accountability for the decisions that are made. It is one more example of putting politics ahead of the best interests of the Canadian people.

Let me give another example, the Somalia inquiry. This government has done its level best, along with senior officials in the military, to pin the rap of the Somalia disaster on the lower echelons in the army. They have done their level best to evade and avoid any responsibility for either the events that occurred in Somalia or for the mishandling and covering up of the events that happened subsequent to it.

• (1555)

Now the Minister of National Defence has given the inquiry its marching orders. He has told the commission to cut the inquiry short and to report to the House in time for an election. When did we start looking at proper public policy in the best interests of this country based on the timing of the next election? Frankly, I find that unacceptable. It is appalling.

The government promised jobs, jobs, jobs. The Prime Minister partly delivered. Every Liberal of note from coast to coast got a job in the last three and a half years. However, what about the 1.5 million Canadians who are unemployed? What about the people who are out there pounding the streets, looking for work? What will happen to the people who have given up, who do not believe they will be able to find work? The Prime Minister just brushes them off and says: "Tough luck. Some people win and some people lose".

Canadians are counting the days until they can hold this government accountable for all of this and much more.

Mr. Jim Karygiannis (Scarborough—Agincourt, Lib.): Mr. Speaker, I noted with interest the comments of my colleague. He spoke about the EH-101 helicopters. He spoke about the Pearson deal. He spoke about the Somalia inquiry. I cannot understand what party he really represents, the Reform Party or the Conservative Party. I would have expected that speech from a Conservative, but the only Conservative member in the House is not the one who is speaking. Is the member running for the Reform Party or is he running for the Conservative Party?

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The people of Canada clearly stated before the last election that they did not want the EH-101 helicopters. They also said they did not want the Pearson deal. If we listen to the member, we are listening to the Conservatives of pre-1993.

I wonder if the Reform is going to pick and choose in which ridings it is going to run and in which ridings it will not run. The member has presented himself as a Conservative.

The member also spoke about the hidden tax and about taxes in general. In England they have the VAT, the value added tax. It is 16 per cent. People know they are paying 16 per cent. In Canada we have the PST and the GST. In the maritimes we are trying to harmonize those taxes. Then, when people go to the till, they will get a bill which will say the item is \$100. They know they will pay \$100. At the end of the day they will be paying \$100 for an item and the taxes will be included.

My constituents know they will have to pay tax, whether it will be 16 per cent as it is in England or 15 per cent as it will be in the maritimes.

Maybe we could get the Harris government to come to the table. A lot of its members have privately said they want to harmonize. I know Mr. Harris is holding out because he wants a big buyout. If we were to hold out to him \$2 billion or \$3 billion he would jump and say: "I want to harmonize at 13 per cent or 14 per cent". If we were to get the Harris government to the table to harmonize the taxes, at the end of the day \$100 at a tax rate of 14 per cent or 15 per cent would still be \$100. The member opposite would certainly agree that Canadians would be happier with that than paying \$100 and having the tax added on top.

My question for the member is very simple and clear. Is he running for the Conservative Party or the Reform Party? I am confused. The way he is carrying on, it sounds like he is running for the Conservatives. If he is not running for the Conservatives, let us make sure we get the Reform policy.

Mr. Scott (Skeena): Mr. Speaker, unlike my colleague from across the way, I am running for something. I am running for Reform. I am not running away from accountability like those people are.

He talked about the EH-101 helicopter deal and he talked about the Pearson airport deal. Those were contracts that were in place when this government came to power. There is a longstanding tradition in this country that succeeding governments honour the contracts and the agreements that are in place. This government has broken those longstanding traditions. It has abrogated these deals. It has cost the Canadian taxpayers a billion dollars.

• (1600)

We do not have effective helicopters that can fly. And Pearson airport in Toronto will be 10 years behind in getting modernized so it can accommodate the passengers going through it. That is the reality of this government: put political expediency ahead of the best interests of the taxpayers, ahead of the best interests of the people who want to fly to and from Pearson airport, ahead of the best interests of the people who have to fly those helicopters for search and rescue and the other activities they are used for. The government puts their safety on the back burner in the hope that it will gain some political advantage by doing it. Frankly, it stinks.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, I would like to talk about pizzas and muffins. It seems to me that a lot of times when we get talking about PST, GST, HST, BST there is a sense of confusion regarding what the issue is really about. I would like to return this debate to the issue at hand, which is the harmonized sales tax for Newfoundland, Nova Scotia and New Brunswick.

In talking about pizzas and muffins, I am mindful that we are talking here about the restaurant business. We have to remember that at the introduction of the GST, in the first three years there was a net loss of 46,000 jobs in the restaurant business. The government should be concerned about this, having campaigned on jobs, jobs, jobs. If it is going to be making any changes to the tax regime in Canada, it really should be taking into account what the effect might be on jobs in the area where it is going to be making these changes.

Talking about pizza, we are talking about a really delicious pizza at \$14.99. That would be a medium size pizza at Pizza Hut. When people went to Pizza Hut or any other food concession during the recession which started around 1991, they were faced with the fact at the till that this \$14.99 pizza all of a sudden had an additional 7 per cent added to its price.

As a consequence, as a per cent of the Canadian food dollar from 1991 to 1996, restaurant revenue dropped from 42 per cent of the Canadian food dollar to 38 per cent of the Canadian food dollar. From 1991 at 42 per cent to 1996 at 38 per cent, we can see clearly that the recession had a dramatic impact on the choices people were making. Perhaps they were deciding that rather than spending \$14.99 on a medium pizza, they might go to a smaller pizza and get away at \$11.99.

The identifiable reality is that the GST cost jobs in the restaurant market. Why do we know that? Why can we not just say that perhaps the situation occurring was that people were deciding that they were going to be staying home more as a result of the recession. That was part of it but this is interesting. In a comparable economy in terms of the behaviour of people with respect to eating

out, that of the United States, from 1991 to 1996 the per cent of the American food dollar increased from 42 per cent, which is where the Canadian percentage started, up to 46 per cent.

What was the one fundamental difference between the American and Canadian economies and American and Canadian consumers? There is one fundamental difference. I suggest there may be more but probably the most over arching was the fact that there was the application of the GST.

• (1605)

When people arrive at the till in Newfoundland, Nova Scotia or New Brunswick they end up paying \$17 or \$18 for this \$14.99 pizza. A pizza is not essential to have; it is not a have to have product and therefore it is very price sensitive. What happens now that we are looking at inclusive pricing? Pizza not being an essential product, people are going to go into a Pizza Hut in Prince Edward Island and come across a pizza for \$14.99. True, they will pay \$17.24 when they arrive at the till, but the fact still remains that they will see \$14.99 on the menu. When they go into Fredericton, Moncton, St. John's, Halifax or Sydney, they are going to be faced with a menu that indicates \$17.24 instead of \$14.99. What effect will this have?

Most Canadians have the good, or bad, fortune of always being concerned about what they are eating, this by comparison with third world countries and indeed some of the people in this country who have difficulty even obtaining food. Suppose I go into a restaurant. I am in there for a cup of coffee and I see that the low fat muffin has only 285 calories and four grams of fat. As I sit down and I happen to notice the overlap of my belt I ask myself whether I really need those four grams of fat. I decide while I am in this healthy mode that no, perhaps I do not even need this muffin because it is telling me it is going to give me four grams of fat and I think I will pass on it.

The next day I go into another restaurant and they are a little bit smarter. They do not tell me anything about low fat muffins or high fat muffins. They just tell me that the muffin is going to cost me \$1.49. It looks really good and it probably will go down really well with a cup of coffee. The difficulty though is that particular muffin, unknown to me because I choose not to ask, instead of having 285 calories has 600 calories and instead of having four grams of fat has 21 grams of fat.

That is a reality in the marketplace. We subject ourselves to this in that we say: "Just a second, I do not really need this information". Now, when people go into my friend's restaurant in Saint John, they are going to be faced with a \$17.24 pizza. They are going to be making some judgment calls at that point which they would not be making if in fact they were faced with a \$17.24 bill when they arrived at the till. That is the reality.

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What is this going to do to advertising? First off, the advertising that currently occurs in the maritime provinces is going to be thwarted seriously. If we stay with the pizza example, when Pizza Hut wants to advertise in Nova Scotia or New Brunswick, there is a spillover from ATV and other networks into Prince Edward Island. Suddenly it cannot advertise a \$14.99 pizza; it has to advertise a \$17.24 pizza. What about national advertising? How will that be impacted?

What we are talking about here is just one very small segment of the economy that the Liberals have shown a gross insensitivity to: the entry level jobs within the restaurant business. Many people, unfortunately in my judgment, have negative things to say about McDonald's but outfits like that are terrific. They bring people into the marketplace. They train those people and get them into the workforce. Restaurants and fast food outlets have the ability to give part time work to homemakers who want to or perhaps have to supplement their income. They provide the opportunity for part time work for seniors.

What we are talking about here is the Liberals' unfortunate gross insensitivity to what this HST is going to be doing to the people of Nova Scotia, New Brunswick and Newfoundland. It is going to make a difference and not just in the food sector.

• (1610)

What about the barbeque that might be an incidental purchase at Canadian Tire? Instead of paying \$149.99 which is the price point for a modest barbeque, suddenly it is going to be \$172.40 on the sticker. It is going to have an impact on Canadian Tire, Home Hardware and all of those places. What about purchasing an automobile and the advertising relative to purchasing an automobile?

It can be argued, and perhaps some would, that the money will ultimately be paid anyway so why not tell people about up front? It is a fact of life that there will be discontinuity between the three provinces and their merchandising practices and the other parts of Canada, including Prince Edward Island. The way in which business is conducted will be different. It will be a patchwork quilt from coast to coast to coast.

Even candy bars at the 7-Eleven, in those very tempting bins that sit by the door selling three chocolate bars for 99 cents. I am hoping my wife will never read this *Hansard* but I am tempted from time to time. All of a sudden it will not be 99 cents. It will be \$1.14 and I am going to think that maybe I should not have those chocolate bars. This is going to impact people at the most simple level in those three provinces, walking in and out of 7-Eleven stores, buying an automobile or ordering a pizza.

It cannot stand that the government will allow there to be the confusion of different standards from province to province. We have seen the impact that the dislocation of the GST has created in the restaurant and bar business and the three years that it took to

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bring it up to speed and to get back to even a small semblance of normality. It really never has recovered.

How much is this HST, this patchwork quilt, this kind of backhanded way of wheedling out from under the GST promise going to cost the people in that area of the country? It is a scandal that the government has decided it is going to ram, jam, cram this bill through the House at the people in those three provinces.

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I thank the hon. member and I concur with his statements. However, I want to ask him if he is aware of what just happened in New Brunswick.

Is the member or anyone in the House aware that those who own restaurants and pubs in Saint John and the rest of the province of New Brunswick who buy their beer and wine at the wholesalers have been told that there will be an 11 per cent surcharge added on? They thought they were going to get a bargain with the HST because it was coming down from 18 per cent to 15 per cent.

That is why I say that when you hide it we are in trouble because that is just the beginning. It could not be put on the HST because two premiers have to agree to increase it and to decrease it all three premiers have to agree. However, it will be hidden another way and we have it already.

I have to say that those restaurant, pub and tavern owners in my city are absolutely furious about this. This is a serious situation and I wonder if hon. members had heard anything about it. The people have talked to me.

Mr. Abbott: Mr. Speaker, I can advise the member that I was not aware of it, but it is very typical of what happens with taxes.

In the province of British Columbia we have the situation of the forest renewal fund. That fund was never ever going to be touched. The NDP told us: "Oh, my goodness, the sky would fall before that was ever touched". What happened when they ran short of money is they turned around and grabbed it.

• (1615)

I do not believe for a split second that the Liberal government or its successors, unless it is ourselves, would not twist things around ever so slightly, just a little bit here and just a little bit there so that it would end up with the tax not appearing, as the legislation currently calls for, on the sales receipt. That would disappear. Over a period of time it will disappear and once again it will be a hidden tax.

I concur with the member. It is just taxes, taxes, taxes. Canadians are absolutely sick and fed to the teeth with taxes.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, I would like to commend my colleague from Kootenay

East for a great speech and also the member for Saint John, an individual who lives in the maritimes. She obviously knows firsthand what is going on with respect to the effects of the HST on the people in the maritimes.

When the government was elected three years ago, it had an excellent opportunity, a golden moment, to simplify the taxation system so that it would benefit all Canadians and kick start the economy. What did it do? It brought on a harmonized sales tax about which the federal institute of private businesses has said very clearly will cost jobs. It will put companies out of business. It will increase the cost of doing business. Worst of all, it will hurt those people who are most dispossessed and of the lowest socioeconomic groups in our society. In particular, it will affect people in the maritimes, an area that all of us know has been extraordinarily hard hit economically over the past 10 years.

This is an absolute outrage. I hope the public will get involved and provide constructive submissions to the Minister of Finance, the Minister of National Revenue and the Prime Minister in an effort to demonstrate what good, concrete, effective solutions can be put into place to provide a simplified tax system, a lower tax system, a fairer tax system to kick start the economy that will not hurt those people who are the worst off in our society but rather will improve the economy of the maritimes and the country.

What would the hon. member do to provide for a sensible taxation system that could kick start the Canadian economy?

Mr. Abbott: Mr. Speaker, we would first have to get our deficit to zero. We have to stop spending more money than we are taking in. At that point we would have the option to ask what we would do. The Reform Party has proposed to offer the average family of four in Canada \$2,000 by the year 2000 in a tax reduction: \$2,000 by 2000 will become a battle cry of people across Canada.

Second, we would make all sorts of changes in the area of personal exemptions so that the people at the low end of the scale, the single parent families that are presently continuing to pay tax would be taken off the tax roll. It is our projection that for those people earning \$30,000 and under, we could remove 89 per cent of the taxes those people are paying.

By lowering the taxes of people at the bottom end of the scale, the people in the lowest income decile, we would have the opportunity to give them the ability to make decisions about their own lives with their own money. That money, interestingly, would end up back in the economy immediately because obviously a family of four with an income of \$20,000, \$30,000 or \$40,000 will be spending all of its income on the essentials and the necessities of life with a few frills. The family of four with a \$100,000 income will of course have choices.

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The beauty of our idea is that by making sure the taxes stay in the hands of people in the low income decile or the low income area, those people will spend the money and put it back into the economy.

Once again we come back to pizzas and muffins. We end with more pizzas purchased. We end up with more muffins purchased. We end up with more barbeques purchased. We end up with more chocolate bars purchased. In that way we end up with more people working. It is a direct way for Canadians to help themselves with their own money rather than the government helping them with their own money.

• (1620)

[*Translation*]

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, this is the first opportunity I have had to speak to the bill on the harmonization of the GST.

I have heard a number of noteworthy and notable speeches by the Liberals to justify the appropriateness of this bill. I cannot agree with them. This bill represents the Liberals' acknowledgement of failure to my mind. During the election campaign, and even before, when the Conservatives thought they had found the magic formula for getting out of hot water and halting the growth of the deficit, in short, for better selling themselves to Canadians, they came up with the GST formula. I recall the Liberals, who were in opposition at the time, being all in a lather over this tax, which was to be added to the Canadian tax system.

The current Prime Minister, who was then the Leader of the Opposition, did not want to outdone. He said: "I will scrap the GST. We hate this tax and we are going to eliminate it".

Recently, confronted with the remarks he made at the time, the Prime Minister tried, as we say, to put the toothpaste back in the tube and discovered that it was no easy task. First he denied, then he softened his denial increasingly and finally he said that Canadians had been a bit slow in not understanding, that it was not what he wanted to say.

However, if the words "I will scrap the GST" are given their usual interpretation, nothing other than "dump out" for "scrap" comes to mind. That was what the then Leader of the Opposition, who hoped to become and has since become the Prime Minister, really meant.

Speaking of failure, upon taking office, the Prime Minister gave its finance committee the mandate to look for a viable alternative to replace the infamous GST, the goods and services tax. The committee held hearings, heard witnesses, summoned accountants close to the Liberal Party of Canada and came up with a couple of

alternatives before ending up with the HST. Since the first two options were rejected, we are left with the HST.

Let us look at why the government is trying so hard to distance itself from its election promises. Having put out feelers and considered various options, why come up with this HST?

Several answers can honestly be given to this question. First, we have seen that not everyone was happy with the human resources development reform in Canada, the employment or unemployment insurance reform. In fact, I dare say the hardest hit were seasonal workers in the maritimes. I personally visited the maritime provinces twice in the past two years and I could see that, in the fishing communities, boats were put away. In every backyard on Lamèque Island, there is a boat that has not been used once in the last two summers. This has caused discontent.

I can remember the hon. member for Beauséjour and the Minister of Human Resources Development going back to their ridings to try and sell their so-called employment insurance reform. They had to be placed under the protection of the RCMP. When a member or a minister needs a police escort to sell any bill or policy to their supporters, there is a problem.

The members concerned probably realized there was a problem and managed to convince the Prime Minister he should admit it.

• (1625)

This, I think, is where the reform and harmonization of the GST really originated. The government wanted to pay off the maritime provinces, where 32 of the 33 ridings are held by Liberals. The federal government wanted to preserve that, particularly in light of the fact that a maritime province just elected a Conservative government, something which was totally unexpected. So, the Liberals said: "We have to do something, otherwise maritimers might turn against us".

This is how the idea of harmonizing the GST came about. I listened to the hon. member for Scarborough—Agincourt, who said in his speech: "This harmonization is great. It means that, in some provinces, the combined federal and provincial taxes will go down from 19 to 15 per cent, a 4 per cent reduction. People will be pleased".

Sure. However, that 4 per cent represents the \$961 million that maritimers will no longer pay, but that the rest of Canadians will still have to pay, that is to say, taxpayers from Quebec all the way to the Pacific. This \$961 million represents what we will have to pay, because maritimers will no longer do so, thanks to their lower combined tax rate.

The government should admit this to Canadians from the other provinces who will have to make up for this \$961 million shortfall. There is no doubt in my mind that Quebecers, like the others, will pay their share, if not more, because it can no longer be said that

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this \$961 million will be prorated. It is not true. We can already exclude three provinces that will not contribute. There are players missing.

Instead of dividing that \$961 million by ten, since there are ten provinces, it will be divided by seven, because three provinces will not pay. Instead, they will benefit from that measure. Quebecers have traditionally paid around 23 or 24 per cent of federal taxes. In this case, their actual contribution could go as high as 30, 31 or even 32 per cent of this \$961 million. This is what is so unfair.

This is probably an attempt to make people forget about the closure or downsizing of military bases in New Brunswick and Nova Scotia. In any case, the government wanted to redeem itself. I listened to the members opposite, particularly the hon. member for St. Boniface. These defenders of every possible Liberal cause told us that this HST was the greatest thing since sliced bread, that Canadians should rejoice forever, and that the Liberals would definitely make it to heaven now.

You will understand if I have my doubts, particularly when you never know who or what this tax is going to hit next, and when it makes no allowance for soft sectors such as culture, and other sectors such as restoration. These are sectors that need a break, if I may put it that way, sectors that need general and regular support from the government.

Fine. The minister made a compromise that he thought was commendable but that I call almost insignificant, by exempting universities and schools from paying GST on books. The GST on books was being paid by him, or by governments. So he was doing himself a favour, or at least reducing the amount he owed himself. This is not something that is going to help industry. A tiny part of the book industry sells books in schools or in municipal or public libraries.

But think of all these writers, all those who publish. I will give you an example. Take sheet music. Music is not a profitable field, and even less so when it comes to writing it down on paper. An entire printing process has to be set in motion in order to sell 60, 70 or 100 copies of a musical score across Canada.

• (1630)

It can easily cost \$2,000 for the printing setup and perhaps 100, 150 or 200 copies in certain cases of the musical work in question will be sold. If we want to respect copyright, something which has not yet been recognized, the place where an artist may sometimes derive some sort of benefit or profit is on the performance of the musical work, not through circulation of the paper on which it is written. This is a way of publicizing the musical work, but it is generally more profitable when it is performed, when it is heard, when it is broadcast.

This is where the artist can make a bit of money, when it is performed by orchestras, be they chamber, symphonic or philharmonic. Printing music is expensive and often cuts into the profits of the composer, the person who wrote it, the author. But now they have decided to squeeze him dry, to make his life more difficult. If he sold 80 copies, the Minister of Finance would perhaps be jealous because he cannot sell his copies of the budget for very much. But you can be sure printing his budget costs plenty. What I can tell you is that the poor people are being put through the wringer. This is at the root of our cultural industry and the Liberals could care less.

They are much keener when it comes to doublecrossing people, as they did in the Peason affair. They cancelled a contract and, in the end, it is going to cost us just as much as if it had been honoured. And the promoter will not have any of the financial risks that are typical of this kind of undertaking.

When we had the debate in June 1994, I said as much to the minister, the current Minister of Defence who was then Minister of Transport and who was in charge of the Pearson airport case. At the time he said the hon. member for Chambly was exaggerating, and that is on the record. And all this was supposed to cost us \$20 to \$25 million, those were the figures he mentioned, but certainly not more. We are not going on a witch hunt, and we must look to the future, the minister said at the time.

Almost three years, or at least two and three-quarter years later, we see nothing, absolutely nothing has been done about the Pearson airport case. And now, the government is facing a law suit totalling between \$650 and \$700 million in damages.

Recently, we read in the media that there might be an out-of-court settlement, something like the offer they made to the former Prime Minister of Canada. I do not know whether apologies will be forthcoming this time. It seems that \$70, 80 or 90 million is the offer they will start with, but negotiations are not over yet. Actually, the Liberals are delighted that they managed to do indirectly when they could not do openly, which is to take care of their friends. They argue that if they do not settle, it will cost the government a lot more, and they use this argument as a sword of Damocles. Quite some case. So how do people manage to do favours for their political friends when they are in power?

Take for instance in my riding, we have a thriving industry called Unibroue. Unibroue was established by people who decided to ignore the rules and regulations of federal and even provincial legislation and start brewing beer, good beer, outstanding beer: Raftman, Blanche de Chambly. I know my friends in the Bloc have sampled and enjoyed them all—

Mr. Bernier (Mégantic—Compton—Stanstead): In moderation.

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Mr. Lebel: Unfortunately, I know that Ontarians did not have that pleasure because Unibroue, which makes Blanche de Chambly, Raftman, Eau bénite and la Maudite, which are specialty beers, does not have access to the Ontario market: André Dion, my friend from Chambly, and I salute him, cannot sell his beer in Ontario.

• (1635)

It is sold in Australia, in France, in Belgium, in Germany, in Luxembourg. It sells like hotcakes in the United States, they cannot keep up with demand. I think it is sold in Japan too, but not in Ontario. None is sold in Ontario, because the big buddies of the present federal regime control the distribution of alcohol throughout Ontario.

So Unibroue, from whom astronomical sums were demanded for sales in Ontario, finally was never able to sell a single bottle there, was never able to get it displayed or promoted by the Liquor Control Board of Ontario, because it was a Quebec product. I see my Ontario friends over there are appalled, but they are nodding in agreement. What I am saying is the truth.

The Peace Tower has been restored. In my riding, there is an industry by the name of Ferco, owned by Armand Rainville. It could have been involved in the renovations to the centre block here. Mr. Rainville invented a platform with a retaining wall, which could have been moved up and down the tower. Use of this platform would have reduced the costs of renovations. This is a good product, the proof being that the company rented out their equipment to construct the Atlanta stadium for the Olympics. Their machines are in Thailand, and just about everywhere in the world except Ottawa. They could not place one to Ottawa, because they are not buddies of the regime, friends of the Liberals who paid \$3,000 for the privilege of attending a little supper in Westmount where the Prime Minister would deign to look upon them and greet them. That is another way of giving the advantage to one's friends. That is what politics is all about.

People tell me that, deep down, ministers have a bit of a masochistic streak. They have to reveal their private life and all their assets and fight an election campaign. They often get their ears boxed. They get accused of this or that. You really have to want power to subject yourself to all these things and push to be elected and become a minister. I say they are not there for themselves but for their friends. It is their friends they can gratify, provide pleasure and accord certain honours to.

Consider the distilling industry in Canada. Try to start up a distillery in Canada—legally, I mean—to develop a recipe for a fine gin, rye, whiskey or what have you, try to set up shop, with a license and everything. You will never manage it.

Those who have the manufacturing monopoly in Canada are pretty much those we allow to run off with \$2 billion in family

trusts. These are the little privileges that the major parties in power offer their friends in exchange for a contribution to election coffers.

The maritimes are no exception. They began to think about blowing off steam perhaps and letting it be known that they had had enough. I saw the Minister of Human Resources Development in a room trying to strut his stuff and being escorted out by police because there was a guy there who was a bit of a bruiser and who was threatening to rough him up.

They will be going after this guy's vote in the next election. We know it is coming. It will be in June. They want his vote and they think they will get it with Bill C-70. They cut his fishing quotas. They lowered his unemployment insurance and made him work longer to get it. They cut his pay. Still they will go after his vote. With \$961 million, they are good until June. In the meantime, they will convince him to vote for the Liberal Party of Canada. That is the strategy.

This approach does not fool Canadians and Quebecers. They will make it very clear to the government that this kind of attitude, I might say, this sort of legislative scheming is not acceptable.

• (1640)

Canadians and Quebecers are no fools. In the next election, they will do as they did in October 1993: they will again sweep members of the Bloc into power. I add that, if we had members in the maritimes, they too would be re-elected.

Mr. Speaker, I know you agree with me, although I will not make you say so.

I add that the Bloc Quebecois will vote no, and especially the member for Chambly.

The Deputy Speaker: Before we move on to the period for questions and comments, I must point out that the Speaker always agrees with what is said in this House; he is neither for nor against.

[English]

Mrs. Beryl Gaffney (Nepean, Lib.): Mr. Speaker, I listened with great interest to the statement of the member from the Bloc with regard to the GST and the harmonized sales tax in particular. He seemed to have a great deal of difficulty dealing with the business portion and how businesses in Canada would be far better off under the HST than what they presently are under the GST.

It would almost lead one to assume that the member is anti-business. How can you say that when businesses will have to deal with only one sales tax? There will be one sales tax rather a federal and a provincial tax? How can you be against that? Is that not to the benefit of businesses? Of course it is. It will reduce the costs of

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businesses. Their costs today are far higher than what they will be under the HST.

If you look at the participating provinces that have already agreed to the HST, these businesses we already know are far better off under this system than the provinces that have not signed up.

What does the member have against businesses and trying to help businesses in every province in this Canada, not just in Quebec? Quebec is a province in Canada.

[*Translation*]

Mr. Lebel: Mr. Speaker, I have nothing against the principle whereby governments have to dig into the taxpayers' pockets to maintain services. The hon. member for Nepean should realize that.

What I do have a problem with is doing it in a roundabout way that is not obvious to the people. It is a pity that she is not a member of my party, because she is criticising me for being against business, the business they are crushing under loads of paperwork.

Furthermore, not only will harmonization not help business, this harmonization proposal introduced today will have the exact same effect as the GST, except that you have changed the G for an H.

When I had my practice as a notary, people would come to see me and say: "The GST is going to put an end to the underground economy, you know. It will not be in anyone's interest to hide the GST because, in the end, they will collect over there". But look at what happened to jobs, jobs, jobs. The GST may well be the main reason for this mess. On account of the amount of paperwork and related administrative constraints, from the very beginning, people decided to work their way around the tax. When the government is unable to collect the GST at the front end, it is just too bad, as they say, but it will not be able to collect it at all. That is how, Madam, the underground economy is encouraged. In a word, I am against the underground economy and for business. And I hope you will too.

The Deputy Speaker: My colleagues, if you could make a point of addressing your comments to the Chair instead of to one another, this would prevent all kinds of problems, as we have seen recently.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): I would have a very brief question, Mr. Speaker. Strangely enough, remarks by Bloc members always include a reference to the fact that they are against harmonization.

I would like to know if harmonization is somewhat successful in Quebec. My question is simple: Does harmonization work in Quebec, yes or no?

Mr. Lebel: Mr. Speaker, I would like to reassure my learned colleague that, indeed, collection of the GST and QST is working

well in Quebec. But the federal government did not have to fork out \$961 million for it either.

• (1645)

The Government of Quebec willingly harmonized the taxes; it was not ordered to. It acted on its own, as it quite capable of doing, and as the maritimes, apparently, are not.

Under federal government schedules, the Government of Quebec should be entitled to fair compensation for the work it did on its home ground that benefits the federal government. As always, Quebec will not be compensated, but the maritime provinces will be.

Mr. Campbell: Mr. Speaker, I would like to know if this means the Bloc member supports harmonization.

Mr. Lebel: Mr. Speaker, not at any cost. This is not harmonizing, it is a disguised form of welfare. The government calls it harmonization, but it is nothing short of a hold-up. It takes \$961 million from the pockets of some taxpayers, puts it in the pockets of others and calls this harmonization.

Instead of giving it to the poor, to the fishermen to whom I referred earlier, the one receiving that money will give it to the businesses moving to his province, as the premier of New Brunswick did. You are using our money to compete with us and to attract industries, a sector so dear to the hon. member I was told not to look in the eye. But that is the problem.

[*English*]

Mr. Campbell: Mr. Speaker, the hon. member opposite, in response to what I said, has talked about this issue of adjustment assistance.

It is interesting because we have had this discussion several times in this House. I wonder if he is really aware of the manner in which the Government of Quebec harmonized with the GST, the number of years that it took and, as a result, the province of Quebec, I am sorry to say this but it is true, operated two parallel systems and as a result saw enhanced revenues in those years, not a decrease in revenues.

The formula that results in adjustment assistance being paid to the Atlantic provinces which are harmonizing states that any province that loses 5 per cent of its retail sales tax revenue during a transitional period as a result of moving to harmonization will receive this adjustment assistance.

The fact is if Quebec, under that formula, would not have qualified then it would not qualify now and that is just the way it works. If Ontario or British Columbia were to harmonize now they would not be entitled to compensation either but other provinces would be. It is a formula that recognizes that there are some adjustments in transitional costs that result when one harmonizes

overnight, April 7, 1997. Quebec took several years to harmonize, operated two systems in parallel and saw an enhancement in revenue, not a decrease. I wonder if the hon. member knows that.

[*Translation*]

Mr. Lebel: Mr. Speaker, I would appreciate it if you let the hon. member know that Quebec did not get rich with its own adjustment. Quebec made the adjustment to maintain some administrative and financial logic. It had to adjust to the conditions imposed by the federal government, which encroached on direct taxation in an area of provincial jurisdiction.

We are now being criticized for having moved to let the steamroller go by. It is the Liberals in Quebec that did that. The hon. member is wrong. Let him show us his criteria. Let him tell us why the maritime provinces were compensated, while Quebec was not. Let him do a point-by-point comparison between the two provinces.

Instead, the member is complaining, saying that Quebec is not entitled to compensation. But based on what? How could we be eligible if we are not? The member simply cannot answer that question. He should just answer it, instead of wasting hours of debate. When we are a little too blunt with the Liberals, they gag us, as they did today.

The Deputy Speaker: It is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Burnaby—Kingsway, Canada Pension Plan.

• (1650)

[*English*]

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, I am very pleased to stand and debate the issue today, although it obviously is a matter which concerns our colleagues in the Atlantic provinces more than the rest of Canada directly. In fact, it concerns all of us in Canada. What we have here in this proposition is a superior model for dealing with the problem of consumption taxes throughout Canada.

We have heard the member from the Bloc, the previous speaker from the province of Quebec. We know that Quebec has harmonized its tax system for obvious reasons. I will return to that.

The fact of the matter is this government has spent the last three years struggling with the problem of how to have the intelligent application of a consumption tax in the country. Every tax expert, anybody who knows anything about the way modern taxes work in a modern society, particularly one which is subject to globalization, knows very well that there is a proper mix of income taxes and consumption taxes that must be applied.

Why did we end up where we did with the GST, which we in the House have spent so much time talking about? We as citizens and

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members of Parliament have been trying to deal with the unfortunate hand that was dealt us by the last government.

The reason the GST was brought in was that the former manufacturers' sales tax which applied to manufactured goods in the country was no longer sustainable once tariffs were moved down to what they were after the war when originally they were around 50 per cent and then dropped to an average tariff today of 7 per cent. The manufacturers' sales tax only applied to goods which were manufactured in Canada. The consequence of applying that in today's world would have been totally impossible. It would have inhibited manufacturing in Canada and given benefits to imports. Of course we had to move to a consumption tax which could be applied at the level which would hit imports the same as domestically manufactured products. That is why a consumption tax must be regarded as a tool of any modern economy.

When we ran for the Liberal Party in the last election, we spoke of the need to deal with the problems of the GST. We spoke of the need to harmonize it. We spoke of the need to deal with the inequities in the system. We spoke of that in the last election in spite of what the member opposite has been crying out, saying "election promises". That was the election promise of the government, to deal with the serious problems that were inherent in the tax. That is what we have sought to do since we were elected.

An hon. member: Do video tapes lie?

Mr. Graham: We are not talking about video tapes here. We are talking about taxation and we have been seeking to deal with it since we were elected. The finance committee has met innumerable times and we have spent hours and hours of individual members' time from all parties of the House to come to grips with what is a very serious problem. Instead of cat calling back and forth about it, we should be trying to wrestle with it.

I believe members opposite are saying they want a rational solution to the problem. Let us try to find a rational solution to the problem rather than saying scrap it. The party opposite says scrap it and at the same time wants to see the deficit reduced. How can we deal with a deficit of \$17 billion? Take it out of the taxes and put it into the income tax system? This is not realistic.

We are seeking a realistic solution to a very complicated problem. There is a realistic solution that I think we can be proud of when we look at the Atlantic provinces. What have the Atlantic provinces achieved by agreeing to harmonization? This is the way to deal with it.

In my province of Ontario we have two different systems of tax being collected differently. Some apply to services and some do not. It is an irrational system to have two different levels of consumption taxes applied, collected differently and imposed particularly on small and medium size businesses that have to bear

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the extraordinary input costs of dealing with this system. It just does not make any sense.

The Atlantic provinces have been willing to grasp this nettle in a way that deals with many problems. It deals with the problem of the small business which looks at the fact that its cost to apply this tax will be less. It deals with the problems of the manufacturers in the general economy by insuring that the proper input credits will be given both in respect of PST and GST. That would eliminate one of the most serious macro economic problems about this tax, which is its inefficiencies and the way in which it interferes with rational economic planning and manufacturing.

• (1655)

It deals with the problem of the consumer, who in the end really does not want a system as complicated as the present one. That makes a lot of sense.

I suggest that if we in the province of Ontario would be willing to look at a similar solution, and if the rest of the provinces would be willing to look at a similar solution, it would be of extraordinary benefit to the country. In the first place, it would remove what is a very serious non-tariff barrier to trade within the country. We cannot ignore the fact that at present the tax structure of the country inhibits people from moving back and forth and offering their services in different parts of the country.

I happen to know of service providers in the province of Ontario who will not go to the maritime provinces at this time because the cost of having to calculate what their services would be and how they would pay the tax is not worth their while. As a result, the maritime provinces are losing the benefit of the input of those people and the people of Ontario are losing the opportunity to compete in those marketplaces. It is inefficient. It does not make sense. The maritime provinces have provided an opportunity for the rest of Canada to follow.

The tax will deal with the problem of proper management. It will deal with the input level issue. It will deal with the question of services which today account for 60 per cent of the economy. It is totally a modern solution to the problem. This is the only way we can go.

[*Translation*]

What I find a bit odd is that it is members from Quebec who are protesting a system that is ultimately the same as the one in their own province. They have harmonized their PST with the GST.

Why? Is it because Quebec's representatives at the provincial and federal levels have recognized that it is in the interest of Quebec taxpayers to harmonize? Having done so, they are asking the rest of the country why they are following suit. "You are nuts to

harmonize your provincial sales tax with the GST," they say. I do not understand this reasoning at all.

I am surprised that Bloc Quebecois members are not saying: "At last, the rest of the country is recognizing that what we did makes sense. We congratulate the rest of the country for following our example and we urge the Province of Ontario and the other provinces to follow suit. And in the interest of Quebec taxpayers, we are going to eliminate the non-tariff barriers between Canadian provinces for the greater benefit of all Canadians, not just in Ontario, but in Quebec and the Atlantic provinces".

[*English*]

We in this country no longer have the privilege of living in an isolated world. We live in a world in which our goods and services compete in international marketplaces. Furthermore, our goods and services compete in international marketplaces not just when they are exported but they compete in international marketplaces within our own country, within our own jurisdictions, because we have competing goods and services coming in.

We have to face the fact that in 1998 when the NAFTA comes into effect goods and services will move across the borders of Canada, Mexico and the United States much more freely than they do today. We have to recognize that we need in place a tax system which will recognize that reality and not be an inhibition to the productivity of our citizens, our manufacturers and our sales people in this country. Otherwise we are going to be in real trouble.

The harmonization solution which will be implemented in the Atlantic provinces will go a long way in dealing with a lot of these issues.

The members of the foreign affairs committee have had the opportunity to travel and meet people, for example, in the European Union. People in the European Union have spent the last 30 years trying to harmonize their taxes.

• (1700)

When I was a law professor at the University of Toronto years ago, I remember meeting experts from the European Union who said: "You created a tax system with different rates in different provinces? You have a PST in some provinces, different from the GST? How could you possibly invent a system that is not harmonized? We have spent 30 years trying to harmonize our system and you have created a system that is a nightmare". That was in 1986.

The government is trying to cure the nightmare that was created by the previous administration. Instead of the members opposite screaming and yelling and saying: "This is crazy. Did you watch last night's video?" why not say: "Let's pull together. Let's look at this mess. Let's find the best solution possible". The finance committee has looked at this. We have all looked at this. The harmonization proposal for the Atlantic provinces is finally ad-

dressing in a concrete, positive way a tremendous problem that we have as Canadian citizens.

Speaking as a member of Parliament from the province of Ontario, I hope that the members of Parliament from my province and the premier of the province of Ontario will have a look at it and say: "This is the way we should go. This is for the benefit of Canada. This is for the benefit of the citizens, not only of the Atlantic provinces, but Ontario, British Columbia, Alberta, Quebec and every other province in Canada".

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the hon. member for Rosedale is most eloquent, but it would be even better if what he said made sense.

What he did say positively made my hair stand on end. When he said that the new tax system—I see you are smiling because of my hair, and I realize it is somewhat sparse—when he said that companies in the maritimes would benefit under a system that would increase their efficiency and performance and reduce their production costs, he is on another planet. We are certainly not. We had three days of hearings before the finance committee in January, and while the hon. member for Rosedale was probably on the ski slopes, we were working.

We heard testimony from representatives of large Canadian corporations, average Canadian companies and small retailers. They came to see us, and they said: "You must postpone implementation of this bill; you must postpone the implementation of this harmonized sales tax system because it will create considerable problems and the cost will be exorbitant: implementation costs, \$100 million; recurrent annual administrative costs, \$90 million, to be absorbed by maritime businesses".

What the government told us was nonsense. There will be no improvement. At the present time in the maritimes it is total chaos. So much so that the Liberal government no longer knows what to do with this hot potato. It thought that by sweetening the deal for the three provincial governments of the maritimes, by giving them \$1 billion, a \$1 billion gift, there would no longer be a problem. But that is not the case.

As far as Quebec and harmonization are concerned, if the government thinks so highly of the kind of harmonization we achieved in Quebec in 1991, it should pay us. If it works, we should be paid for it. We should get exactly the same treatment the government gave the maritimes. One billion for this agreement.

I have a question for the hon. member. Considering the message he heard God knows where and what is really happening down here, which is total chaos, and that representatives of businesses in the maritimes are putting pressure on the government to refrain

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from implementing the system, why is the hon. member on the government benches unaware of the utter confusion caused by our charming Minister of Finance with Bill C-70? Why does what he says not reflect real situation?

Mr. Graham: Mr. Speaker, I am beginning to understand why the member has so few hairs on his head. He has split them so often in the debates in this House that he only has a few left. If he really wants to have his feet on the ground and not be out in space, I suggest that he keep the hair he has left by focussing his remarks on the real issues.

He has raised no real issues here. Look at what took place in the committee of which he is a member. The proof in committee was that we will now save \$700 million in subsidies to businesses in the maritimes, \$140 million of which will be in the retail sector alone.

• (1705)

These are all benefits to consumers, finally. This is what it means to have your feet on the ground, to be realistic and to look out for the interests of consumers in this country. I suggest to the hon. member that he look at benefits to consumers in this country instead of looking at the world through the rose coloured glasses of his party on the ski slopes of Quebec.

[*English*]

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, it is a pleasure to have the opportunity to put a question to the hon. member.

He spoke long and eloquently about what makes sense and what does not make sense in our tax system. Therefore I would like to put to him a problem that has been presented to me as a member of Parliament, and I believe probably has come to all members of Parliament, and that is the problem doctors in Canada have experienced with the GST.

I would like to read in the little time I have from a submission that was made to me by Dr. Laurie Cook, a doctor in my riding in the city of Prince George. In his letter he states: "Enclosed is a copy of the Canadian Medical Association review of GST as regards physicians in private practice. My guess is that I have lost about \$2,000 a year since 1991 as a result of GST paid but not recoverable".

In the submission from the CMA I note a couple of points. It states: "Doctors are not asking for special treatment. Doctors are asking to be treated like other self-employed Canadians and small businesses. If doctors or self-employed individuals are considered as small businesses for tax purposes it seems reasonable that doctors should have the same tax rules apply to them that apply to other small businesses. This is a question of fundamental fairness".

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Further it states: "It is estimated that the 55,000 doctors employ up to 100,000 Canadians. Physicians play an important part in job creation. The effects of the GST and a proposed harmonized sales tax could have an effect on individuals employed by doctors".

In light of that, since the hon. member has spoken so long and eloquently about fairness in the tax system, I wonder what his feeling is about this particular issue. Will he support the doctors being zero rated for GST purposes?

Mr. Graham: Mr. Speaker, the member raises a question which I understand has been discussed before the finance committee. It is a concern. There are always problems in any tax system which will create a glitch here or there. The one about the doctors is one that has to be faced.

As the hon. member well knows, doctors are paid at rates set by the provinces. The integrated tax is a tax that is being developed by both the province and the federal government together. It seems to me that where this must be addressed, and where it would be equitable for it to be addressed, would be at the provincial level. The provincial governments in question should be looking at the impact of the tax—after all they are party to this—on the medical profession and ensuring that the medical profession will be properly compensated for any inequities that are being imposed on them from the tax.

I do not see why this poses any problem. There might be some eventual time difference in terms of finding the correct solution to this, but there is no principal problem that the tax itself imposes.

There is the need for a political recognition that this is an issue and has to be addressed. It does not have to be addressed through the tax itself. It has to be addressed through the proper compensation scheme set by the province. I think that is the answer to that problem.

[Translation]

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, generally the member for Rosedale shows less partisan politics and more rigour, as well as weighing his words a little more carefully.

To hear him speak just now, one would have thought we were listening to the Prime Minister defending the fact that he had never made promises. In the debate at hand, they are trying to have people believe that the Bloc members are against harmonization. That is absolutely not what it is all about. What it is about, is that their party made commitments during the election campaign.

• (1710)

One of its commitments was to eliminate the GST, because this was a detestable tax. This is not fabrication on our part, the Prime Minister said so.

The Bloc Québécois is not against harmonization. I wish to ask him the following question, however: if harmonization of the two

taxes in the maritime provinces is so desirable, and so favourable to economic development, why did he have to sweeten the pot to the tune of \$961 million to get harmonization?

Mr. Graham: Mr. Speaker, first of all, I would like to thank my hon. colleague for his question. The first part of his question was probably more of a comment than a question. I am delighted to hear that the Bloc Québécois is not opposed to harmonization. This means they will vote for this bill.

If I am not mistaken, they have a problem with the last election campaign. There is an election campaign coming up, let us see how it goes. But as regards the bill before us, if I understood correctly what my colleague, the hon. member for Louis-Hébert, said in his remarks, his party is not against harmonization. That is good and I am pleased to hear it.

As for the \$900 million, if I got the point right, and I am the first to admit that I am not an expert in this matter, which may be a source of merriment to my hon. colleague across the way, any time a new tax or system is introduced, there are always transaction costs involved. They cannot be avoided.

In this case, the \$900 million referred to are a form of payment designed to help in the implementation and integration of the new tax. Given the benefits to the local and Canadian economy, I would say that \$900 million is an entirely reasonable amount, proportionate to what this tax will accomplish. That is all I can say.

[English]

The hon. member for Elk Island has the remaining three minutes.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I will use those three minutes as wisely as I can.

Soon we will be seeing a spectacle in this House. A whole bunch of members of Parliament who were elected by their constituents are going to stand up one after the other, and they are going to vote the way their whip tells them to vote. They are not going to listen to what their constituents back home have to say on the GST and harmonization. Instead, they will do as they are told like a bunch of bleating sheep. I am disgusted with that.

I want to read from the speech of the member for Burin—St. George's on March 12, 1993 when he was on this side of the House: "Let me say how we in this party propose to deal with the issue. We have said we would wipe out the GST. We intend to do that". He said that right in the House. They said it in the House, they said it on the hustings, and what are they doing? Garbage.

"We have said that during the first year of our mandate we will consult Canadians, which is more than this administration has done". He was referring to the previous Conservative government. Have the Liberals consulted? Have they listened? No, they listen to their whip. They will vote so they can get re-elected, so the Prime

Minister will once again sign their nomination forms. Then they will be able to collect their MP pension plans. This is ridiculous.

He said: "I want to tell Canadians who were not consulted last time that this time they will be consulted". That is so much garbage. I am ashamed of the members opposite who do not have the fortitude to stand up for the people but who will stand up for themselves and vote the way they are told. I challenge them, do they have any fortitude?

• (1715)

When that vote is called in a few minutes will they stand up and speak for the people of Canada or will they speak for themselves? Will they speak for their Liberal government which has totally flip-flopped on this issue since coming into power? Will they do that? I challenge them to do that. I do not believe they will but I am going to ask them to. I am going to ask them sincerely. I am asking them strenuously.

My challenge is there. We will be watching carefully and so will the Canadian people not only later this evening but in the next election.

The Deputy Speaker: Pursuant to order made Monday, February 10, 1997 it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the third reading stage of the bill now before the House.

Call in the members.

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

(Division No. 221)

YEAS

Members

Adams	Alcock
Allmand	Anderson
Arseneault	Augustine
Axworthy (Winnipeg South Centre/Sud-Centre)	Bakopanos
Barnes	Beaumier
Bélair	Bélangier
Bellemare	Bernier (Beauce)
Bertrand	Bethel
Bevilacqua	Blondin-Andrew
Bodnar	Bonin
Boudria	Brown (Oakville—Milton)
Brushett	Bryden
Caccia	Calder
Campbell	Cannis
Catterall	Cauchon
Chamberlain	Chan
Clancy	Cohen
Collenette	Collins
Copps	Cowling
Crawford	Culbert
Cullen	DeVillers
Dhaliwal	Dion
Discepola	Dromisky
Duhamel	Dupuy
Eggleton	English
Fewchuk	Finlay
Fontana	Gaffney
Gagliano	Galloway
Gerrard	Goodale
Graham	Grose

Guamieri	Harb
Harvard	Hopkins
Hubbard	Iftody
Irwin	Jackson
Jordan	Karygiannis
Keyes	Kilger (Stormont—Dundas)
Kirkby	Knutson
Kraft Sloan	Lastewka
Lavigne (Verdun—Saint-Paul)	Lee
MacAulay	MacLellan (Cape/Cap-Breton—The Sydneys)
Maloney	Manley
Marleau	Massé
McCormick	McKinnon
McLellan (Edmonton Northwest/Nord-Ouest)	McTeague
McWhinney	Mifflin
Mills (Broadview—Greenwood)	Minna
Mitchell	Murphy
Murray	Nault
O'Brien (London—Middlesex)	O'Reilly
Pagtakhan	Paradis
Patry	Peric
Peters	Peterson
Pettigrew	Pickard (Essex—Kent)
Pillitteri	Proud
Reed	Regan
Richardson	Rideout
Robichaud	Scott (Fredericton—York—Sunbury)
Serré	Shepherd
Sheridan	Speller
Steckle	Szabo
Telegdi	Terrana
Ur	Valeri
Vanclief	Volpe
Walker	Wappel
Wells	Wood
Zed—131	

Government Orders

NAYS

Members

Abbott	Althouse
Asselin	Bachand
Bélisle	Bellehumeur
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Brien
Canuel	Chatters
Crête	Cummins
Dalphon-DuGirard	Daviault
de Jong	de Savoye
Debien	Deshaias
Dubé	Dumas
Duncan	Epp
Frazer	Gagnon (Québec)
Gauthier	Gilmour
Godin	Gouk
Guay	Guimond
Harper (Simcoe Centre)	Hermanson
Hill (Prince George—Peace River)	Jacob
Jennings	Johnston
Langlois	Laurin
Lebel	Leblanc (Longueuil)
Leroux (Shefford)	Loubier
Manning	Marchand
Martin (Esquimalt—Juan de Fuca)	McLaughlin
Ménard	Mercier
Mills (Red Deer)	Morrison
Nunez	Paré
Picard (Drummond)	Plamondon
Pomerleau	Ramsay
Robinson	Rocheleau
Sauvageau	Scott (Skeena)
Silye	Solberg
Solomon	Speaker
Strahl	Taylor
Tremblay (Lac-Saint-Jean)	Tremblay (Rimouski—Témiscouata)
Tremblay (Rosemont)	Wayne
White (North Vancouver)—73	

Supply

PAIRED MEMBERS

Assadourian	Barnes
Chrétien (Frontenac)	Duceppe
Fillion	Finestone
Godfrey	Harper (Churchill)
Lalonde	Landry
Lavigne (Beauharnois—Salaberry)	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Martin (LaSalle—Émard)
Robillard	Rocheleau
Venne	Whelan

• (1745)

[Translation]

The Deputy Speaker: I declare the motion carried.

(Motion agreed to, bill read the third time and passed.)

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—SOMALIA INQUIRY

The House resumed from Friday, February 7 consideration of the motion and amendment.

The Deputy Speaker: The question is on the amendment.

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 nay.

[Translation]

The Deputy Speaker: Is there unanimous consent of the House?

Some hon. members: Agreed.

Mrs. Dalphond-Guiral: Mr. Speaker, members of the official opposition will vote nay.

[English]

Mr. Strahl: Mr. Speaker, Reform Party members present will vote yes.

Mr. Solomon: Mr. Speaker, the New Democratic Party members present this afternoon will vote yes on this motion.

Mrs. Wayne: Mr. Speaker, the member for the PC party will be voting yea.

[Translation]

Mr. Bernier (Beauce): Mr. Speaker, I vote with the government.

[English]

(The House divided on the amendment, which was negated on the following division:)

(Division No. 222)

YEAS

Members

Abbott	Althouse
Chatters	Cummins
de Jong	Duncan
Epp	Frazier
Gilmour	Gouk
Harper (Simcoe Centre)	Hermanson
Hill (Prince George—Peace River)	Jennings
Johnston	Manning
Martin (Esquimalt—Juan de Fuca)	McLaughlin
Mills (Red Deer)	Morrison
Ramsay	Robinson
Scott (Skeena)	Silye
Solberg	Solomon
Speaker	Strahl
Taylor	Wayne
White (North Vancouver)—31	

NAYS

Members

Adams	Alcock
Allmand	Anderson
Arseneault	Asselin
Augustine	Axworthy (Winnipeg South Centre/Sud-Centre)
Bachand	Bakopanos
Barnes	Beaumier
Bélair	Bélanger
Bélisle	Bellehumeur
Bellemare	Bergeron
Bernier (Beauce)	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bertrand
Bethel	Bevilacqua
Blondin-Andrew	Bodnar
Bonin	Boudria
Brien	Brown (Oakville—Milton)
Brushett	Bryden
Caccia	Calder
Campbell	Cannis
Canuel	Catterall
Cauchon	Chamberlain
Chan	Clancy
Cohen	Collenette
Collins	Copps
Cowling	Crawford
Crête	Culbert
Cullen	Dalphond-Guiral
Daviault	de Savoye
Debien	Deshaies
DeVillers	Dhaliwal
Dion	Discepola
Dromisky	Dubé
Duhamel	Dumas
Dupuy	Eggleton
English	Fewchuk
Finlay	Fontana
Gaffney	Gagliano
Gagnon (Québec)	Galloway
Gauthier	Gerrard
Godin	Goodale
Graham	Grose
Guarnieri	Guay
Guimond	Harb
Harvard	Hopkins
Hubbard	Iftody
Irwin	Jackson
Jacob	Jordan
Karygiannis	Keyes
Kilger (Stormont—Dundas)	Kirkby
Knutson	Kraft Sloan

Langlois	Lastewka
Laurin	Lavigne (Verdun—Saint-Paul)
Lebel	Leblanc (Longueuil)
Lee	Leroux (Shefford)
Loubier	MacAulay
MacLellan (Cape/Cap-Breton—The Sydneys)	Maloney
Manley	Marchand
Marleau	Massé
McCormick	McKinnon
McLellan (Edmonton Northwest/Nord-Ouest)	McTeague
McWhinney	Ménard
Mercier	Mifflin
Mills (Broadview—Greenwood)	Minna
Mitchell	Murphy
Murray	Nault
Nunez	O'Brien (London—Middlesex)
O'Reilly	Pagtakhan
Paradis	Paré
Patry	Peric
Peters	Peterson
Pettigrew	Picard (Drummond)
Pickard (Essex—Kent)	Pillitteri
Plamondon	Pomerleau
Proud	Reed
Regan	Richardson
Rideout	Robichaud
Rocheleau	Sauvageau
Scott (Fredericton—York—Sunbury)	Serré
Shepherd	Sheridan
Speller	Steckle
Szabo	Telegdi
Terrana	Tremblay (Lac-Saint-Jean)
Tremblay (Rimouski—Témiscouata)	Tremblay (Rosemont)
Ur	Valeri
Vanclief	Volpe
Walker	Wappel
Wells	Wood
Zed—173	

PAIRED MEMBERS

Assadourian	Barnes
Chrétien (Frontenac)	Duceppe
Fillion	Finestone
Godfrey	Harper (Churchill)
Lalonde	Landry
Lavigne (Beauharnois—Salaberry)	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Martin (LaSalle—Émard)
Robillard	Rocheleau
Venne	Whelan

The Deputy Speaker: The amendment is defeated. The next question is on the main motion.

[*Translation*]

Mr. Kilger: Mr. Speaker, you will find there is unanimous consent to have the members who voted on the previous motion be recorded as having voted on the motion now before the House, with Liberal members voting nay.

Mrs. Dalphond-Guiral: Mr. Speaker, members of the official opposition will vote yea.

[*English*]

Mr. Strahl: Mr. Speaker, the Reform Party members present will vote yes.

Supply

Mr. Solomon: Mr. Speaker, New Democratic Party MPs in the House today will vote yes on this motion.

Mrs. Wayne: Mr. Speaker, the PC member will be voting yes.

• (1750)

[*Translation*]

Mr. Bernier: Mr. Speaker, I vote as I did earlier.

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

(*Division No. 223*)

YEAS

Members

Abbott	Althouse
Asselin	Bachand
Bélisle	Bellehumeur
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Brien
Canuel	Chatters
Crête	Cummins
Dalphond-Guiral	Daviault
de Jong	de Savoye
Debien	Deshaies
Dubé	Dumas
Duncan	Epp
Frazer	Gagnon (Québec)
Gauthier	Gilmour
Godin	Gouk
Guay	Guimond
Harper (Simcoe Centre)	Hermanson
Hill (Prince George—Peace River)	Jacob
Jennings	Johnston
Langlois	Laurin
Lebel	Leblanc (Longueuil)
Leroux (Shefford)	Loubier
Manning	Marchand
Martin (Esquimalt—Juan de Fuca)	McLaughlin
Ménard	Mercier
Mills (Red Deer)	Morrison
Nunez	Paré
Picard (Drummond)	Plamondon
Pomerleau	Ramsay
Robinson	Rocheleau
Sauvageau	Scott (Skeena)
Silye	Solberg
Solomon	Speaker
Strahl	Taylor
Tremblay (Lac-Saint-Jean)	Tremblay (Rimouski—Témiscouata)
Tremblay (Rosemont)	Wayne
White (North Vancouver)—73	

NAYS

Members

Adams	Alcock
Allmand	Anderson
Arseneault	Augustine
Axworthy (Winnipeg South Centre/Sud-Centre)	Bakopanos
Barnes	Beaumier
Bélair	Bélanger
Bellemare	Bernier (Beauce)
Bertrand	Bethel
Bevilacqua	Blondin-Andrew
Bodnar	Bonin

Private Members' Business

Boudria	Brown (Oakville—Milton)
Brushett	Bryden
Caccia	Calder
Campbell	Cannis
Catterall	Cauchon
Chamberlain	Chan
Clancy	Cohen
Collenette	Collins
Copps	Cowling
Crawford	Culbert
Cullen	DeVillers
Dhaliwal	Dion
Discepola	Dromisky
Duhamel	Dupuy
Eggleton	English
Fewchuk	Finlay
Fontana	Gaffney
Gagliano	Galloway
Gerrard	Goodale
Graham	Grose
Guarnieri	Harb
Harvard	Hopkins
Hubbard	Ifody
Irwin	Jackson
Jordan	Karygiannis
Keys	Kilger (Stormont—Dundas)
Kirkby	Knutson
Kraft Sloan	Lastewka
Lavigne (Verdun—Saint-Paul)	Lee
MacAulay	MacLellan (Cape/Cap-Breton—The Sydneys)
Maloney	Manley
Marleau	Massé
McCormick	McKinnon
McLellan (Edmonton Northwest/Nord-Ouest)	McTeague
McWhinney	Mifflin
Mills (Broadview—Greenwood)	Minna
Mitchell	Murphy
Murray	Nault
O'Brien (London—Middlesex)	O'Reilly
Pagtakhan	Paradis
Patry	Peric
Peters	Peterson
Pettigrew	Pickard (Essex—Kent)
Pillitteri	Proud
Reed	Regan
Richardson	Rideout
Robichaud	Scott (Fredericton—York—Sunbury)
Serré	Shepherd
Sheridan	Speller
Steckle	Szabo
Telegdi	Terrana
Ur	Valeri
Vanclief	Volpe
Walker	Wappel
Wells	Wood
Zed—131	

PAIRED MEMBERS

Assadourian	Barnes
Chrétien (Frontenac)	Duceppe
Fillion	Finestone
Godfrey	Harper (Churchill)
Lalonde	Landry
Lavigne (Beauharnois—Salaberry)	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Martin (LaSalle—Émard)
Robillard	Rocheleau
Venne	Whelan

The Deputy Speaker: I declare the motion lost.

PRIVATE MEMBERS' BUSINESS

[English]

STANDING ORDERS OF THE HOUSE

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.) moved

That the Standing Orders of the House be amended by adding the following:

“97.1 A standing, special or legislative committee to which a Private Member's public bill has been referred shall in every case either report the bill to the House with or without amendment or present to the House a report containing a recommendation not to proceed further with the bill and giving the reasons therefor.”

She said: Mr. Speaker, it is a great privilege to lead off debate on Motion No. 267. This motion is designed to continue parliamentary reform, a matter that began shortly after we came to this House in 1994 and has continued to the present day.

I want to begin by thanking the subcommittee on private members' business for deciding that Motion No. 267 should be votable. I also want to thank the member from Peace River who appeared before the subcommittee on my behalf and spoke so successfully that my motion should become votable.

As I said before, the motion is designed to continue the parliamentary reform, which has taken place already in this House of Commons. At the beginning of this Parliament, I argued in favour of freer voting by members of this House. I argued that the whips should not always be on government and opposition members, that there is nothing inherently wrong with members' voting occasionally against the party line.

Freedom of the private member had occupied a great amount of space in the seminal report on House of Commons reform. That report of the committee was chaired by the former member for St. John's east, Jim McGrath. He tabled it in this Chamber in June 1985.

In the ensuing years, little has been done to implement this part of the report. However, with a new Parliament with a decidedly new look it might be possible to introduce some freer voting.

After some debate, a motion was passed unanimously in this Chamber calling for freer votes, some bills to be sent to committee before second reading and other changes designed to give the private member some influence over the policy making process.

I am very pleased to say that we have made progress. I have never hesitated to give the government credit when it is due, and I must say that I have been pleasantly surprised that the government members have been freed up by the whips to vote as they like during Private Members' Business.

We have not yet reached the point where government members are free to vote against the party line with reference to government legislation. Unfortunately we are still faced with the scene of the Prime Minister disciplining members of caucus who have dared to vote contrary to the whip's orders.

Private Members' Business

• (1755)

An hon. member: Where is Jan Brown?

Mrs. Jennings: I think I am being hassled a bit, Mr. Speaker. But at least we have moved in the area of freer voting in this Chamber if only with reference to Private Members' Business.

The problem which this motion seeks to address is that while freer voting may be in the Chamber, the whips are still on the committee. They are on the committee with startling evidence. What this motion seeks to accomplish is to require a committee to give reasons in a report to the Chamber as to why it had decided not to report the bill back to the Chamber.

I will use my own private member's bill, an act to amend the Divorce Act to facilitate access of grandparents to their grandchildren, as the example which shows the need for passage of this motion and subsequently a change in the standing orders of this House.

Bill C-245, previously known as Bill C-232, was subjected as a votable bill to three hours of debate in the House of Commons. During that period a number of opinions were expressed but in the main there was positive support from all sides. I must say to be fair, the member for Nepean, the member for Ottawa West and the Deputy Prime Minister were all supportive of this bill.

It received unanimous approval from the Chamber at second reading and was sent for study to the justice committee. Again at that committee opinions were expressed both in support of the bill and in opposition to it, but at least to my mind no overwhelming reason was presented as to why this bill should not become law. In fact, the three family law lawyers at that time in committee as witnesses spoke strongly of the need for such a bill.

However, when it came to clause by clause review of the bill in committee the clauses were defeated and it was decided not to report the bill back to the Chamber. The government had decided the bill was not going to pass into law.

Quite frankly, that is the government's decision to make. If the government does not want a law passed which makes it easier for grandparents to gain access to their grandchildren and for grandchildren to see their grandparents, then it is its right. The government has a majority and we have not yet reached the stage in the evolution of our parliamentary process whereby free votes can take place in committees.

The consequence is that the bill gets mired in committee. This is what is so distressful. It is also very destructive. It is destructive to the democratic process.

The House is in favour of the committee process and yet in spite of the rules and regulations of this House when a bill is sent to the committee and not returned, we really have no recourse. We can make a motion in the House whether the members would support the bill's being returned, but if it is voted down there is no recourse apart from that.

I think it is important to point out to the members of the House right now that in this situation House members were unanimous in their consent of this bill. We are talking about my bill, but it could be any bill that gets unanimous consent. The committee members completely ignored the good witnesses on this bill in the committee proceedings.

This all took place in front of grandparents who could not believe what they were hearing. They were in the gallery the day it passed. They had just seen full support from the House of Commons. They could not understand why it was buried in committee.

More than that, I then had to go out across the country and speak to grandparents groups. I had to try to explain to them why this bill was not returned to the House. Really I had nothing to say. I was at a loss. Nobody had given any reasons. In the clause by clause nobody discussed the information that witnesses had given them in support of the bill. I really could not do my job as a member of Parliament. I was stymied.

If we do nothing else we have to be able to do our jobs as members of Parliament. We have to be able to report the business of the House back to the House so the House can then hear it and we have to know the answers.

Through the adoption of Motion No. 267 I believe the people of Canada would be able to find out why this particular bill got stopped in committee.

• (1800)

In preparing these remarks I took a look at the rules in effect in Great Britain, Australia and the United States to see if anything similar to what I was proposing was in effect in those jurisdictions. I can report that nothing similar exists but I would argue that it does not need to exist.

In the United States, because of the loose party allegiances, a great many bills are reported out of committee by votes which cross party lines. A great deal of brokering must take place before a bill is reported back to the floor of the Senate or the House of Representatives. These loose coalitions which can form are composed of Democrats and Republicans, both supporting the same

Private Members' Business

cause. So there is not really a need for this legislation because they already have something that is working in their area.

In Great Britain it has become common to vote against the party line even on matters of government business. This tradition began during the Heath administration and it continues to this day. This willingness among MPs to disregard the wishes of the party whips is also manifest in committees.

The present committee system in use at Westminster in England was introduced in 1979. One important feature for our purposes was that membership selection was taken out of the hands of the party whip. Members are chosen by a group of backbench MPs. Members are also free to elect their own chairpersons. We find this quite different from what we have. It is not unusual in Westminster to have a significant number of committees chaired by opposition members. I remind members that in this House we have problems even getting opposition members as vice-chairs.

In Australia and New Zealand voting against the party line is tolerated but the influence of the backbencher is at its greatest when there is a labour government. It sounds most unique certainly to any of us in Canada that in Australia the caucus elects members to sit in cabinet and the Prime Minister assigns the portfolios. This leads to constant interaction and communication between members and cabinet. Therefore there is little fear of sanctions being imposed if one votes against the party line in committees.

This international comparison illustrates that we are not near the point where the influence of the party whip will be lessened in committee. Having said this, what do we do with bills that pass through second reading, that are approved in principle in the House of Commons and then are virtually killed in committee?

It is my suggestion that our rules should be changed to require the committee to report its actions and to give reasons. We owe this as members of this place to those who sponsor bills and we owe it to the people of Canada.

I am aware that I have some good speakers on this motion and I would certainly like to give them a chance to speak.

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, as we open this debate I would ask members to bear in mind that this is the first hour of consideration on this item. I encourage members to refrain from making quick judgments one way or the other. As straightforward as the motion may appear and as my hon. colleague who moved the motion would understand, the motion entails the removal of an authority which our predecessors undoubtedly with good reason saw fit to delegate to committees. That is the authority to decide that a bill would not be reported back to the House and equally that a report to the Chamber was not necessary.

That is not to say that the proposal is without merit. On the contrary, I believe it may find support from all sides of the House. I only wish to draw my colleagues' attention to the seriousness of the question that is before us. Let us take a moment to examine this motion.

The motion proposes a *carte blanche* requirement that committees of this House report back all bills referred to them for consideration or that they submit a report with a recommendation not to proceed further with a bill. Clearly, this would impose a new restriction on the freedom of committees to determine issues before them.

If I understand it correctly, it would also tie the hands of a sponsoring member who, having succeeded in moving a bill to committee, discovered that it was substantially or politically flawed and wished to withdraw it. Under the terms of the motion, that member, the very person who brought forward the idea, could not secure the committee's agreement to set the item aside. No, as today's motion now reads, the committee would be obliged to prepare a report with its incumbent costs. Once submitted, that report could be subjected to a concurrence debate using up still more resources and precious time. Alternatively, it is not too difficult to imagine situations where a committee might insist on reporting a bill back to the Chamber despite the sponsor's wishes.

• (1805)

Do either of these scenarios represent the intent of the sponsor of this motion? What would be the impact upon the other private members' bills?

By its very nature, if adopted this motion will increase the number of committee reports and very possibly the number of bills reported back from committee. In the absence of other balancing changes to private members' business procedures, this gives rise to the possibility of a situation developing where once a session is under way and committees begin reporting bills back to the House, bills at report stage and third reading would block the access of private members' bills to the order of precedence for extended periods. I trust that this was not our colleague's intent.

This motion also leads to consideration of another well known but little acknowledged difference between private members' and government bills, namely, the level of scrutiny to which each kind of bill is subjected.

Each of us knows firsthand or through conversations with other members the energy which is required to bring a private members' bill to the House. Each bill is, I believe, a triumph to the sponsor's determination. Each of us also knows that no matter how much time and effort we put into a bill we cannot begin to match the resources, the time and the energy which goes into scrutinizing each phase of a typical bill that is sponsored by the government.

Private Members' Business

Bills pass through distinct phases of research, policy development, consultation, consideration of options and peer review and parliamentary study. Each government bill must successfully pass through intensive filters at each of those stages before becoming law.

Try as he or she might, an ordinary member developing a bill simply cannot match the minute level of scrutiny which government bills undergo. Yet despite this difference, each private members' bill has the potential to have the same impact on the day to day lives of Canadians as any government bill.

I must therefore ask: Is it really our desire that committees report on all the bills that are referred to them? Is it possible that some bills should stay in committee? Is it possible that some members wish to have their ideas expressed in the form of a bill considered by committee but do not wish to proceed further?

There are few among us who have not wrangled at the way this place works from time to time. Members on all sides have experienced the frustration of having what seemed to be perfectly good ideas stuck or worse, lost. But the disappointment of a few members of Parliament does not necessarily justify the change which is proposed today.

The simple fact is that this Parliament has made a great deal of progress with respect to private members' business. All votes on private members' business are now the subject of a free vote. Under this system 13 bills have completed passage in the past three years, including a private members' bill which required and for the first time in Canadian parliamentary history received a royal recommendation. Members may wish to note that in the eight years prior to this Parliament, only eight private members' bills completed the legislative process.

It is important to consider that within the context of this current Parliament. Each time a change in the standing orders is proposed, we need to stop and remind ourselves that this system is the product of hundreds of years of parliamentary practice and precedence.

• (1810)

Ultimately we may decide to support this motion or improve a version of it, but I for one am reluctant to do so at this point in time. As we have benefited from changes implemented by our predecessors, we of this Parliament have an obligation to ensure that any changes we make would make improvements as well. Would this motion, as it is currently worded, represent an improvement? Does it recognize the inherent ability and inventiveness of committees to develop their own solutions to issues associated with the review and reporting of private members' business?

For example, I understand that at least one standing committee has implemented a monthly review of all private members' business referred to it. I would remind the House that we have already

asked one of our own committees, the Standing Committee on Procedure and House Affairs, to examine private members' business procedure. That committee has already heard from several witnesses on a number of topics, including committee study of private members' bills.

In conclusion, I would like to see that committee examine some of the issues associated with the hon. member's motion. As a matter of fact, I think it would be both consistent and a courtesy to our colleague to ask that the committee include this motion in its review.

[*Translation*]

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, I am really a bit disappointed in the speech by the member for Fundy—Royal. In one way, I was expecting the member to be truly democratic and open to a proposal, a motion that strikes me as just as essential as the one presented by the Reform member.

It is sad to hear a recent arrival in the House of Commons, a young person, doing everything he can to have us move backwards and be less democratic.

Mr. Zed: That is not true.

Mrs. Tremblay (Rimouski—Témiscouata): That is the discourse we have just heard. You did not perhaps write it yourself, but that is what we heard. It is backward and antidemocratic and its purpose is to prevent members from doing their work seriously.

Forcing a committee to table a report in the House is the least of it. The committee should examine the bill. The member has left, and he will be even more furious if he hears this from his office, but I am going to propose an amendment shortly, at the end of my speech, to force committees to work to reasonable deadlines.

I think it is extremely important that they stop making fun of people. We are here as legislators. What matters is that we make legislation. The government makes legislation, imposes gags, goes to committee, expedites studies, clause by clause. We can have bills with 272 clauses, like the one we have just debated on the GST. The government has done its work so badly that it is proposing 100 amendments in committee that we must examine one after the other. Even at the very last minute, before tabling the report in the House, they found a way to table another 13 amendments.

What has happened to Bill C-234 is simply disgraceful. The House sent this bill to committee. The committee was to examine it clause by clause and we do not even know if the committee did its work. It never reported back to the House. We are not asking the committee to agree with the bill, but it is not up to a few individuals sitting around a table in a committee with a government majority to decide if the bill deserves to go to second reading, third reading, the Senate or royal assent. It is not up to three, four, five or six Liberals to decide for 295 members. This is the forum for democracy. It is

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here that we must sit. It is not up to the committee to decide for everyone else.

• (1815)

The decision has to be made here. And I think it is too bad the hon. member for Fundy—Royal decided to argue in favour of the motion. However, he did not manage to convince me, because I could not go along with what he had to say.

The question of privilege raised by the Reform Party is, in my opinion, essential to the problem. Unfortunately, the Chair rendered an impartial ruling, very middle-of-the-road, saying that our rights were not breached when a committee decided to keep our bill. But this may be a way for committee to sabotage a service that is available to every member of this House: to introduce private members' bills.

So there should be a way to force the committee to report back to the House. Private members' bills often address issues raised by constituents who want the matter dealt with through legislation. Or maybe they reflect the concerns of members, of a party, of a group of people, a riding, a region, whatever. But we must not forget that if we are here to pass legislation, we also have the right to draft private members' bills. We have the right to debate them in this House, and we have the right to take them through all stages until eventually they can become law.

To kill a bill in committee shows an utter lack of respect for the members of this House and for our constituents who sent us here to work for them. It is also a way to gag the opposition. All sorts of ways to muzzle the opposition have been found, and now another one has been developed: bills sent to committee are left to die there. Sometimes they die on the Order Paper. This one will die in committee—it will be given a first class burial in committee—and a committee, we must remember, comprises a majority of government members.

This is also a way to kill a bill of a member of government who has introduced a private member's bill that does not suit the government. So it gets muzzled too. We are talking about an ordinary backbencher, whose opinion differs from that of the majority, so arrangements are made for his bill to remain in committee.

Statistics show that, since the Liberals formed the government in 1993, fewer private bills have come to a vote in the House. Things were better under the Conservatives. So it is important that the government realize that opposition members are just as entitled as government members to avail themselves of the possibility of introducing private member's bills.

Of course, the government wants to avoid dissension within caucus and it does not want this dissension to become public. We saw this recently with a bill introduced by a member of the majority; the majority of members voted in favour of this bill,

leading to dissension within the government. The ministers, in particular, did not want to vote in favour of this bill.

So I feel it is important to point out that, in the motion presented by the Reform Party member, all that is being requested in the end is a change to the Standing Orders.

• (1820)

A standing, special or legislative committee to which a Private Member's public bill has been referred must in every case either report the bill to the House with or without amendment. How has it been examined? What are the results of this study in committee? Let it provide us with a report.

If the report says that the members of a committee have thoroughly studied the bill and that it is not logical, would be too costly, or ought not to be proceeded further with, the committee would be entitled to do this. The members of the House would learn to work very seriously in this connection and would take committee reports seriously.

If only it was felt that the government was open to having all members, even the backbenchers on its side, work on improving the legislation we have, in order to solve the problems we are experiencing in each of our ridings.

The committee would be required to make a report, to present to the House a report in which it would recommend whether or not to proceed further with the bill and give the reasons for recommending the one course of action over than the other.

I hope that we shall debate this motion and that the necessary lobbying of all members will be done to ensure that they really understand the meaning and importance of this motion. The Bloc Quebecois is in favour of this motion and we are adding an amendment.

I move:

That the motion be amended by adding after the words "in every case" the following: " , within six months from the date of the bill's reference to the committee,".

We are adding to the Reform member's motion the words "within six months". Let me explain our amendment. After six months, the committee must report to the House. Its report could say that it had not finished its examination. This gives enough leeway to allow follow up on all bills tabled in the House in order to develop a more open-minded atmosphere and mechanisms which would encourage democracy.

The Deputy Speaker: I declare the motion in order.

[English]

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Mr. Speaker, I am pleased to be here this evening to speak in favour of Motion No. 267. I understand that it is a motion which speaks to Standing Order—

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Mr. White (North Vancouver): Mr. Speaker, a point of order. Did I miss something in the speaking order? Would I not be next as the member for the Reform Party?

The Deputy Speaker: The hon. member is on my list to speak after the member for Sarnia—Lambton.

• (1825)

Mr. Gallaway: Mr. Speaker, I am speaking in favour of this motion, which would amend the standing orders, specifically Standing Order 97.

As I understand it, the hon. member for Mission—Coquitlam wishes to require that a private member's bill, if defeated in committee, be reported in the House that, first, it was defeated and, second, why it was defeated.

I listened to the amendment proposed by the member for Rimouski—Témiscouata. We are talking about two subjects here. As the standing orders now stand the rules allow that a bill, if defeated in the committee, the committee need not report back to the House that the bill was defeated. The chair of the committee is instructed not to report it to the House. This is, in effect, not correct.

At the same time, I have to acknowledge that this whole business of private members' business is being studied by a House committee. A process of evolution is occurring. Since 1986 when private members' business was given an earlier statutory amendment, it has evolved a great deal in the last 11 years.

The member in question for Mission—Coquitlam was the author and sponsor of Bill C-245, which was an act to amend the Divorce Act. As a member of the justice committee, yes, it was rejected by the committee. I was the person who moved that it not be reported to the House because the clerk of the committee told us that the rules only allowed that when a bill was defeated. There was no other alternative. We had no choice but to move that once the bill was defeated.

Also, this was a bill that was not whipped. There was no intervention or interference from the whip's office. It was a bill that was not discussed in the sense that, on one side of the table, we arrived at a consensus. It was a vote based on the merits of the legislation as proposed.

I would suggest that Bill C-245 was rejected for two reasons, namely, that the Divorce Act already has a provision for grandparents' access and that Bill C-245 was fundamentally flawed in that it would include custody and access rights equivalent to parents at the time of the divorce when those grandparents did not have those rights prior to the divorce writ being issued.

It seems to me that, as a parent, we would not want to give rights greater to grandparents than what they had prior to the divorce. No one would want to engage in litigation when a divorce, which

becomes a rather crazy piece of litigation at best, could have added another four petitioners or respondents to that type of action.

Although the intent of the sponsor of that bill was correct and undoubtedly there is some room for amendments to the Divorce Act to accommodate that, nonetheless I voted against the bill because it was not the best piece of legislation.

The fact that the bill was never reported back to the House is the sad part of the process. I, for one, can speak from personal experience that a private member's bill is a lot of work. A lot of heart and soul is put into it. The House agreed in principle that this was an idea worth examining. The fact is that it went to a committee and the committee did study it. Then we add the ultimate insult not only to those on the committee but to the sponsor of that bill by saying we cannot under the rules report the bill to the House is a great tragedy.

• (1830)

In the end it was the House that referred this bill to the committee, and the committee should be given the right and the authority to refer it back to the House and to say that yes, in this particular case the bill was defeated and here are some of the reasons why it, independently or collectively, defeated a bill. Then let the House decide if it was a good and valid reason.

Obviously the committee system in this place is not intended to be the terminal point of pieces of legislation. Committees are there to examine legislation at greater length than can possibly be done in this House. They are there to summon witnesses and experts and to determine if there are flaws, shortcomings or problems that were not contemplated in the House which should be considered. They are there to consider if legislation should be fine tuned, amended or defeated.

After the committee makes its collective decision obviously the House which sent it there would like to hear what the collective or individual opinions of those members might be with regard to the meaning of legislation, apparently or unintended.

To terminate a piece of private member's legislation in a committee is wrong. It is not proper; it is not fair. We have a chance now to do that which is proper, right and fair. We can move to amend the standing orders so that in the end we give to the House, not to the committee, the right to decide whether the committee was correct or whether the committee had enough evidence or whether the committee, based on the evidence presented to it, came up with the right conclusion.

We have a lot of boards in this country. For example, in Ontario we have boards to determine whether an individual should be issued a liquor licence. If the board turns the application down, the individual can at least appeal to another body which can ask based on the evidence before that board, did it follow the rules and arrive at the right conclusion. That is what the courts are for and that is

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why we have laws dealing with administration. The administration act in Ontario deals with this.

It seems strange that fundamental laws of justice that apply in the courts of this country are in some way short circuited. I do not think it is a deliberate attempt, but the ultimate consequence is that a committee can short circuit the collective judgment of this place. I do not believe that was intended but that is what is happening, which is why this motion should be adopted.

I have heard the other argument about the amendment that it should be in six months. In the justice committee we have a rule that every month private members' business will be reviewed by the committee with respect to the status of items, including when we will deal with them. I believe that is what the member for Rimouski—Témiscouata was talking about.

We must also give private members' business the courtesy it deserves. We should ensure that committees deal with it. In the justice committee it works. I was the sponsor of that motion before the committee, and the motion passed. At least private members' business does not die in the in basket. In fact, it is dealt with. Not everybody likes the results of how the committee deals with it but if we follow this motion things will at least circuit back to the House where we can let the House collectively deal with them.

This motion has great merit and I urge others to examine it and to support it.

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I am pleased to rise to speak in favour of Motion No. 267. I would first like to agree with the member from the Bloc who indicated she was quite disturbed by the speech given by the first member on the government side, the member for Fundy—Royal. It seemed like a very aggressive attack on the intent of this motion.

• (1835)

The member for Mission—Coquitlam spoke at length about the changes that have happened in other parliamentary democracies to free up the process. They have abandoned the restrictive practices that we still see practised here in Canada. Even the mother of our own Parliament in the U.K. has abandoned a lot of these restrictive practices we still see in this place.

What the member for Fundy—Royal called hundreds of years of parliamentary tradition is more like hundreds of years of parliamentary repression. We really need to break through that cloak of protection that the government has and get some of the people's business on the table.

Motion No. 267 addresses a very serious problem and I am sure it is one that has touched almost every member of this House in one way or another. All too often a votable private member's bill gets

shuffled off to a committee never to be seen again, making a mockery of the entire parliamentary process.

In addition, because deliberations at the subcommittee, which determines which bills are made votable, are held in secret, no one ever knows why the bill was or was not made votable in the first place. Frankly, the frequency with which these tactics of repressing private members' bills are used is alarming, particularly when one considers that it was this government that promised during the last election campaign that it would overhaul the processes of the House and make Parliament more transparent and democratic.

It is all very well for the government side to allow its MPs a free vote on a private member's bill in this House, but now it is using the committee to stall the bill instead of stalling it here on the floor of the House of the Commons. What did we really achieve? If anything, all it has done is put it behind closed doors so that the public cannot see the government side rejecting it or manipulating the rejection.

In fact, this entire problem that we are discussing here today is only a symptom of a larger malaise which has plagued this House for decades, namely that almost all the power is wielded by the Prime Minister and a small group of people around him, leaving the rest of us, and unfortunately our constituents along with us, having almost no say in the way the country is governed.

I am frequently reminded of the sorry state of democracy in Canada when constituents ask me whether MPs are actually able to serve any useful purpose if they are not allowed to act independently of the leader or the party when they need to represent the views of their constituents. When I am asked that question, it is pretty difficult to identify any situation in this House where a voting machine could not produce exactly the same result. It seems to me that maybe the entire government side could be automated and connected to the Prime Minister's chair and not even bother turning up. There could just be one button for the Prime Minister to press.

This is precisely the kind of arrogant, patronizing, top down control that the people of Canada are starting to reject. We really have to see the system opened up a bit.

Not only are ordinary Canadians pretty well unable to participate in the legislative process, they are not even informed of the reasons behind the decisions that are made. Bills put forward on their behalf by us, their elected representatives, often simply disappear into committee, as most of the members have said here today, whether or not they are made votable.

It is time to bring a measure of true democracy to our parliamentary system and open the entire private members' business to public scrutiny. That means the subcommittee that decides whether or not a bill should be votable should also be open and we should

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see its decisions so that our constituents can find out the reasons why our bills are not made votable.

I have an example of my own, Bill C-333, a bill which would deport criminal refugees in lieu of sentence when they are found guilty of breaking Canada's laws. That bill was put together with the assistance of the lawyers of this House and by a crown counsel in my riding, a Liberal supporter, a person who has put himself forward for nomination as the Liberal candidate in my riding, an experienced person who knows how the system works. What happens? The bill is made non-votable. I do not know the reason why. I have no idea. I write to the minister to ask for support for the bill and I get a non-committal letter back saying how interesting it will be to hear the debate.

There should not be a situation where skilled people put together a bill that is warranted, that needs discussion in this House and we cannot even get it votable.

• (1840)

This sort of action allows the government to put a stop to private members' bills without going through the embarrassing process of actually voting on them. If the government wants to defeat a bill, it should do it right here in the public view where everyone can see what is happening, instead of it being restricted as it was in the case of the member for Mission—Coquitlam to a few grandparents who were able to travel all the way to Ottawa to sit in on a committee meeting and see what happened in that place.

All I can hope for is that they have gone back to their ridings, to their groups and organizations and are telling people the travesty of democracy that can occur in these committees.

Too many pieces of good legislation that have passed through this House are mired in committee proceedings and never come back.

The single most powerful argument in favour of this motion is that when a bill receives approval at second reading, the elected representatives in this place are approving it. We have given a message to the people of Canada openly in public in this place that we approve of this legislation. It should not be up to the committee to find personal reasons, as we heard with due respect from the member opposite, why committee members do not like the bill. It should be their job to make it work.

In the instance of the bill of the member for Mission—Coquitlam there were witnesses before that committee, lawyers, who said this bill is needed, which contradicts the personal opinion of the member opposite. There were plenty of examples from the United States where similar legislation works.

It is not up to a committee to thwart the will of the House. The committee should have reported this bill back with amendments, if

necessary, ways in which the legislation could be made to work, not a rejection of a decision of this House.

While Motion No. 267 will not solve all the problems associated with our parliamentary system, obviously there are many areas to fix, it does take an important step toward making the committee process and the private members' business process much more democratic.

The motion, if passed, will be of benefit to all MPs, indeed all Canadians and as such I urge all members of the House to support it. My only fear is that the motion, if passed, will end up in a committee somewhere and have the same fate that so many bills before it have had, which is to disappear forever and to make no difference at all to the way this place operates.

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, it is a pleasure to rise to speak to this motion which I think is a very good motion. I do support it in principle.

However, I am not sure that in addressing a very serious and important problem it actually has all the answers. So when I support the motion, when I vote for the motion, as I expect to do, it will be with some qualification.

I am a player in this debate in the sense that I also had a private member's bill that passed second reading and went to committee. It was Bill C-224. It was a bill that would require charitable organizations to disclose the salaries of their executive officers. That bill left this Chamber to go to committee with the unanimous consent of the House, so it had the full support of the House.

When it got to committee it caused a great deal of controversy. Many witnesses came before the committee, some for and quite a number, I am sorry to say, against it in principle. I was actually in the course of a private member's bill before a standing committee subject to attack ads in the *Ottawa Citizen*. It was a full page that read: "Do you have no sense of decency, Mr. Bryden?". It was perceived by some people that wanting charities to disclose the salaries of their executive officers would cause disclosures that some charities were not prepared to endure.

The original bill that I put through to the committee received a lot of support in committee but it was seriously flawed. Consequently I went back and with the committee's co-operation I made a number of very important amendments to the bill.

But such was the controversy that the bill raised that the government pre-empted the amendments that I was to bring forward for my bill and implemented the changes by regulation. I found myself in the situation where I had actually achieved my target. In fact, Revenue Canada stiffened up the procedures for the reporting by charities of their executive salaries. As a matter of fact, Revenue Canada improved the measures which were proposed in my bill.

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• (1845)

Suddenly I was faced with the situation where the bill need not go any further than committee. I spoke at committee to this dilemma. I approved of what the government was doing. It did not provide the penalties which I proposed in the bill. My bill addressed only one fragment of the problem of the accountability of not for profit organizations. I could not see going forward with a bill that was incomplete in addressing a wide array of problems when 90 per cent of the bill, such as it was, was addressed by the government in its changes to regulations.

My colleagues on the committee, on all sides, concluded with my agreement that the bill would go no further.

We were left with a dilemma. How would we tell Parliament? How would we tell the world who saw the attack ads and who were aware of the news stories that I had brought in with this controversial private members' bill? How would we tell the world that the government had been very accommodating and that in fact my private members' bill had succeeded?

As it turned out, there was no way. We discussed in committee at some length the possibility of my submitting a member's statement; at the beginning of question period each member has an opportunity to speak for one minute on any subject. I still felt that I would not be returning to Parliament with the message that the committee had considered the bill and had come to some decision with respect to the bill.

The more we examined the issue, the more it became very clear that there was no easy way to take the message back. As a government MP, the irony was that there was no effective way for me to report to the people of Canada that my government had paid attention to a private member's bill.

So often we hear the criticism that private members' business does not go anywhere, yet my bill was an example of private members' business achieving something substantial. However, I could not in any way effectively tell Canadians that the government gives great weight to private members' business and in this instance acted in my mind very responsibly and very promptly to the initiative proposed in Bill C-224.

The reason I have reservations about the motion and why I support it in principle but not necessarily in content is that the parliamentary secretary raised the issue that if we report back to the House, then the House has an obligation to consider the report and there would be further debate. That raises the very real issue of House time. If we take up House time, then other members who may have similar private members' bills to put forward will not be able to do so. If I take up House time with debate that is no longer

necessary, then I am depriving my colleagues of an opportunity to do exactly what I did and have the same success which I achieved.

This is a very serious problem. As I understand it, there is a committee of Parliament studying the whole issue of private members' business. I want to say that private members' business is very important in Parliament. Previous Parliaments have not given it the place which is its due. They did not exploit the contribution which private members can make to the legislation of this country by introducing bills which do not come from the bureaucracy, which do not come from government, but which come from individual members who reflect the interests of their constituents.

Private members' business does need to be reformed. This motion addresses an area of reform to which we should give due attention. While supporting this motion, I hope it will lead perhaps not to the implementation to the actual letter of the motion, but that it will lead to a furthering of the examination of the problem. Perhaps in the very near term we will come to a solution that will accommodate the concerns very legitimately raised by the member for Mission—Coquitlam.

• (1850)

The Deputy Speaker: If the hon. member for Hamilton—Wentworth wishes to proceed next time he will have about three minutes and five seconds left. The member has indicated he is finished.

The time provided for consideration of Private Member's Business has now expired. The order is dropped to the bottom of the order of precedence on the Order Paper.

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

CANADA PENSION PLAN

Mr. Svend J. Robinson (Burnaby—Kingsway, NDP): Mr. Speaker, I rise to speak out on the very important issue of the federal Liberal government policies on pensions for Canada's elderly.

In October 1996 I questioned the Minister of Finance concerning proposals by some provinces to cut pension benefits to seniors by taking away full inflation protection. At the same time some members of the Liberal caucus have suggested that it may be necessary to cut the benefits of current pensioners in order to make the Canada pension plan sustainable.

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I questioned the Minister of Finance at the time as to whether or not he was prepared to reinforce the commitment of the Liberal government to the basic principles of the Canada pension plan and in particular whether he would support proposals made by the NDP governments of Saskatchewan and British Columbia which would strengthen the plan and ensure its viability.

Unfortunately we still have no indication of in which direction the Liberal government is moving on the fundamentally important question of reform to the Canada pension plan. At the same time many seniors in Canada are deeply concerned about the government's proposed changes to the old age pension and the guaranteed income supplement.

What the Liberal government proposed in the last budget is to effectively abolish the universal old age pension and as well to get rid of the annual age credit and the annual retirement income tax credit. This would take us back to the days when pensions were effectively a form of welfare. Clearly that is totally unacceptable.

The seniors benefit would eliminate universality and income support for seniors. At the same time it would seriously erode the autonomy of Canadian women. It would mean that the split which currently takes place in which women are entitled as a right to their pension would be ended by the calculation of family income.

I want to voice very serious concerns on behalf of my colleagues in the NDP on those proposals. Certainly I hope that when the government tables its legislation on the seniors benefit that it will back off on that serious assault on the basic longstanding principles of the old age security system in this country.

On the Canada pension plan, I want to suggest to the government that it slow down this rush to suggest that the Canada pension plan is in a state of crisis and instead that it adopt the proposal of the chief actuary in his 15th report on the Canada pension plan. He suggested that there be some modest changes to the CPP contribution rate. In fact the proposal would result in a combined employer-employee contribution rate rising to 13.91 per cent of contributory earnings by 2030, just under 14 per cent in some 35 years time. I point out that combined level of contribution is already significantly lower than that in many other OECD countries.

I suggest that we put the plan on a very firm financial foundation by adopting that recommendation of the chief actuary. At the same time there are a number of other proposals that have been made which the government could look at. An example is the proposal that has been made by British Columbia finance minister Andrew Petter and supported by Saskatchewan finance minister Janice McKinnon to broaden the contributory base. There are a number of similar proposals.

It is fundamentally important that we acknowledge that we should be strengthening public pensions in Canada. If that means

that we have to look at the current very generous tax benefits for private pension plans and for RRSPs at the top levels, then I think the basic objective should be to strengthen public pensions. This is particularly important at a time when more and more Canadians are relying on public pensions. Many Canadians simply cannot afford to make contributions to RRSPs. Record numbers of Canadians are cashing in their RRSPs and fewer and fewer workers are employed at jobs in which they actually have workplace pension plans.

In closing, I want to appeal to the government to strengthen the Canada pension plan, to scrap the regressive elements of the seniors benefit and, more importantly, to look at the impact of its proposals on the retirement income of elderly Canadians. This is tremendously important because so far all that has been looked at is the spending side. The government should recognize that the impact of its proposals will be particularly serious to women and other people who are disadvantaged in the work force.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, the federal government is not trying to push a particular package of cuts to the CPP, including changes to indexing.

The federal government is trying to find changes which will ensure that the CPP will be there for Canadians when they retire, something all Canadians want and deserve. I must remind the hon. member that the responsibility for the CPP is shared among the provinces and the federal government. Therefore, changes require the agreement of two-thirds of the provinces with two-thirds of the population. The federal government is, therefore, working with the provinces to find a package of balanced changes which all provinces, including British Columbia, Saskatchewan and the federal government can accept.

We cannot simply side with one or two provinces, as the hon. member suggests, and expect to obtain the support of the other provinces which are necessary to amend the CPP. That is not the way we will find federal-provincial consensus.

However, the federal government has acted clearly and decisively in its own jurisdiction for old age pensions, old age security and the guaranteed income supplement with the new seniors benefit, which when implemented in 2001, will continue to be indexed 100 per cent to inflation. It is a response to concerns about the sustainability of those supports. Most seniors, and most particularly senior single women, will be better off under the new system.

I therefore suggest that the hon. member take these matters into consideration.

The Deputy Speaker: The House stands adjourned until tomorrow at 2 p.m.

(The House adjourned at 6.57 p.m.)

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