



CANADA

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OFFICIAL REPORT  
(HANSARD)

**Monday, October 20, 1997**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Monday, October 20, 1997

The House met at 11 a.m.

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*Prayers*

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## GOVERNMENT ORDERS

• (1105)

[*English*]

### INCOME TAX CONVENTIONS IMPLEMENTATION ACT, 1997

**Hon. Jim Peterson (for the Minister of Finance, Lib.)** moved that Bill C-10, an act to implement a convention between Canada and Sweden, a convention between Canada and the Republic of Lithuania, a convention between Canada and the Republic of Kazakhstan, a convention between Canada and the Republic of Iceland and a convention between Canada and the Kingdom of Denmark for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and to amend the Canada-Netherlands Income Tax Convention Act, 1986 and the Canada-United States Tax Convention Act, 1984, be read the second time and referred to a committee.

He said: Mr. Speaker, I intend to be very brief this morning.

We intend to enter into three new tax treaties with Lithuania, Kazakhstan and Iceland and we are making revisions to four existing taxation treaties, those with the Netherlands, Denmark, Sweden and the United States.

Canada currently has 61 treaties for the avoidance of double taxation and the prevention of fiscal evasion. With these three new treaties we will be up to 64. This is very important for Canada as a nation which is outward looking and which depends on 40% of its economic wealth in any one year on its exports, on its commerce abroad, on its foreign direct investment and the flows of information, capital, technology, royalties, dividends and interest.

In five of the treaties, those with Ireland, Denmark, Lithuania, Kazakhstan and Iceland, the major provisions, apart from avoiding the double taxation of income, i.e., deciding that if income flows

from one country to another, which country has the right to tax it. Obviously both countries cannot if we are to have a modern world. Otherwise the rates of tax would easily exceed 100% of that income.

Through these treaties one country foregoes the right to tax in certain circumstances. For purposes of simplicity we have countries of source and we have countries of destination, usually where the recipient is resident. Will it be the country where the income is owned or the country where the recipient is resident that will determine the primacy of taxation? In this exercise we have followed the general outlines set out in the OECD model convention for the avoidance of double taxation.

In five of these treaties, those of Ireland, Denmark, Lithuania, Kazakhstan and Iceland, one of the main provisions involves reducing the withholding tax that would otherwise be payable by the source country, in this case Canada, 25% under the Income Tax Act, reducing it down to a level which is far less punitive. In most of these cases we have reduced it to 5% where the foreign resident has a controlling or major interest in a Canadian corporation. The rate is often reduced to 10% where interest payments go abroad. In many cases where there are payments on government debt, there is no withholding tax whatsoever.

One of the main concerns in bilateral negotiations has been to try to reduce the withholding taxes to zero, where they deal with royalties on scientific know-how, computer software and things which are necessary to produce a modern industrial state.

• (1110)

I regret that in some of these five treaties we are not able to get that rate down to zero on such royalties. However, in the treaties with Sweden and Netherlands we have confirmed that we will have a zero withholding rate on those types of payments. This is significant progress in a world which is increasingly dependent on the flows of information and technology.

Perhaps the most important change being made today is with respect to the tax treaty with the United States. Its main provision deals with social security benefits which flow across the Canada-U.S. border: a person resident in the United States who receives Canada or Quebec pension plan or old age security benefits or a person resident in Canada who receives from the United States its social security benefits.

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Just so we understand these provisions I would like to go back to the law as it existed prior to 1996. At that time the country paying the benefit did not exercise any taxing jurisdiction or taxing power. That taxing power was exercised only in the country of residence. Therefore a person resident in Canada who was receiving U.S. social security was taxable in Canada. The rule was that only half of that social security benefit went into the resident taxpayer's income but it is obvious to members on all sides of the House that this produced unfairness.

For example, if persons resident in Canada were receiving social security from the U.S. of say \$8,000 they were taxable on only \$4,000 of it, whereas if they were receiving \$8,000 of old age security they were taxable on all of it. This was not equitable and not fair.

Therefore we entered into negotiations with the United States to change that law as of January 1, 1996. We said that rather than the country of residence taxing the pensions or the social security it would be the country of source. If a resident of the United States received Canada pension plan or OAS, Canada would withhold 25% on those payments to the resident in the U.S.

If the U.S. person was a low income taxpayer and his or her marginal rate of tax was either zero or less than the 25%, Canada gave that person the option of filing a tax return in Canada. To the extent that the tax would have been less than that 25% withheld by Canada, Canada would give a refund. It worked well for a person resident in the U.S. receiving pension benefits from Canada. On the other hand it did not work so well going the other way.

The U.S. withheld 25.5% on social security payments going to a resident of Canada but it did not allow the Canadian who was in a low income or no income bracket to file a U.S. tax return and be taxed on a net basis; i.e., to be taxed at less than 25.5%.

Accordingly, negotiations were entered into with the United States and that is the result of this protocol. We are saying that the country of residence of the taxpayer or the recipient now has the exclusive right to tax. The country paying the social security, the United States will forgo its withholding tax or Canada will forgo its withholding tax when paid to the United States.

• (1115)

Second, the resident of Canada will include only 85% of U.S. social security in their Canadian income, and a reciprocal right applies to residents in the United States receiving pensions from Canada. This means that low income taxpayers are in effect going to be taxed on a net basis and it will not be punitive. This is a desirable and hopeful result.

In order to protect those who might have already suffered or paid their taxes, this law, when in effect, will be retroactive to January 1,

1996. To help in the transition, if someone has already paid their taxes for 1996 or 1997, we have said that they will pay no more taxes than they otherwise would have. Therefore if a person is in a higher bracket than the 25.5% withheld, they will not have to pay that for the years 1996 and 1997. It will only be on an ongoing prospective basis that these full rates of tax, applicable to domestic or resident taxpayers, are going to be applied.

There is also one other amendment that deals with capital gains. We know that if a U.S. resident owns real estate or resource properties in Canada and disposes of them they would be subject to Canadian tax. Suppose they own those properties through a corporation resident in the United States and sell the shares in that corporation. It would seem natural that they should not be able to get away with something by doing it indirectly through a corporation, that they could not get away with it even if they owned those properties directly. This is why Canada has always had a law in its books which states that where one owns those Canadian assets indirectly through a U.S. corporation, they will be taxable as if one owned those assets directly.

However, the U.S. does not tax Canadian residents on this basis. Accordingly, we have amended the tax convention with the United States in order to reflect that both of our laws be brought into this more modern mode. Quite frankly, in terms of administering a law when a resident of the U.S. sells the shares of a particular company it is very difficult to look behind that corporate shell and find out what all the assets are. In a modern world this does not make a lot of sense.

I am very pleased to say that we have settled this issue of transporter pensions or social security in a way that is fairest to those who have the lowest income and whose tax rates would otherwise be under the 25.5% U.S. rate or the 25% Canadian rate when they are taxed on a net basis. This is a desirable result. It is fair and is evidence of the ongoing good co-operation and strong relationship between our two countries.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I rise on behalf of the official opposition to address Bill C-10, an act to implement a convention between Canada and various conventions between the countries of Sweden, Lithuania, Kazakhstan, Iceland and Denmark for the avoidance of double taxation and the prevention of fiscal evasion and also to amend the 1986 Canada-Netherlands Income Tax Act and the 1984 Canada-U.S. Tax Convention Act.

At the outset I would like to make clear that the official opposition supports the proposed conventions with Sweden, Lithuania, Kazakhstan, Iceland and Denmark. We have no objection to the essentially housekeeping amendments made to the Canada-Netherlands Income Tax Act.

However, the government did try to seek our consent and that of the other opposition parties to rush this bill through the House, which is often the case in technical bills involving housekeeping amendments of this nature.

• (1120)

It is a good thing that we as opposition MPs sometimes look a little below the surface to find something very suspicious and nefarious lurking beneath the surface of such technical bills.

Indeed such a nefarious section exists in this bill with respect to the tax treatment of social security payments to Canadian residents from the U.S. social security fund. Schedule section of part VII of Bill C-10 deals with those payments which the hon. minister just addressed.

However, in reviewing the government's rationale for amending the treatment of taxation of social security payments received by Canadian residents, the minister left out a few very pertinent facts.

He implied that somehow these change being made from the third protocol agreed on by this government in 1995 to the protocol that was signed in April by representatives of the American and Canadian governments would somehow increase tax fairness and provide tax relief for lower income resident Canadian seniors.

That really is not the full picture. What the minister forgot to mention was that tax treaty, the 1985 third protocol which imposed a 25% flat withholding tax for social security payments coming to Canadian residents, was negotiated and agreed on by this government, the very government whose members are saying that it was an unfair agreement. Indeed it was.

Let us back up a couple of steps and give the government a bit of a history lesson when it comes to how it has treated these 80,000-some seniors who have received U.S. social security payments in Canada.

Originally since the 1984 U.S.-Canada Income Tax Convention Act, 50% of social security payments to Canadian residents could be included for purposes of Canadian taxation. That made a lot of sense because it was the same treatment that U.S. recipients of social security have. That is to say, 50% of their social security payments were included for the purposes of taxation.

In 1992 the U.S. government under one of the Liberals' ideological allies, Bill Clinton, decided it was going to raise taxes on seniors. It did that by raising the total maximum inclusion rate for U.S. social security benefits from 50 to 85% so that theoretically wealthier seniors were paying more tax on their social security benefits.

Following that, this government entered into negotiations with the Americans to produce the third protocol, which did not create a parallel system with the American treatment of the taxation social

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security benefits. Instead what they did was impose this 25.5% flat withholding tax on those payments being made to Canadian seniors and American residents of Canada. That was devastating. It had an absolutely devastating impact, particularly on low income seniors.

I think the members from the government who come from the Windsor area in particular where many of these taxpayers are concentrated know of what I speak. It put many of the lowest income seniors there into terribly dire straits.

Many of the lowest income seniors saw their tax bills rise by \$1,000 to \$2,000, people on fixed incomes, people who do not have the resources to hire tax accountants or lawyers or specialists to advise them on this kind of change. Suddenly it appeared, even after the government made commitments that no one would pay more taxes.

The hon. deputy prime minister, a member from the Windsor area, indicated in several public statements on the record that the 1985 protocol would not result in a tax increase for any Canadian resident. He was wrong. He was completely wrong because every Canadian receiving U.S. social security payments saw a significant increase in their tax bill. The government was wrong then and it is wrong again today.

Those seniors lost trust in this government's ability to protect their interests in negotiating the 1985 treaty. As a result there was a lot of political heat felt by this government. They went back to the table and they renegotiated it, and today we are analysing the result of that negotiation.

• (1125)

What happened? Once again this government sold Canadian seniors down the river by raising the inclusion rate of U.S. social security payments from 50%, as it was before 1985, to 85%. That is a 70% increase in the inclusion rate. That is a 70% increase in the taxes that seniors who receive U.S. payments will have to pay the Canadian government.

The Liberals call this fairness. They say this is revenue neutral. It is not. If more seniors pay more taxes than they used to, that is a tax grab.

I know this government has a problem when it comes to accounting. By adding \$100 billion to the federal debt it claims to have somehow balanced the budget. It thinks adding debt means fiscal responsibility, that increasing taxes equals tax fairness. It is more of the same old Liberal tax, spend and borrow game that we see in section 7 of part VII of Bill C-10.

This is a very serious matter and I hope the government listens closely. We have received representations from an organization representing thousands of Canadian resident seniors, the Canadians asking for social security equality. They point out to us the kind of very serious dire straits that older Canadians fell into as a result of

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the 25% flat withholding tax, unfair tax grab, imposed by this government in the 1985 treaty.

They made representations to the government to make changes so they could get back to revenue neutrality with the pre-1985 tax rules. Instead they get a 70% tax increase.

The government will say these changes are fair because Canadian taxpayers who receive Canada pension plan and OAS, now seniors benefits, have an inclusion rate of 100%. They are right. Liberals must be happy that seniors have to get shaken down.

What they are doing under the proposed seniors benefit changes is to deeply penalize middle income seniors in particular who have acted responsibly to save for their retirement by imposing massive taxes on their income from private savings. That is what they are doing under the seniors benefit. They are doing very much the same thing under this bill.

The government will argue, as have several of the members from the Windsor area, that the 100% inclusion rate for CPP payments to Canadian residents is somehow a precedent for these Canadian residents receiving U.S. social security payments. On the face of it, it seems like a reasonable enough argument. We want fairness. Everybody should be treated the same.

There is a difference here. Canadians are not taxed on the payments they make to the Canada pension plan. The so-called premiums, premiums which the government will be raising by 73% between now and the year 2003, are deductible from the taxes we pay. They are not included as taxable income.

The U.S. government treats its taxpayers differently. They do not get to deduct the cost of their social security premiums paid to the U.S. treasury. They are taxed at source on those payments. That is why Americans do not have a 100% inclusion rate for social security benefits. They have decided for policy reasons to tax that pension system at the front end when the taxpayer earns the money and pays into the system rather than when he retires and collects from it.

Imagine the case of a hard working Canadian taxpayer who goes across the border to find gainful employment in the United States because there are not enough jobs in Canada. Under American law a portion of their paycheque is taken off at source and sent to the U.S. federal treasury to fund their social security benefits. They do not get to write the cost of that off against the taxes they pay. They are paying taxes on those premiums and they make their retirement plans based on that income. Of course most of these people are seniors on modest fixed incomes. Then finally along comes their retirement and what happens?

• (1130)

If they were residents of the United States they would be faced with a very small tax on the social security benefits they receive. In fact anyone in the United States who earns up to the equivalent amount of \$40,800 Canadian as a senior would pay no taxes on their social security benefits, none, zero, zip. There are no taxes for low income seniors on their social security benefits. If they earned a little bit more, if their income was a little higher, then for middle or higher income seniors somewhere between 50% and 85% of their social security benefits would be taxable.

The Americans have built a progressive scale into their tax system for social security benefits. There is progressivity and fairness. The wealthy would pay more, 85% of their social security benefits are what they would pay taxes on. But the poor would pay nothing.

This government has created a double standard for Canadian residents earning the same social security benefits. Not only did they have to pay taxes on their social security premiums when they were working, now they will have to pay taxes on 85% of the social security benefits regardless of whether they bring in \$10,000 a year or a million dollars a year.

This government loves to lambaste our American friends for unfair taxes. This government prides itself on being the paragon of fairness when it comes to taxation, but it has created this gross double standard. It is going to double tax Canadian residents who happen to have worked in the United States, who have been taxed once by the U.S. government on their payments into the social security plan. They will now be taxed again regardless of their income level and 85% of their social security benefits will be included for purposes of Canadian taxation. That is not fair. That is what is called a tax grab and it is something the government is going to pay a serious political price for.

Let us look at the so-called fairness of these changes if you were a recipient of social security benefits in the United States earning \$30,000. What would have happened under the 1985 tax treaty this government brought in, if you were a Canadian living in Canada collecting U.S. social security benefits, the 1985 tax treaty which it is trying to change added \$1,300 to the tax bill. If you were a senior earning \$30,000 the changes brought in in 1985 would have added \$2,000 to your tax bill.

I spoke to some seniors from the Windsor area on the telephone today who indicated that the flat 25% tax imposed by the government in the past tax treaty added \$2,000 to their tax bill. This is not just a number, not just a figure. It is real money out of the pockets of real people, affecting their lives, making them poor, putting many of them in distress.

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We have heard stories of seniors receiving social security benefits in Canada who had to leave their apartments, who had to sell their cars and could not drive to the grocery store and who could not afford cabs. I understand there is a member of the government from Windsor who actually should be commended for volunteering to drive some of these seniors to the grocery store because they cannot afford a cab because of the \$2,000 tax grab agreed to by the government in the last tax treaty. It was not fair, not right. It was a tax grab so the government tried to change the rules.

What happens now? The government grabs more. Under the new treaty, under the fourth protocol that we are debating in Bill C-10 today, the same seniors will again see an increase in the taxes payable on their U.S. social security payments. In fact somebody earning \$30,000 a year will pay over \$3,000 more than they did in 1985.

• (1135)

We are talking about seniors on a fixed income of \$30,000 a year who will see 10% of their gross income disappear because of the 70% increase in the inclusion rate proposed by Bill C-10. That is fairness? They call that fairness? I call it a rip-off, a rip-off on top of 36 tax increases imposed by this government since it came to power.

Let us look at the example of a Canadian resident with a gross income of just over \$40,000. What happens to him? In the United States he would only pay an inclusion rate of 50%, not 85% as in Canada. The marginal tax rate would only be 32% but as a resident of Canada he would pay \$2,600 more than he would if he were a resident of the United States. That is how we are treating our seniors and I think it is shameful.

The government will claim again and the finance minister has said in correspondence with me that these changes are necessary, that the 50% exemption was in the tax treaty because when the treaty was signed that was how the U.S. taxed its own residents' social security income. True enough. If that is how the U.S. government treats its residents, why are we treating people who paid into that system differently? Why do they have to pay 85% of their income into this system?

As people from Canadians Asking for Social Security Equality have said, this is a massive tax grab. They just want an amendment so they will get the same treatment they had under the pre-1985 rules. That seems reasonable enough to us. So that they do pay their fair share but not a penny more.

This government's idea of tax fairness is that everybody pays more. My idea of tax fairness and tax efficiency and a growing economy is a system where Canadians get a bit of a tax break. It is a

system that acknowledges that Canadians have worked all their lives and it will not penalize them for saving. They have saved all their lives and they will not get penalized for trying to live out a reasonable retirement.

I repeat that this is from a government that has imposed 36 tax increases on Canadians, tax increases that have amounted to \$24 billion in additional revenues as of last year. It is from a government that now imposes a tax burden of 46% on the average Canadian family. This is a government that has presided over four straight years of shrinking after-tax family income. The government calls that a record of economic growth. I call it a record to be ashamed of. This is a government that has presided because of those tax increases, because of that shrinking family income over 9% unemployment, over 17% youth unemployment.

Now in Bill C-10 which we are considering today the government is attacking Canadian residents who are receiving U.S. social security payments. Under the proposed amendments to the Canada pension plan the government is attacking younger Canadians by imposing on all working Canadians a 73% increase in their CPP premiums. This will give self-employed Canadians a \$3,600 tax bill for their CPP premiums, money that people of my generation know we are likely never to receive.

This is a government that is proposing, in its amendments to the seniors benefit, tax increases which would severely penalize middle income seniors for having acted responsibly and for having saved for their retirement. And today again it proposes yet another tax increase.

My message to the government is to listen to Canadians who are speaking out about this and who are asking for fairness. Even the finance minister made an admission in a letter to me dated September 22 by saying "I can understand some recipients are not in favour of the new agreement". Why is that? It means that after 1997 they may have to pay more tax than they did in the past. The finance minister admits it.

• (1140)

In 1985 the deputy prime minister said that the proposed tax treaty would be revenue neutral. He was wrong. I will not say that he lied because that would be unparliamentary. He just did not tell the whole truth. Whether he knew it or not, he did not tell the whole truth.

We just heard the hon. minister say that this would not increase anybody's taxes, that it would bring taxes down for lower income Canadians but I have here in my hand a letter from the finance minister contradicting that statement. The Minister of Finance has admitted that Canadians are opposed to it because it will mean a tax increase for them.

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Which is it? Is it fairness or is it an increase? Is it a tax cut or is it a tax grab? I guess we will have to trust the word of the hon. Minister of Finance when he says that it is a tax grab.

I have a question. I am sorry I did not have a chance to ask the minister this question, but there was no question and comment period. Somewhere in the labyrinthine hallways of the Ministry of Finance surely somebody sitting at a computer terminal has crunched the numbers as to how many more millions of tax dollars the government will squeeze out of low and middle income seniors to satisfy its insatiable demand for tax dollars through Bill C-10. Surely they know what the dollar figure is. Why have they not disclosed that?

My challenge to any government member speaking on this bill today is to tell us how much money they are squeezing out of the poor seniors with this bill. How many millions of dollars will there be on top of the billions of dollars they have already squeezed out of Canadians, on top of the billions they plan to squeeze out of seniors benefits, on top of the \$10 billion they plan to squeeze out of the Canada pension plan?

It may not mean a lot to the millionaires who populate the front benches of the government and it may not mean a lot to ordinary members who get \$5 out of every dollar they put into their gold plated MP pension plan. However a \$2,000 tax increase for a Canadian resident senior earning only \$30,000 a year means a lot. It can make the difference between living a reasonable retirement and a retirement stuck in poverty.

I am sick and tired of the government prattling on about tax fairness when again and again it means higher taxes for the people least able to defend themselves, least able to hire tax lawyers and accountants who populate the Liberal Party, least able to handle this kind of cut to their income.

I call on my colleagues opposite to look at this bill.

There is no doubt that when government members walked into the government lobby this morning, government hacks were there handing them their speaking notes. They will dutifully stand up today and read word for word, verbatim, about how this bill is about fairness and how it is just an innocuous housekeeping amendment. That is what we will hear from those members today. They do it time and again.

The finance ministry, as always, will frame the amendments and the legislation working behind closed doors with the minister while the backbenchers are left in the dark not knowing what is really in the bill. When they show up in the House they are presented with 138 pages of technical legislation. They are given their speaking notes. They have not read the bill. They have not looked beneath the surface of those speaking notes to ask the minister questions.

But seniors are asking us questions, not just members of the opposition but members of the government. They are pleading for the sake of their retirement for the MPs opposite to take this seriously and not to bluff it off as just another government bill, another technical housekeeping amendment because it is not that. Over 80,000 Canadian seniors are going to see their taxes go up over what they paid in 1985. That is not fair.

Why will members opposite not look beneath the surface? Why will they not throw away the scripted notes they have been given by bureaucrats in the finance department, which some of them are reviewing at this very moment? Why will they not speak for themselves and their constituents rather than for the bureaucrats in the finance department?

That is the challenge of democracy. That is the challenge of representation. That is the challenge this government again and again has failed to meet with its massive tax increases which have reduced hope for older Canadians and younger Canadians and which have given us a 9% stagnant unemployment rate for 86 straight months. That is the economic record of the government.

They are very sly. The Mulroney government used to get heat all the time for any little change like this one because the Liberals were very good opposition members. Mr. Speaker, I think you know that from experience. They pointed out tiny tax increases hidden in complicated bills like this one and the Mulroney government paid a price for it.

• (1145)

The Liberal government is very slick. It has lots of high priced PR hacks telling it how to hide these sorts of things from Canadians.

I put the government on notice today. On behalf of all Canadian taxpayers the official opposition party—and I think the other ones—will not let these kinds of things slide through any more.

The government approached us and asked us to fast track the bill, to consider it in committee of the whole and to let it go in one day, hoping that the 85,000 Canadians who will face a tax increase would not notice it. That is what it tried to do, but it will not get away with it.

We will take it to committee. We will draw out debate. We will bring witnesses before the finance committee, the same seniors who will be so deeply affected in their lives by the bill. Those Canadians will not tolerate this kind of completely irresponsible approach to democratic deliberation.

I say again that my hon. colleagues opposite should take a look at the facts. I would be happy to get unanimous consent of the House to table a chart prepared by Mr. Bruck Easton, a tax and commercial lawyer from Ontario, in which he compares the



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relative taxation of U.S. social security payments to Canadians using comparable U.S. rates. It demonstrates conclusively the tax changes proposed under the protocol included in Bill C-10 will levy a massive tax grab on a small number of Canadians.

A small number of Canadians, no more than 85,000, are affected by the bill. They do not have, as I mentioned earlier, high priced tax lawyers. They do not have high priced lobbyists like former Liberal cabinet ministers working for them to get access to decision makers in the government. They do not have anybody at their beck and call on a \$5,000 a day retainer who can call up Mr. Goldenberg or other officials in the prime minister's office.

I was talking to a representatives of the organization today. I asked him to urgently fax me some critical information for this debate. He had to drive three miles just to get to a fax machine to fax something here. These people are not equipped like the special interest group, the big business lobby friends of the government opposite, to object to bills like this one. All they have is a bit left over which the government lets them keep, a bit to contribute to this kind of fight.

Many of the seniors are of an age and in a condition of health where they do not know what will happen to them. What happens is that they get their cheques and the cheques have shrunk; they are smaller. They look at their tax return and wonder what has happened because their income is \$2,500 less than it was four years ago. That is a good question members opposite will have to answer.

There may be only 85,000 Canadian resident taxpayers affected by the bill but each and every one of them as a taxpayer has a right to object to do so. The government will be hearing from people like them.

I plead with government members not to listen to backroom boys in the ministry of finance. They should listen to their constituents, listen to Canadians asking for social security equality, and listen to taxpayers who asking to keep a bit more of their money.

The attitude of the government as with all Liberal governments is that it is the government's money. Somehow it is the property of the Government of Canada, if not the Liberal Party of Canada. This money belongs to Canadians. When the government raises taxes on particularly hard pressed seniors, as it is proposing to do in the bill, it suggests that those people do not need the money and that the government needs it more.

To do what? To lavish billions upon billions of dollars on special interest group handouts and subsidies to its big business friends.

• (1150)

I ask members opposite to reveal to the House and to taxpayers exactly how much they expect to squeeze out of Canadian recipients of U.S. social security payments through the bill.

I suspect the amount is probably less than the \$100 million the government decided to give earlier this year to its billionaire friends at Bombardier, a company that has donated hundreds of thousands of dollars to the already overflowing coffers of the Liberal Party of Canada.

How many other hundreds of millions of dollars have been handed out to big business, corporate friends of the government? Who is forced to pay for it? Not those very same corporations but retired seniors trying to get by on \$12,000 or \$20,000 or \$30,000 a year. That is where the money is going. I say shame on the government for having its priorities so desperately wrong.

Is the government really in favour of fairness and equality which it prattles on about ceaselessly? The hacks in the various government departments who write their scripted speeches have, I think, a very limited vocabulary because the word fairness appears about 18 times in every scripted speech.

If they really had an understanding of the concept of fairness in a modern liberal democracy, they would exercise it in the way they act and not in just what they say in political speeches. They would exercise the concept of fairness by saying to the same seniors they are persecuting in the bill today that they would be willing to give up, or at least retroactively reform their gold plated, taxpayer subsidized MP pension plan.

We know they will not do that. We know their concept of fairness starts with taxing Canadians more and taking more out of the public trough for themselves and their big business friends. That is not fairness. I call that unfairness.

I want to close by asking the party opposite to consider seriously the effect this bill will have. We will be proposing a minor amendment to the bill at committee stage to clarify article 2, paragraph 5 of article XVIII of the 1984 Canada-U.S. Income Tax Convention Act. It is a very simple amendment that would make clear the inclusion rate for U.S. social security payments to Canadians could not exceed the same level imposed on American recipients of the same benefit. There would not be double taxation or unfairness. Those seniors would be treated the same way, as if they were paying taxes in the country where they earned the benefits.

If the government agrees to the amendment, many tens of thousands of Canadian seniors will be very grateful and will be better off for it. Their lives will be better. They will be less hard pressed. They will be able to do more for themselves, for their families and for their grandchildren.

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I appeal to the genuine humane instincts of members opposite to look beneath the surface of the bill and to ask the Minister of Finance about it in caucus on Wednesday. They will get a chance to do so because we did not agree to fast track the bill and are pushing for debate. They should ask him, as he confirms in his letter to me, whether it increases taxes on poor seniors, to what extent it does so, and how many more millions of dollars will come into the public treasury as a result. When he says yes, why not ask the minister to agree to the amendment we will be proposing to establish tax fairness for these hard pressed Canadian seniors?

[*Translation*]

**Mr. Michel Bellehumeur:** Mr. Speaker, I am pleased to speak on Bill C-10. It makes a bit of a change from being official Bloc Quebecois critic for justice.

Bill C-10 is extremely important. It affects a number of my constituents in Berthier-Montcalm, and particularly in the Rawdon area. That municipality is home to a number of retired persons from nearly all parts of Quebec. In particular, there is a concentration of anglophones who—while remaining Canadians' worked in the United States when they were younger, and have now come to the Berthier—Montcalm area to retire and have made Rawdon their home.

• (1155)

I was made aware of the problem as far back as 1995. It is a rather significant one, because retired people do not have the same income as they did while working. These people were heavily penalized because of the conventions between Canada and the United States, which did not work very well. Taxes had to be paid to both sides and they ended up being penalized.

Our interventions on this date back to 1995. The problem was raised here in this House. The government was challenged on it. François Langlois, the Bloc member for Bellechasse at the time, did an extraordinary job with this question. He got it debated on several occasions, both in committee and in this House. Speaking for both the Bloc Quebecois and myself, François Mercier is owed a vote of thanks for the work he has done on this matter. He is back home now, not having been re-elected in 1997.

Another Bloc Quebecois member, the hon. Member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, has been involved with this matter since 1995 and is still responsible for it. He defends constituents faced with this problem anywhere in Quebec in an exemplary manner.

I should say first of all that the Bloc Quebecois supports Bill C-10 before us. It resolves the questions we have had since 1995 and also the concerns of our constituents faced with this problem.

However, there are a number of parts to this bill. I have some constructive criticism, given the importance of the subject. Part VII of the bill contains the rules for American pensions. Given our geographic position, the history of the two countries, which have long been friends, our close relations with the United States, there are many economic relations between the United States and Canada, much more than, say, between Lithuania and Canada or Iceland and Canada, to mention just those two countries also included in Bill C-10.

To speed up the entire process, given the importance of relations between Quebecers or Canadians and Americans, I think the government should have drafted the treaty for American pensions specifically, dealing with the problem of taxable income between the taxable incomes in Canada and the United States, to accelerate the adoption process and prevent ambiguity with other parties to settle the issue once and for all. But Bill C-10 also includes other conventions. Parts I to V refer to Sweden, Lithuania, Kazakhstan, Iceland, Denmark, the Netherlands and, of course, the United States. It is like trying to hide the most pressing problem in a bill that is more complex than it needs to be to solve the most urgent problem.

This will not prevent the Bloc Quebecois from supporting the bill, but had the government listened to us in 1995 and 1996, if the government had drafted a specific bill to resolve the most important problem, that is, a convention between Canada and United States, the problem would now be solved. People who should get refunds would have them, and we would be in a very different situation where we could be talking about conventions with other countries, not less important, but with whom our dealings are less important in terms of the objective of pensions for people having worked abroad who retire in Canada.

As I was saying earlier, the purpose of parts I to V is to implement tax conventions with all the countries I listed earlier, except the Netherlands and the United States. Part VI concerns the Netherlands, and part VII concerns the United States, our neighbours to the South.

• (1200)

These conventions are basically the same, and are largely patterned on the OECD model. They are standard conventions with which Canada is familiar because it often enacts similar conventions.

What surprised me when I looked into this matter, because I had this problem pointed out to me in my riding and we discussed it in the Bloc Quebecois caucus, is that in April 1997—and this was confirmed in the joint committee on banking, trade and commerce—there were 57 tax conventions in effect between Canada and various countries and 34 pending or under negotiation. Of the 57 treaties in effect, many are quite old, do not necessarily meet OECD standards or were not concluded in the way Canada now

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concludes such treaties. In other words, Canada has a great many tax treaties like this.

It is good to have these treaties between countries when the goal is to ensure fair and equitable tax treatment of residents and non-residents. It is also good to have treaties when the goal is to encourage trade and investment between countries. But we must prevent these treaties from becoming smoke screens for abusive tax avoidance. I will not mention shipping companies under flags of convenience to avoid paying taxes in Canada and Quebec. Not will I talk about the scandal we saw in the House, involving both Liberals and Conservatives, because both of them were equally involved in the family trust affair. We heard a lot about that during the 35th Parliament. Shall I talk about that? The member opposite is looking at me and might be interested in these things. I will talk about them after all, as I have the time.

It is said that tax conventions—the member opposite is smiling, he wants me to get into this, I found him a bit deadpan today, but his smile is a sign that it is important that I speak about this—encourage trade and commerce, but care must be taken not to abuse such treaties. Companies making hundreds of millions of dollars in profits can hire good lawyers, good tax experts knowledgeable in Canadian taxation. They pay then with what they get through existing legislation. It's quite legal, nothing is illegal. But there has been abuse.

The first example I gave—I did not want to get into this, but I am being encouraged to speak—is Canada Steamship Lines. As for tax conventions being used as a means to reduce one's tax liability in Canada, the example comes from high above. I am referring, unfortunately, to the current Minister of Finance. A newspaper article—this is not a figment of my imagination—indicates an in-depth study of the company was done, and the finance minister is taking advantage of tax conventions with countries considered as tax havens, such as Bermuda, Liberia, Barbados, and in 1981, when the finance minister became the owner of Canada Steamship Lines, this shipping company was conducting the same sort of business, but under the Canadian flag.

However, the study released in *Le Soleil* revealed, and this was later confirmed by many, that between 1981 and 1994 the company set up three subsidiaries in Bermuda and three more in Liberia.

• (1205)

We also learned that since 1994 the GST group established seven more subsidiaries in Barbados. According to tax experts, Liberia, Barbados and Bermuda are among the countries where the tax man is most complacent toward companies.

All this to say that when we make abusive use of legal tax conventions, as the finance minister did, such treaties serve essentially the same purpose and allow the awarding of the same contracts as before 1981, before the finance minister took over the

company, but now the ships fly the flags of countries experts consider as tax havens. Why? Simply to avoid paying taxes, or to pay as little as possible. It is rather clear. Existing tax treaties are used in such a way as to benefit the wealthy.

The other example mentioned by the Bloc Québécois during the 35th Parliament is the whole issue of family trusts. One day, in May 1996, we learned from the auditor general that there were serious concerns as to how the Income Tax Act had been applied to transfers abroad of at least \$2 billion in assets held in trust funds in Canada. With the complicity of the Department, with the complicity of both the Liberals and the Conservatives, because both parties had a hand in this, \$2 billion were transferred to the U.S. without a cent being paid in taxes, all this perfectly legally, again because of the tax treaties.

This is the kind of tax treaties on which we must focus to try to plug loopholes as much as possible, so that each and every citizen of this country, in Quebec as well as in Canada, pay their fair share of taxes.

These are two very important examples. Given the extensive number of tax treaties between Canada and various countries, one might expect that in signing such treaties a responsible government would assign appropriate resources to evaluating, adjusting and renegotiating tax conventions that present problems, especially with countries representing the greatest risk of tax losses for Canada.

I have a riddle for you this morning. Guess how many employees are assigned to tax treaties in the finance department. How many employees work on these treaties? There are 57 treaties that have been signed so far and, as of April 1997, there were another 34 pending. Probably several of these have already been signed.

All in all, there must be approximately 100 treaties. So, in the federal administration, this big machine, how many employees are monitoring these treaties, ensuring that they are reviewed and that amendments are made if mistakes are found, if the loopholes are too great for tax fairness? How many? A hundred, twenty-five, twelve? We have learned that there is only one in charge of seeing to these conventions. Fortunately, this is a full time job. However, he is alone, and billions of dollars are at stake.

I am not questioning the skills of this employee, whom I actually find very courageous to tackle this task on his own, without asking for any help. On the other hand, I wonder how serious the government is about seeing that these treaties are properly implemented. I think that in a case such as this one, it is not a matter of saying that the government is just ignoring the implementation of such treaties. I think that, by having one public servant for a hundred or so treaties, the government is deliberately turning a blind eye and a deaf ear to what is going on with all these international treaties.

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• (1210)

Are you aware that Canada spent more on the visit by the Queen of England than on auditing tax treaties à an example I have chosen because it is in today's news. Speaking of royal visits, I am sure the Queen of England must now be recovering from the visit to India, which seems to have been a trial for her. This is just to show that the government is not necessarily investing in the right place. Perhaps more public servants need to be assigned to keeping a serious eye on all these international treaties, which are essentially good things.

I believe there must be international treaties. There must be legislation to protect the most disadvantaged, as Part VII of this bill does. The Bloc Québécois initiated it in 1995. It is right for there to be tax conventions to solve the problems of Canadians residents and non-residents having once worked in the United States, but these havens and tax conventions should not be abused. To avoid this, there must be a minimum follow-up, and that is provided by civil servants, investigations, people responsible for these conventions' application.

To conclude, the Bloc Québécois supports Bill C-10. We do, however, call upon the government to take subsequent follow-up far more seriously. We are calling upon the government, in light of what is at stake, the billions of dollars involved—big bucks here—and in light of the fact that most often it is companies who make use of tax conventions, and they can afford top notch lawyers and tax experts, to have enough resources, civil servants to do a good job, a very good one, of following up on the application of these international treaties.

[*English*]

**Mr. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, I want to say a few words on Bill C-10 that implements tax treaties and tax conventions with a number of countries such as Sweden, Lithuania, Denmark and the former Soviet Republic of Kazakhstan. It also amends tax treaties or conventions with the United States and the Netherlands.

The bill is fairly lengthy and detailed. For the most part the NDP agrees with what is being done. Primarily it is a housekeeping bill. It prevents double taxation in many cases. It also prevents fiscal evasion by citizens. In the main we support the direction in which the bill is going.

We do have one major concern and that is with part 7 of the bill. That is the amendment to the convention with the United States. It concerns over 80,000 people who receive social security benefits from the United States but who reside in Canada. What is happening to them is unfair because it is being done retroactively. That is the part of the bill which we as parliamentarians should look at changing.

Until 1996 when Canadians received social security payments from the United States, and a lot of these people reside in the area of Windsor, Ontario, they were taxed on 50% of their social security payments.

• (1215)

That is a system that was in use in this country for many years. It was under that understanding and under that law that people made their retirement plans and did the financial planning for their families. That is what it was based on.

Then in November 1995 the government introduced Bill S-9 in the Senate. That bill introduced a very important change. The Canadian government would not collect taxes on social security payments but instead there would be, in effect, a withholding tax taken off the paycheques of Canadian citizens by the American government. The withholding tax rate is 25.5%.

That was a big drop in income for many citizens. It happened very quickly, without proper consultation, maybe without any consultation with these citizens.

There was a lot of legitimate protest after the passage of that bill because it unfairly attacked the incomes of 85,000 Canadians who had done their retirement planning and had based their livelihood on a set of rules in place when they were working in the United States.

The protest continued for a fair amount of time. Last April the government made the announcement that there would be change. Indeed that change has been made in the bill which is before the House today.

Now instead of the United States taking off the withholding tax of 25.5%, the government in the country where the citizen resides will be taxing the citizen on the social security payment; in other words, the Canadian government in this case. On the flip side of the coin, the American government will tax American citizens receiving the Canada pension plan or the Quebec pension plan.

What the government did not do was go back to the pre-1995 taxation level which was on 50% of the social security payments. Instead the government will be taxing 85% of the social security benefits, 85% instead of the previous 50%. One could make the argument that this is, in many cases, better than it was a year or so ago but it is still not nearly as good as it was prior to 1995. This is very unfair. This was done without properly consulting the people who are affected.

There is an organization called CASSE, Canadians asking for social security equality, which is involved in this issue. It has lobbied on this issue. It made this issue an important one, particularly in the Windsor area for the election of June 2.

These citizens were not properly consulted. They certainly did not approve the change. For these people the change is not good enough. They did their planning based on the rules. The rules were changed after the game was played. Now we are in the world series

and all of a sudden there is a lot of interest in baseball. If a team wins or loses that is nullified because the rules were changed after the game was played. It is extremely unfair.

The very least the government should do is grandfather this particular part of the bill so it will not affect people who are already retired. Those people have already planned their lives. They have already purchased their retirement home. They have already budgeted for their groceries and clothing. It should be grandfathered so it does not affect the people who have retired.

Like many other tax bills, if the government wants to go in this direction and it can make a case, then of course it is not unfair in terms of people who are still working not being notified because the rules are there. It is a different situation altogether. We can then argue, of course, whether a tax on 85% is too high or too low.

The first option is to go back to the way the rules were prior to 1995. These people should be taxed on 50% of their social security income. The second point I want to make is that, at the very least, it should be grandfathered so that retirees will not have the rules changed after they have done their planning.

• (1220)

I also want to make a couple of other remarks about the bill before us today and the general issue of tax fairness in this country. I remember the 1993 election campaign when the Liberal Party talked about abolishing the GST, about getting rid of that goods and services tax. All of a sudden the party was in power and there was no action on that.

I want to urge the government, something which our party has been doing, to eliminate the GST entirely from children's clothing and books. That would be a good step in the right direction toward tax fairness. It would reduce taxes by about a billion dollars in a targeted sense on many people who are the least able to pay for taxes in Canada. At the same time it would also stimulate some employment in terms of circulating more money in the economy. That is the kind of thing that should be done.

I was rather amused this morning as I listened to the Reform Party critic for national revenue as he waxed eloquent in the House about the need for tax fairness, to get rid of tax grabs and tax increases. You would think he was thinking about all those ordinary people, those ordinary citizens, those mainstream Canadians who have difficulty making a living in Canada.

On October 1 in Parliament that member was asked the following question: "Mr. Speaker, does the hon. member really believe we have tax fairness in this country, that the Conrad Blacks and other wealthy people pay their fair share of taxes?" He replied that they, meaning the Conrad Blacks and other multimillionaires, "pay

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more than their fair share of taxes". What a shame, they pay more than their fair share of taxes. The Reform Party thinks that Conrad Black and multimillionaires are overtaxed in this country, that they are paying too much and that if we reduce taxes for them we would have to up the tax bite on ordinary citizens living right across this country. I think that is utterly disgusting for a democratically elected party in the latter part of the 20th century.

We are seeing some real hypocrisy coming from that side of the House when they pretend to be concerned about senior citizens and about the people in the Windsor area and across this country who are seeing their taxes increase by the bill that is before the House today. People who are watching the House of Commons proceedings should be aware of where the Reform Party really stands and who it really speaks for. It speaks for the extremely wealthy, the multimillionaires in this country, the people who have a lot of money. Reformers want them to have more tax breaks and to hell with the ordinary citizens of Canada.

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I would like to ask the member a very simple question. He is so interested in fairness. With the changes coming to CPP, with benefits decreasing relative to the premiums and seniors generally being really pushed, does he also believe in the fairness that will cause him to say no to his MP pension plan?

**Mr. Lorne Nystrom:** Mr. Speaker, I do not know what that has to do with this bill but I want to inform the hon. member that I voted against that pension legislation a long time before he was even concerned about MP pensions.

**Mr. Gary Lunn (Saanich—Gulf Islands, Ref.):** Mr. Speaker, we are in the House today to debate Bill C-10. I looked back on the 35th Parliament and counted about 36 tax increases by this government. Today we are in our fourth week of Parliament and this is the second tax increase proposed by this government.

We saw in Bill C-2 the single largest tax grab, again with respect to the Canada pension plan, which was brought in by this government and rammed through this House without debate. The government wanted to do the same thing with Bill C-10. It approached the opposition and asked to move this bill through very quickly without debate in the House.

With Bill C-2, I was very concerned for the future of Canada's children. Would they get a pension? Would their premiums be paying for the benefits of people today while they would never see a dime? Today I am concerned for their grandparents. Last week it was the children. Today it is the grandparents. There is absolutely no question that this again is another tax grab by this government. It is another sneaky hidden one.

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• (1225)

What concerns me is in only four weeks of parliament we are already into the second tax increase. They are increasing the rate of what they did in the last parliament.

We already know the senior supplement is coming. This will be another massive tax grab on middle income seniors. When is the government going to wake up and realize the Canadian public is not going to stand for this?

We heard members this morning from the opposition and the government sides. I made some notes with respect to the speaker from the government side. With the proposed changes he said recipients of this benefit will have to claim only 85% of their income as taxable income. What he is not telling us is under the previous tax provisions they were required to claim only 50% of their income.

The net effect of this is a 70% tax grab on these people. The government knows full well it is putting more money in its pocket to do with as it wants.

I agree with the comments of the hon. member for Calgary Southeast. I would like to know what that number is. Some of the bureaucrats within the ministry of finance know exactly what that number is. We have a right to know what it is.

**Mr. Mark Muise (West Nova, PC):** Mr. Speaker, Bill C-10 allows Canada to ratify income tax treaties with Sweden, Lithuania, Kazakhstan, Iceland and Denmark. It also ratifies changes to existing treaties with the Netherlands and the United States. These treaties set out a framework for taxes on investment income flowing between Canada and other countries. They provide mechanisms to avoid double taxation and prevent tax evasion.

Over the past several years Canada has negotiated tax treaties with over 70 countries. These agreements deal with problems that arise when residents of one country earn income in another. They are based on the model double taxation convention prepared by the Organization for Economic Cooperation and Development.

A key problem these treaties address is that of double taxation. This occurs when the same person or business pays comparable taxes in two or more countries on the same taxable income for the same period of time. For example, double taxation would occur if a resident of one country were taxed in both Canada and that country on dividend income received from a Canadian company.

Preventing double taxation helps facilitate investment. To prevent double taxation these treaties limit the application of each country's respective tax laws and ensure that the taxes paid in one country are recognized in the other. Limits on withholding taxes in the country where the income is earned are set. An exemption is

provided for certain income that would otherwise be taxed in the country where it is earned.

The treaties outline the maximum withholding taxes that may be charged on different forms of income such as dividends, royalties and interest. Specifically under the tax treaties included in Bill C-10 a general rate of withholding tax of 5% will apply to dividends paid to a parent company on branch profits.

Second, a withholding tax of 10% will apply to interest and royalties. Software, patent and knowhow royalties, except in the treaties for Lithuania and Kazakhstan, will be exempt in the country in which payments arise.

The withholding tax on other dividends is set at 15%. When the income is then received in Canada double taxation is prevented by subtracting the tax already paid from what would otherwise be payable on that income. The treaties contain measures to prevent double taxation of income earned in Canada by residents of the countries concerned.

• (1230)

Another problem addressed by tax treaties is that of tax evasion, where income earned abroad is not reported in Canada. To prevent tax evasion the treaties provide for the exchange of information. Changes to our treaty with the Netherlands include an article on assistance and tax collection.

This article, which is similar to that approved with the United States two years ago, ensures that Canada and the Netherlands will not be used as a refuge for those seeking to avoid taxes in other countries.

Bill C-10 deals with a problem that arose as a result of recent changes to the way our tax treaty with the U.S. treats social security payments. Under changes made law in 1995, social security payments made to residents of other countries were to be taxed by the government that issued the cheque. Previously the country of residence taxed that income.

The U.S. then imposed a flat 25.5% tax on all social security payments made to its former residents now living in Canada regardless of other income. This created hardship for low income seniors, many of whom saw their cheques cut by one-fourth.

Under Bill C-10 Canadian residents will no longer, retroactive to 1996, be subject to the United States flat tax of 25.5% on social security payments. Under the changes 85% of such income from the U.S. will be added to Canadian taxable income and will then be subject to the normal tax rate of Canadians.

Similarly U.S. residents receiving Canadian social security benefits will only be taxed in the United States. Bill C-10 also preserves each country's exclusive right to tax its residents gains on shares of companies that are not resident in other countries. The government agreed to a change in the Canada-U.S. tax treaty that

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let the U.S. tax this income. Unfortunately the Liberals did not bother to find out at what rate it would be taxed or whether there would be relief for low income earners.

The U.S. chose to apply a flat 25.5% tax regardless of the income of the recipient, resulting in hardship for low income earners. When that income was instead taxed by Canada our rules required that only half of it be applied to taxable income.

This resulted in a considerably lower tax rate than 25.5%; as low as zero in the case of low income seniors and about half for most others. With great fanfare in the House of Commons the Liberals today announced that they have fixed the mistake they made two years ago.

Canada and the U.S. have agreed to return to the old rules whereby social security and CPP are taxed by the country where it is received and not by the country that pays. The change is retroactive. A refund cheque will be issued. About 50,000 people will be affected.

The Progressive Conservative Party would like a firm commitment from the government. Before entering into further tax treaties on social security the government should determine exactly how the other country intends to tax and at what rate.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I commend the hon. member on his comments.

In speaking with representatives of the taxpayers affected by the changes included in the bill for Canadian resident recipients of U.S. social security benefits, they were under the understanding the Progressive Conservative caucus would be opposing the bill.

I was not clear from the hon. member's remarks whether his caucus would be favouring or opposing the bill on the grounds that it in fact increases taxes for those seniors. I wonder if he could illuminate me and the House.

**Mr. Mark Muise:** Mr. Speaker, our concern is that of double taxation and of tax evasion. We are concerned about the issues being addressed in the bill. That is why the discussion went forth as I presented it.

• (1235)

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I am wondering what the Tory caucus thought in terms of supporting a tax increase to keep in line with the Mulroney government's long history of increasing taxes.

Is the Tory promotion of a tax increase keeping in line with Brian Mulroney's tax increases?

**Mr. Mark Muise:** Mr. Speaker, I just do not know how long the present government and the opposition will harp on past governments.

The past government was the Liberal government that is in force now. I am flabbergasted by how long they can look into the past. We have to look to the future and make changes as required.

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, I am pleased to enter into debate on the issue of Bill C-10 and, more important, to support passage of the bill.

It is appropriate to review what has happened and why it has become a problem. The Canada-U.S. tax treaty was amended and came into effect on January 1, 1996. Unintentionally social security benefits and disability benefits of some Canadians who worked in the United States for part of their working lives were taxed by the U.S. government at roughly 25.5%. We basically did the same for American residents who were receiving Canadian benefits.

The problem is that Canada has a very fair and reasonable system of taxation which allows non-residents to file tax returns in our country and to seek a refund of the taxes if they were not in fact taxable. Unfortunately the United States does not have a similar system of refund.

As a consequence a good number of seniors—as was mentioned today it is upwards of 85,000—discovered that suddenly taxes were being deducted from them that they had no real way of getting back.

In my riding and across the country I have dealt with many seniors who are concerned about the issue. I spoke to a woman in my riding, Ellen Mowat, whose total income was about \$14,000. Of that amount, \$10,000 was social security benefits. The result was that it increased her taxes to \$2,500, and the woman was only receiving a total of \$14,000 in income.

Statistics Canada says that low income cutoffs for people are about \$25,000. Clearly Mrs. Mowat would be considered to be in poverty. Yet at the same time she had this problem of over \$2,500 a year being deducted from her income.

I had letters from Mrs. Leona Jeremy of Middleton, Nova Scotia. It was the same situation. She had \$14,000 of income and was paying over \$1,000 a year in taxes. It goes on and on. Les Stevens, a resident in my riding, had a total income of \$12,000 a year and was paying \$1,000 in tax through this retrogressive tax the United States imposed. He had no way of getting it back.

It is interesting to note, in spite of some of the comments of the Reform Party today, that none of those people will pay any more taxes under these changes. In spite of some of the things the Reform Party has been saying today about tax increases, the bottom line is that these people will not be paying any more taxes. In fact they are entitled to a refund of their taxes.

I will address some of the other issues presented today. One is the income inclusion amount in Canadian taxes. It is true the income inclusion amount has been increased from 50% to 85%. When I say "income inclusion amount" I am talking about people in Canada receiving social security benefits from the United States being required to report 85% of that income for tax purposes.

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• (1240)

The Reform Party went on and on about the 85%. The reality is that it was already at 50%, so there has been an increase in the income inclusion amount of over 35%.

We should think about what it means. People in some jurisdictions will be heavily influenced, such as Windsor and other border cities. There could be someone receiving Canada pension benefits and paying 100 cents on the dollar on their taxes because of the income inclusion factor being 100%. Another person receiving a U.S. pension could still report only 85% of it. How could anything be more fair? Many would suggest it should be higher.

Once again the Reform Party is taking little shreds of evidence and turning it into a fiasco. Of the 85,000 seniors who will be affected very few will pay more taxes.

The law came into effect on January 1, 1996. What has happened in the interim? Taxes have actually been held back. Mrs. Mowat is missing \$1,000. It goes on and on. For over two years these people on meagre incomes have had thousands of dollars held back by the U.S. government. Our Minister of Finance has taken on their cause and negotiated with his American counterpart to relieve the problem.

It is interesting the U.S. Senate committee has already accepted the proposal without amendment and is pushing it through the U.S. Congress. Here we have the Reform Party saying that it will delay it and wants to amend it.

Who are Reform members talking about protecting? Are they talking about Mrs. Mowat? Are they talking about low income seniors across the country who are out this money? No. They are talking about the very highest income earners. That is with whom the Reform Party is siding.

The Reform Party is stating today that it is prepared to delay the legislation? Why? So a few people who do not want to pay do not have to recognize 85% of that income on their tax returns and only have to recognize 50%, even though every other senior in the country receiving a Canadian pension has to recognize 100%. Reform members are talking about these people. They want to protect them. That is atrocious.

Reform members spoke about people who could not afford to get in their cars to go and get groceries. The U.S. government has \$5,000 of Mrs. Mowat's money and she is only making something like \$15,000 a year. What does the Reform Party say to Mrs. Mowat? It will somehow delay the legislation. Tell me how that is being responsible.

The Reform Party talks about the progressivity of the system. We have a progressive system. I have worked with the Canadian Association of Retired Persons. The Reform Party is saying that it

will get on the case and really study it. It will drag its feet through parliament.

Where were Reformers when this was going on in the 35th parliament? I did not hear them asking how they could help these poor people. It was members on this side of the House and members of the Bloc who asked how we could resolve the problem.

On various occasions the Minister of Finance went down there to negotiate with his American counterparts. He told them that the problem had to be resolved because it was hurting Canadian seniors.

• (1245)

The Reform Party is a great wall of silence. When does the Reform Party become interested in this issue? When we talk about increasing the income inclusion amount from 50% to 85% of the 85,000 seniors affected by this. I heard the member for Calgary Southeast say the number of people affected was 10,000. He did not say 85,000. He said it was, at most, 10,000 who may see their taxes increase. It is those 10,000 who the Reform Party is concerned about. It is not the 75,000 sitting out there who may well become deceased while they wait for this process that the Reform Party is now talking about dragging through the House of Commons.

Most people can see what the real issue is today. The government is asking for this bill to be fast tracked because we want to get that money back in the hands of seniors.

**Mr. Darrel Stinson:** You want to get it in your own hands.

**Mr. Alex Shepherd:** By the way, if they are so concerned about these people, part of this protocol basically says that anybody who during that two year period, because of the 85% inclusion amount, would have seen their taxes increase will not be reassessed. How much fairer can you be? People who would have paid taxes based on the increase in the income inclusion amount during that period of time will not be reassessed.

The retroactivity is solely directed to the benefit of the low income seniors who need the money that the U.S. treasury is sitting with in its bank account. When this protocol is passed by both governments the IRS will cut a chunk to Revenue Canada and Revenue Canada will turn around and distribute that money back to those lower income seniors.

In conclusion, it is those low income seniors, the Mrs. Lois and Mr. Stevens of this world who are waiting for this legislature to get this bill through so they can get their money back. These people are desperate. They are not making \$85,000 like the member over here. They are making \$15,000 and they need their money. That is why this legislation should go through the House as quickly as possible and not be derailed by this party.

[Translation]

**Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ):** Mr. Speaker, the federal riding I have the pleasure to represent in this



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House, the riding of Frontenac—Mégantic, lies along the American border, so that I have over 500 retired people who are being unfairly penalized by the convention adopted January 1, 1986.

Most of them are suffering, because their incomes are between \$10,000 and \$18,000.

Under this convention, which is still in effect, they lose 25%. The United States takes 25.5% of their American pensions at source, and there is no way to recover this amount, even though they should be able to recover much of it.

For those in the low income group, this is therefore unfair, and in the riding of Frontenac—Mégantic, more than 500 people are directly affected by the legislation before us this morning.

I have three questions for my colleague from Durham. When can retired people expect to receive their American cheques in their entirety?

My second question is: I understood that this bill would be retroactive from January 1, 1996, is this still the case?

• (1250)

My third question is not a question but a comment. My colleagues in the Reform Party intimated earlier that they would do everything within their power to delay passage of Bill C-10, which we are debating this morning. I think I understand why the Reform members are so strongly opposed. There were loopholes in the 1986 convention but there was also abuse. The Minister of Finance of the government to which the member for Durham belongs shamelessly took advantage of tax shelters by registering his vessels of the Canadian Steamship Line in tax havens. This is perhaps why the Reform members are opposed to Bill C-10.

We in the Bloc—and Gérard Lamothe who is watching us this morning is no doubt very proud of his member of Parliament—will support you, but we would like you to act very quickly, because a number of our constituents have been calling for this bill to be passed for months.

[*English*]

**Mr. Alex Shepherd:** Mr. Speaker, I thank the member for his question.

First, if he is concerned about his constituents then he does not understand the retroactive nature of this protocol. He talks about going back to January 1, 1996 for the money previously paid by his constituents that will be refunded and that we are putting the world back to 1996.

I am surprised by the member. What would some of his constituents say if he is willing to support an initiative which delays this legislation? It is his constituents who are out the money. Every month that goes by another 25.5% will be deducted from

their cheques, money which they will not have to spend in his riding. I am surprised that the Bloc would support the Reform Party.

These people are desperate for their money. These people are saying “Alex, when are we going to get our money? We want our money back”. That is what we should do. The Americans have realized this and that is why they are pushing their protocol without amendment. They realize the demoralizing effect it has on Canadians.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I find the remarks of the member for Durham quite remarkable.

Who was in power in 1986 when this tax treaty was promulgated? He talks about the terrible problems these people are suffering. I talked about the very same problems in the majority of my speech. I do not know if he was listening or not.

The low income seniors who have been whacked by this 25.5% flat tax were whacked by this government which agreed to the tax treaty. Shame on it. Now it is trying to blame us for the mistake it made. We believed the Deputy Prime Minister and the finance minister just like the member did when he voted for the tax treaty, just like the seniors did when they said nobody would end up paying more taxes. What happened? They all ended up paying more taxes.

I have one question for the member. Who was in power in 1986? Did he vote for the treaty?

We do not want to drag out this debate. We would like to end it right here, right now if the government would agree to an amendment which would make it clear that this would not increase anybody's tax burden over what was paid in 1995.

If this member and the government are willing to entertain an amendment that does not treat social security payments to Canadians differently than to Americans in terms of the inclusion rate we will support it right now. We will fast track it right through this place.

Why does the member not agree to do that? He says that this will increase taxes for everybody. Under this treaty the inclusion rate will be 85% for the constituent he is talking about whereas in the United States a retiree would have to earn \$60,000 to get an 85% inclusion rate on the social security benefits.

• (1255)

Every Canadian recipient of these payments will get an inclusion rate of 85%. It does not matter how low their income is. That is the unfairness we are trying to address. That is why we want to make an amendment. Will the member support us in getting such an amendment passed today?

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**Mr. Alex Shepherd:** Mr. Speaker, I can understand why the member is having such a problem with this issue. It is because he does not understand the difference between income inclusion and taxation.

These people will see 85% of their income included on their tax returns. The reality is, they do not care. They are not taxable.

The very few people who the member is trying to defend, yes, they may see lower taxes. By the way, they are not going to be any worse off than they were for the two years in which that legislation existed.

Who are these people defending? It is not low income seniors.

Bloc members should be ashamed of themselves too—

**The Acting Speaker (Mr. McClelland):** The hon. member for Elk Island.

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, mine is an academic question. I would ask the member to declare publicly that people who have a low income will not be taxed by this provision. Is that true or is that not true?

We are talking about inclusion rates. Is he saying that people who have low incomes will not be taxed?

**Mr. Alex Shepherd:** Mr. Speaker, once again it depends on the definition of low income.

I will tell him that the people I represent who are making \$14,000, or the example given of the individual making \$10,000, no, they will not be paying any tax.

**Mr. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, the Reform critic was talking about tax fairness. He was asked a question in the House on October 2. The question was whether we have tax fairness? Do Conrad Black and other wealthy people pay their fair share of taxes? His answer was "They pay more than their fair share. Conrad Black is paying too much in taxes. Multi-millionaires pay too much in taxes". I wonder whether the member agrees with the Reform Party on that.

**Mr. Alex Shepherd:** Mr. Speaker, the Reform Party seems to have an agenda which represents probably less than 10% of the people of the country.

Yes, there is high taxation in higher income groups, but not unavoidably so. We have a progressive taxation system. As the member knows, we have lowered the number of taxation categories from something like six to about three.

The agenda of the Reform Party is a flat tax. A flat tax would shift the total tax burden from the higher income earners to the middle income earners, the people that party does not represent.

**Mr. Gurmant Grewal (Surrey Central, Ref.):** Mr. Speaker, I have the honour and privilege of being the first ever member of Parliament to rise in this House on behalf of the people of Surrey Central, one of the six new electoral districts of Canada.

This being my first speech in the House, I should like to pay special tribute and thank the Reform Party member of Parliament, the hon. member for South Surrey—White Rock—Langley, and former member of Parliament Margaret Bridgman for their excellent representation of the people of Surrey in the 35th Parliament.

I would like to thank the constituents of Surrey Central for placing their confidence in me and in the Reform Party of Canada.

I would also like to take this opportunity to publicly thank my campaign manager, my campaign workers, my official agent, supporters and friends, my parents, my wife and my two sons for their successful efforts in the recent election.

Surrey is the heart of beautiful British Columbia. Surrey is a city of parks and is home to the largest Canadian flag.

● (1300)

It has the fastest growth rate of any city in Canada. We have a diverse population in Surrey Central. Many new immigrants to Canada have chosen Surrey as their new home. We want to build on the cultural, religious and linguistic integration that we already enjoy in our community as a success.

This feeling is strengthened from events such as Newton community day held recently in Surrey. I hope to fulfil my role in the official opposition's effort to build a strong and prosperous Canada.

My constituents have sent me to Ottawa to hold this Liberal government responsible and accountable for job creation, tax relief, making our streets safe again, repairing the social safety net and securing our national unity as well as to hold this government's feet to the fire for every misspent hard earned Canadian taxpayer dollar.

I now turn to the issue of the debate in which we are engaged. We are debating Bill C-10, the Liberal government's legislative proposal to implement an income tax convention between Canada and the United States, and between Canada and several other countries.

Let us look beneath the surface of Bill C-10. I can assure members that my constituents and I are glad to have the opportunity to speak out in opposition of this proposed legislation.

We are anxious to oppose this tax grab by the Liberal government. The constituents of Surrey Central, whom I have the privilege to represent in this House, eagerly want to expose Bill C-10 for what it is, a tax grab. The people I represent are proud to participate in exposing this thinly veiled tax grab.

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Residents of Canada who receive social security benefits from the United States of America will be more heavily taxed by this legislation. It is estimated that at least 80,000 Canadian taxpayers will be affected by this legislation.

On this side of the House we give fair warning to the Liberals that we do not want the debate on this bill to be suddenly cancelled. We know that the Liberals will use time allocation, the Liberals will use closure or do anything else they can possibly think of to put stop on debate in this House. They have already done this with Bill C-2, the bill that contains the largest single tax increase in Canadian history.

The Liberals invoked time allocation on this second piece of legislation. We must warn the Liberals not to continue to suddenly cancel debate in this House.

Today we are debating the tenth piece of legislation in the 36th Parliament. Already in this Parliament, being only a few weeks old, we have two tax increases foisted on Canadians by the newest Liberal government.

These are the same Liberals who cancelled the Somalia inquiry. Never before in the history of our country has any government shut down a commission of judicial inquiry. The Liberals did.

The Somalia inquiry was only two thirds of its way through when the Liberals shut it down. The inquiry was very close to analysing events in the department of defence that took place under the Liberal government.

The Liberals did not want to be held accountable for their actions. The senior officials, including the senior management team at national defence headquarters, did not want to be held accountable for their actions and therefore had the Liberals cancel the Somalia inquiry.

I mention the Somalia inquiry because while the House was in recess last week the Liberal defence minister announced the government's response to the recommendations of the Somalia inquiry.

The reason the defence minister had to respond last week was one of the former Somalia inquiry chairmen, Peter Desbarats, was releasing his book on the Somalia inquiry.

Today is the first day the House has returned from the break and the Liberal defence minister's attempt to finally bury the Somalia inquiry. It is not ironic that we are debating the Liberal government's bill which has a 35% tax increase buried in it.

• (1305)

The Liberal defence minister has chosen not to adopt the most serious recommendation of the Somalia inquiry, namely the establishment of an inspector general. The Liberal defence minister has chosen instead to leave the upper echelons of national defence

headquarters unaccountable for their actions even in the future. We know the Liberals are always prepared to stop Canadians from holding the Liberal government accountable for its actions.

Two weeks ago the Liberals stopped debate on the largest tax increase in the history of this country. Last week the Liberals refused to allow the recommendations of the judicial commission of inquiry and today we are faced with another Liberal government tax increase. This is very serious. Canadians should be concerned about the fact that the Liberals have ruined the existence of the most powerful tool we have in this country to find truth, a judicial commission of public inquiry. They stopped the Somalia inquiry right in the middle of its work. They have shown Canadians that they are not afraid to stop the pursuit of truth. They are prepared to put a stop to things that hold people responsible and accountable for their actions.

The truth is that the Liberals stopped debate in the House and passed Bill C-2 at second reading. This bill represents the largest tax grab in the history of this country. The truth is that the Liberals stopped the Somalia inquiry from finding the truth. Today the truth is that the Liberals are again increasing taxes for certain Canadians with Bill C-10.

Bill C-10 is offering Canadians a new income tax convention with the Americans but the truth is the Liberals have taken the opportunity to gouge the taxpayers again. They are using Bill C-10 as another opportunity to raise taxes. The Liberals cannot even do something as simple as negotiating a tax treaty with another country without trying to figure out a way to squeeze more money out of the already overtaxed Canadian taxpayers.

The income tax take has been rising steadily in this country. The Liberals are balancing the budget on the backs of Canadian taxpayers. Let us see how strong the backs of Canadian taxpayers are. The Fraser Institute calculates that the average family of four has had lost a total of \$3,000 in purchasing power since 1993, since the Liberals took power in this country.

Net personal income tax revenues increased from \$51.4 billion in 1993-94 to \$66.5 billion in 1997-98. These revenues are right on track to increase to \$70.4 billion in 1998-99. The saving rate of Canadians in 1992 was 10% and had dropped to 3.2% in fourth quarter of 1996. It dropped further to 0.9% in the second quarter of 1997. The Canadian personal income tax burden is already the highest in the G-7 countries and is 34% higher than the OECD country average. Canadian living standards were lower in 1996 than they were in 1989. This made Canada the only nation to experience an absolute fall in living standards over that period.

Clearly the Canadian economy is not performing as well as the finance minister is projecting. In fact, it is underperforming. The election is over now. I advise the government to stop making political footballs out of the issues facing the Canadian people.

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Canadians are tired of these games. Let us get serious for the next millennium at least.

The government is telling Canadians that it is okay for federal Liberal politicians to have a generous gold plated pension plan. And yet it leaves Canadians with a very rusty plan. At the same time, the government has no problem in clawing back pension benefits from retired Canadian workers who have scrimped and saved for their retirement. The Liberals are placing a burdensome tax on the backs of our youth. Where is the fairness? Where is the hope for the future?

• (1310)

Taxes are going up again. In the red book, in the throne speech and in the recent economic statement by the Minister of Finance the Liberals made no firm proposal for tax relief for Canadians. The finance minister has just introduced the largest tax hike in Canada, a 73% increase in CPP premiums which will cost Canadians \$10 billion. The average income level for Canadians has dropped almost \$1,000 since 1989 and their disposable income has dropped almost 9%. Gross tax revenues total \$139.8 billion in 1996 and 1997, or 17.5% of the GDP, the highest they have been in 20 years and the second highest ratio in Canadian history.

Increased revenue collection accounted for 72.5% of the total improvement in the Liberal government's deficit figures. Of the total deficit target overshoot of \$10.1 billion, 53.5% was the increase in revenues.

The employment insurance surplus alone made up \$7.4 billion of deficit reduction in 1996-97. There is more to the story of Bill C-10 than the badly camouflaged tax grab. The Liberals are admitting to it. They are admitting to the mistake by proposing Bill C-10.

When the third protocol took effect it was evident that the United States did not take into account the income levels of the recipients of this benefit. This devastated the lives of thousands of people including middle income Canadian seniors. At that time the current deputy prime minister, the member for Windsor West, was quoted in the *Windsor Star* on December 22, 1995 as saying he was assured that Canadians would not pay more taxes but would pay less taxes. He was dead wrong. He was wrong then. He is wrong now.

Everyone who earned less than \$70,000 paid more taxes. No one paid less taxes. The Liberals are admitting that the income tax convention they made with the United States in 1995 was so bad they had to implement a new tax convention. This is pathetic. They are well aware of the mistakes they have made.

When they finish ramming this legislation through the House and the Liberal controlled Senate, a retirement home for the *creme de la creme* of Liberal party faithfuls, Canadians will have had to deal with the experience of facing three separate income tax conventions with the United States in the last two years.

The Liberals cannot seem to get it right. They do not care about more than 80,000 Canadians affected by this tax convention mess. They say "too bad, there is nothing you can do about it and there will be no debating it".

Bill C-10 brings us back to where we began in terms of negotiating an income tax protocol with the United States. Bill C-10 is undoing the mistakes the Liberal government made in 1995 but now it includes a tax increase.

Bill C-10 returns Canadians to the income tax convention regime that existed before the terrible treaty of 1996. Under Bill C-10 Canadian residents who receive social security benefits from the United States will have 85% of those benefits taxed. Under the old system 50% of the benefits were taxed.

Bill C-10 is supposed to reinstate the old system but one specific difference is the 35% tax increase.

It will not take the next four years for Canadians to figure out that the balanced federal budget has been paid for by the Canadian taxpayers through successive tax increases, if the Liberals actually do balance the budget in the future.

• (1315)

Canadians want a reduction in the amount of government interference in their lives. We want to put an end to the wasteful and mismanaged spending of our hard earned tax dollars. We want to balance the federal government budget through the elimination of duplication and waste in federal spending, not by increasing tax revenue.

The Liberals are continuing to raise our taxes. They are balancing the budget through tax increases. They have not stopped government duplication. They have not stopped waste. They have not stopped mismanagement. They are only concerned with putting a stop to what will hold them accountable. These things include debate in the House, public commissions of judicial inquiry and anything else that comes close to holding them responsible for their actions.

The shutting down of the Somalia inquiry, the ending of debate on Bill C-2, the largest tax increase in history, and now the almost hidden tax increase in Bill C-10 are examples of the kinds of things Canadians will be adding up when they hold the Liberals accountable in the next election. Backbench Liberal members should be very worried. They will be held accountable in the next election.

Bill C-2 and Bill C-10 will increase our taxes, yet this Parliament is only a few weeks old. All Liberal members of Parliament will pay the price for the arrogant and sly actions of their cabinet.

Last week during the Thanksgiving break when the House was not sitting, the United Nations development program held a conference in Ottawa. In fact it was held right here in the House of Commons. The conference was one of many the United Nations is holding around the world to discuss its good governance and democracy initiative. It strives to establish the means for recipient countries to govern themselves effectively and efficiently. Some

countries that have agreed to pursue democracy do not have the structures of government needed to carry out democracy.

For example the International Monetary Fund said that Cambodia was to downsize its public service. Cambodia was having a difficult time reducing its public service because it did not even know how large it was. There was the problem of figuring out exactly how many public servants there were working for the Cambodian government. The United Nations program was able to help by providing Cambodia with the tools necessary to establish the structures of a public service.

It seems to me that the United Nations could do some work right here in Canada. It seems clear to me that the Liberals need to be taught that a commission of judicial inquiry in a democratic nation is supposed to be free to pursue the truth.

The almost hidden and unjustified 35% tax increase contained in Bill C-10 stands as an example of how Liberals need help in terms of understanding the use of good governance in a democracy. They will use any opportunity to increase taxes. The abuse of the structures of good governance by the Liberal government in our democracy is unacceptable. Bill C-10 is unacceptable. The Reform Party opposes its passage through the House until the amendment is made so that Canadian recipients will pay the same inclusion rate as their American counterparts.

On behalf of the constituents of Surrey Central, I am unable to support this regressive legislation. It is another tax grab by a government which lacks vision.

**Mr. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, the member's illustrious leader said in the House on October 2 that he believes Conrad Black is overtaxed along with other multimillionaires. His response, just to be precise, was that they pay more than their fair share. Conrad Black and these other multimillionaires pay more than their fair share.

• (1320)

Does he agree with his spokesman in terms of the tax issue that Conrad Black is overtaxed? That is the Reform Party policy. Does he agree with that?

**Mr. Gurmant Grewal:** Mr. Speaker, we in the Reform Party have always opposed any further taxes. We think there is a need to give tax relief to the Canadian public who are already taxed almost to death.

The taxes are so high for seniors who are on fixed incomes and their incomes are shrinking. By imposing more tax on them we are

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making the lives of seniors miserable. There is no way that we can afford to pass this bill with such a tax increase.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I want to commend the hon. member for Surrey Central for his excellent maiden remarks in the House. His constituents should be proud to be so well represented in the House.

I would like to tag on to the comments the hon. member just made to the question by the hon. member for Qu'Appelle.

The Reform Party believes that all Canadians pay more than their fair share. When we have a tax burden that now consumes over 40% of our gross domestic product, all Canadians are paying more than their fair share.

I want to make one thing clear for the record that the hon. member for Qu'Appelle in his lusty reliving of his sixties class warfare days may not understand.

The federal Department of Finance statistics show that the top 10% of income earners in Canada report about 32% of the income earned and pay 48% of total Canadian taxes. The top 10% pay nearly half of the income taxes. Before the hon. socialist member for P.E.I. stands up, I would like to remind him that this statistic comes from his Department of Finance which also tells us that the top 1% of income earners who report 9% of the income earned pay 18% of the taxes collected in Canada. The top 1% pay nearly 20% of the taxes. The top 10% pay nearly half the taxes. If this is not paying more than their fair share, I do not know what is.

The solution for everybody, whether it is a poor member of Parliament like the member for Qu'Appelle or a Canadian like Mr. Black who is creating jobs, is tax relief so we can have more jobs. Or we could try to tax people out of this country like the hon. member's friends in the NDP in Saskatchewan were so successful in doing in destroying the wealth creation machine in that province by taxing them all into Alberta.

Hopefully we will not do the same thing. Hopefully we will not launch into the same kind of class warfare campaign the hon. member is recommending.

**Mr. Gurmant Grewal:** Mr. Speaker, the member for Calgary South has explained it very well. We support the notion which he tried to express.

**Mr. Darrel Stinson (Okanagan—Shuswap, Ref.):** Mr. Speaker, I would like to commend the hon. member on his maiden speech. It was very well done.

He mentioned during his speech that this is a democratic Chamber. I have a couple of questions I would like to ask the member.

He was duly elected in his constituency by the taxpayers of Surrey Central. They sent him here to have his say. The member

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came down here fully anticipating that this would be a Chamber for debate where he would be allowed to talk on any subject but more important, talk about subjects his constituents deemed important for him to speak upon.

The hon. member mentioned in his speech that Bill C-2 was a pension grab, a rip-off or whatever the member would like to address it as. Personally I think it is a rip-off, legalized theft hidden in government forms. I would like the hon. member to stand up in this House and say to me that underneath the democratic process we have with this so-called Liberal government you were given your chance to stand up here in this House, the greatest house in Canada, to say your speech on behalf of your constituents, that you were allowed that with Bill C-2.

• (1325)

**The Deputy Speaker:** On behalf of his constituents. The hon. member for Surrey Central.

**Mr. Gurmant Grewal:** Mr. Speaker, it is a good question. I came here with ambitions and aspirations. I came here with the idea that I was going to represent my constituents, but on Bill C-2 I was the next speaker in line. I had lots of things to say about the CPP and Bill C-2. I was astonished when I saw that there was taxation without representation. I could not talk because debate on the bill was closed by members opposite. It is a shame for members opposite that we had so many things to say.

We care about the future of the younger generation on whose backs this government is funding the pension for today's seniors. This was a unique situation I found myself in. I never expected this kind of situation would arise. We warn members opposite and we challenge them to have a debate, to have representation for the people who sent us here to represent them so well. We have every right to represent them. We have every desire to represent them. This situation should never occur. The members on the opposite side should take a serious view of it.

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, I have a comment on the issue of hypocrisy. I thought it was kind of unusual in the speeches on Bill C-2 by Reformers that they talked about wanting the time to go back and consult with their constituents. I know we are getting a little off topic but Bill C-2 was presented in the 35th Parliament. The negotiations for Bill C-2, that is to say pension reform, occurred during that period of time. It included the Government of Alberta which has basically signed on to the amendments.

I thought it was really remarkable that Reform Party members wanted to go back and talk to their constituents now, when I and many of my colleagues had town hall meetings two years ago. When is the Reform Party going to get its act together?

**Mr. Gurmant Grewal:** Mr. Speaker, Bill C-2 presented a 73% tax hike which is the largest tax hike in Canadian history.

I want to ask members opposite why they had to put closure on this discussion. Why could they not have the courage to come to this House and say let us debate the issue and then go for the increase or decrease or do whatever we have to do? We know from talking to Canadians in all constituencies that they do not want a tax hike. We have to give them tax relief at this time. It is shameful when we give them a 73% tax hike without looking into the situation and what people are representing. It is shameful when the Liberals do not have the courage to debate in the House.

**Ms. Susan Whelan (Essex, Lib.):** Mr. Speaker, I am pleased to participate today in the debate on Bill C-10 that among other things amends the Canada-U.S. tax convention. In particular the bill deals with the manner in which residents of Canada receive U.S. social security and residents of the United States receive Canada pension plan payments and OAS.

This amendment is to change a flaw in the U.S.-Canada tax treaty which was negotiated by the previous government but implemented by our government. It is a flaw that we did not catch at the time and that due to the hard work of many members on this side of the House was brought to the attention of the finance minister who undertook to renegotiate the bill with the U.S. government. And renegotiation takes time. I will explain how that came about, what the flaw was and what we have done to deal with it.

The Canada-U.S. tax treaty sets rates at which Canada or the United States can tax pension benefits, U.S. social security being received in Canada and CPP and OAS being received in the United States.

• (1330)

Before 1996 the country that paid the benefit to a resident of the other country could not tax that benefit at all. The country where the recipient lived would include 50% of that benefit in their taxable income. The other half of the benefit was tax free. Thus people residing in Canada receiving U.S. social security benefits would claim half of that amount on their Canadian tax return as income and other half would be tax free.

In 1996 the tax treaty was changed. Under the new rules the country that pays the benefit, the country that issues the cheque, can tax all of it. The country where the recipient of the cheque lives cannot tax any of it. Therefore Canada would tax CPP payments going to people who live in the United States and the United States would tax U.S. social security benefits going to people who lived in Canada.

Canada ordinarily taxes Canada pension plan and old age security benefits going to non-residents at a rate of 25%. Canada also applies the OAS recovery tax, the clawback on high income

earners to non-residents as well. However, to ensure fairness in our tax system, any non-resident can choose to file a Canadian tax return and pay tax at the ordinary Canadian rate rather than at the flat 25%. The result is many low income U.S. recipients pay little or no Canadian tax on their Canadian CPP or OAS. The United States also taxes outbound social security benefits at a rate of 25.5%.

Here is the flaw that escaped us as legislators. The United States tax system does not allow any non-residents to file tax returns unless they are U.S. citizens or resident aliens. There are some of those living in Canada. Therefore the 25% tax is fixed and final to Canadians. There is no recourse for non-American non-residents to file a U.S. return and to be able to pay U.S. tax at a lower rate.

It was at this point in December 1995 that I first realized there was a problem when the United States began withholding 25.5%. At that point myself and the other Windsor MPs contacted the office of the Minister of Finance to explain the problem and to ask that it be addressed. I attended meetings with CASSE, Canadians Asking for Social Security Equality in Windsor, the local Windsor group organized to deal with the problem.

The minister realized the problem. He actually travelled to Windsor in September 1996 to meet with members of the local CASSE committee established to lobby the government to renegotiate this change with the United States government. The Minister of Finance then met with his counterpart in Washington, Mr. Robert Rubin, to negotiate with the United States to reopen the Canada-U.S. tax convention to address this problem.

The proposed new rule included in the latest protocol to the tax treaty will give the country of residence the exclusive right to tax social security benefits. This means only Canada will be able to tax U.S. benefits paid to residents of Canada and vice versa.

Under this change, all low income Canadians that the Reform MPs have been talking about today will pay no tax. This change will retroactively ensure that these low income Canadians will pay less tax than the 25% withheld by the United States.

Once this protocol is ratified, several thousand low income Canadians will no longer pay any income tax. Thousands more will pay less tax than they currently do.

The Reform Party member for Calgary Southeast who spoke this morning raised the issue of fairness by comparing the U.S. rate of taxation on U.S. social security in this proposal. The purpose of Canadian law is not to reflect U.S. tax laws. The purpose of Canadian tax law is to ensure that people living in Canada are all treated equally. The purpose of our tax code is to treat neighbours coast to coast equally, not to treat people who live in Canada and work in the United States the same as they would be treated if they lived in the United States.

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There are many non-tax differences between Canada and the United States. For example, a person living in Canada has access to the Canadian universal health care system. If that person lived in the United States he or she would have to pay for health care in many cases. That may not be a tax but it definitely does affect income.

I can speak to that personally because I have an aunt who lives in the United States. I know for a fact that while she was receiving U.S. social security benefits before she was of senior's age she was paying over \$350 U.S. a month to a private health care system to ensure that she had health care. When she became ill that very health care system, that wonderful system which the Reform Party thinks is great, cut her off. It was one thing after another, from long term care, to medication, to a co-pay of 30% to 70% every time she had any type of test. The sicker she got the more she had to pay. That is how the system works in the United States with a private benefit system where one pays and continues to pay into it while receiving the benefits.

• (1335)

We should be aware that when seniors living in Canada receiving social security go to the hospital that distinction is not made. They are not asked where their incomes come from or where their taxes are paid. We have always treated all Canadians and those who live in Canada equally.

I believe that the changes will ensure that neighbours are treated equally and fairly, which is why Canada will require the U.S. social security recipients to include 85% of U.S. social security as income when they file their income taxes.

As I stated before, thousands of low income seniors, disabled Canadians and spouses and children of those who work in the United States will pay no tax at all due to this change and thousands more will pay less.

There seems to be some allegation that this change is only about seniors. It is not just about seniors. I want to make that clear to the members of the Reform Party. There are thousands of those who work in the United States. There are children of those who work in the United States and there are disabled Canadians receiving U.S. social security benefits. I can speak to this from my own personal experience.

I have an aunt whose husband worked in the United States and is receiving U.S. social security. They have a disabled child who receives U.S. social security. The benefits from U.S. social security are higher than those she would receive in Canada. This change will directly affect her because she will pay no tax as a disabled Canadian receiving U.S. social security.

However, my aunt, who receives U.S. social security, will pay some tax. She has told me that she believes she should pay her fair share in Canada. She is not one of those high income seniors the Reform Party is speaking on behalf of today. When this proposal was first made in Windsor, people should be aware, the first people

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I have talked to on CASSE thought it was a good change and a good benefit because low income seniors, disabled persons, children and spouses would get their tax dollars back. When they realized they were in the upper income and they would be paying their fair share in Canada while they lived in Canada, that is when they became opposed to this proposal.

This proposal was negotiated with CASSE. It was put forward before CASSE. When its members first heard the proposal they were in agreement with it until they found out how some of their individual cases or situations would be affected and that they would still pay less tax than their Canadian neighbour. That is what seems to escape the Reform Party in this whole debate today.

Somebody in a high income bracket living in house A receiving U.S. social security and somebody in a high income bracket living in house B receiving the same income but from Canadian sources will pay more tax than the person in house A. If they live in Canada and they all get the same Canadian benefits, they all should pay for the same Canadian benefits. We are still giving that person in house A, the person receiving U.S. social security, a break, a 15% inclusion in their income. We are recognizing that they did pay tax on their U.S. social security benefit.

For the Reform Party to stand up and say that the amount of taxes that one will pay on their U.S. social security benefit equals the amount of benefits they are receiving today is ludicrous. It is very similar to our Canada pension plan system where people receiving pensions today did not pay into the system what they are getting out. The tax they pay in the United States does not equal anything near the amounts they are getting out. The reason they have that exemption in the United States of \$27,000 U.S. is because they do not have a universal health care system and because they do not have the same benefits as we have in Canada for many other things.

I agree with the member for Qu'Appelle when he said that the Reform Party speaks for the high income seniors. Those are the people who are complaining about this change. Those are the people who have problems with this change because they may actually come close to paying what their neighbours in the same income bracket will pay. They are still going to get a break. I am not sure that their neighbours in house B would agree that house A should still get that break because we all have to pay for our Canadian system. We all have to pay for our health care system.

Maybe the hon. member for Calgary Southeast should come and visit Windsor and he would understand what happens in the health care system in Windsor. He would recognize what his colleagues in the province of Ontario are doing to the city of Windsor. In fact, what has happened in Windsor had to do with the lowering of taxes by the province of Ontario. That caused the loss of \$4.9 billion in

revenues to the province with the first tax cut which was funnelled down to the health care system.

• (1340)

When they talk about lowering taxes and tax relief for all Canadians, I think hon. members on the other side should stop and think about the effects of tax relief and look at what has happened in border communities such as Windsor and Essex county, and try to understand the benefits of today's proposal and recognize that low income seniors, the disabled, children and spouses of those who worked in the United States, the majority of whom will be better off if they are in a low income bracket. Many will pay the same but some will pay more. Those are the ones the Reform Party members are speaking for today. Even those who pay more will pay less than their Canadian neighbours. That is something which should not be lost on the House and not lost to all Canadians.

When the Reform Party says there has been no debate, where has it been? I raised this with the Minister of Finance in December 1995 when the changes first took effect. Where were Reform members when the changes were announced on April 9, 1997? Where were they during the rallies in Windsor in 1996? I was there, but I did not see any Reform members. Where have they been throughout the discussion? When exactly did they decide to jump on to the band wagon and offer their own solutions? We have been talking about this and dealing with people in our communities who have been affected.

The members for Windsor and Essex county, the member for Windsor West and Windsor St. Clair and the members for Kent-Essex and Durham and I have worked on this together along with other members on this side of the House.

I have heard from people in my riding in Essex, which is a border community, from seniors with upper incomes and others. They want to pay their fair share. They want to ensure that the Canadian health care system and other social benefits continue for those who are less privileged. The seniors I talked to recognize and appreciate the benefits they have received throughout the years of working and living in Canada. In order to balance the books all Canadians have to participate.

We hear today that this is a hidden tax increase. That is ludicrous. It is not a hidden tax increase. We are talking about treating Canadians equally and fairly and about tax fairness for all Canadians. I believe it is urgent that we deal with this issue today.

I heard the member for Surrey say that we should not end the debate. I would like him to talk with the woman I spoke with on Saturday in my hometown of Amherstburg who has been waiting for this change. I told her that this would be coming before the House on Monday. I will be happy to go back and tell her that the Reform Party thinks we should debate it a little while longer. This lady is one of the low income seniors that they talk so much about,



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one of those who because of the provincial government has had her housing costs increase by 10%, while we are still trying to get back the 25%. She would like that money back as quickly as possible, not next year or two years from now. She would like it back as soon as this passes in the House and as soon as it is ratified in the U.S. However, if the Reform Party has its way we will be debating this for months to come. We do not have time.

Those low income seniors they speak so highly about do not have time to wait. They have issues facing them right now in their homes and apartments with regard to what they can and cannot afford. They want to know that the tax relief we have promised on April 9, 1997 is coming to them quickly. I want to be able to go back and tell them that this side of the House will ensure they get that money back into their pockets as quickly as possible. They also want to know that they will still have the benefits to which Canadians have become accustomed.

I know that hon. members across the way cannot disagree that low income seniors need that money. Why would they want to delay the debate and suggest that there has not been adequate debate.

I can send them newspaper articles. I can send them letters I have received. I can send them copies of my correspondence if they want to read about it.

• (1345)

They had members in this House in the last two years. They had the opportunity to raise this issue over and over and over again. They had the opportunity to have ample time for debate when they chose what they would talk about on their days of debate in this very House of Commons. Therefore for them to stand up today and say there has been no time for debate I think is a fallacy.

Canadians want to know that these people who are being affected, these 60,000 people who are receiving U.S. social security benefits are going to have the opportunity to get their money back as quickly as possible and that their tax fairness will be restored. Again, I think it should be known that all Canadians want to be treated equally and fairly and all Canadians want to have access to systems.

The people in my riding who are receiving U.S. social security benefits want this resolved as quickly as possible. They want the proposed new rules to come into effect. They understand that it may not be what they thought was the perfect solution. We are not going back to the old system. They knew that from the very first time I met with them. They were told up front that we cannot go back. This is negotiated between two countries. We went too far and now we are going to negotiate back to what is a level of

fairness. We took back the taxation to our own country so that there can be that level of fairness in this country.

They knew from the first day that this problem was raised that we were not going back to the old system, that the old system was not fair to their Canadian neighbours receiving Canadian benefits. The old system was not fair to everyone in Canada as well as to those in the United States.

Finally, I want to emphasize one last time the fairness this change will effect. This change will be retroactive for people living in Canada. If they would not have paid any tax in Canada, they will get a full refund. If they would have paid less tax with the U.S. 25% flat rate, they will get a refund of the difference. If they would have paid more than the 25% flat rate that the U.S. withheld, the Canadian government in fairness will not pursue those taxes for those two years.

I want to conclude by saying that the change was a mistake. Once the mistake was recognized, Windsor and Essex county MPs, those from Windsor West, Windsor—St. Clair, Kent—Essex and myself, as well as many other members on this side of the House, particularly the member for Durham, worked very hard to ensure that the Canadian government renegotiated the Canada-U.S. tax treaty as fast as possible and that it would be retroactive to the day this is implemented. Those in need will get that money back. Those who have had to borrow from their friends and families will be able to pay those dollars back. Those living on a tight income will finally see some relief that they need.

**Mr. Gary Lunn (Saanich—Gulf Islands, Ref.):** Mr. Speaker, the member for Essex has recognized there was a problem and that they have attempted to fix it.

I am going to reiterate my earlier comments that this is a tax grab. I will explain to the member why the Minister of Finance is smiling these days. He continues to take bites out of our wallets.

What concerns me the most is that—and I am saying this after the House has been in session for only three or four weeks—the government seems to be stuck on the number 70%. In Bill C-2, the largest single tax grab, they are going to raise the taxes of the working Canadians by 70%. There will be a 70% increase in those premiums, over 70%.

The inclusion rate was 50% in the 1984 protocol which was up until 1995, but now we are going to see that 50% inclusion rate raised to 85%. What does that amount to? A 70% tax increase. This government is stuck on raising our taxes by 70%.

The member for Essex keeps bringing back the rich versus the poor. In Bill C-2 it was the working against the retired. This is not what this is all about. It is about arithmetic and the numbers do not

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add up. This party stands for the poor, believe me, more than anyone on that side of the House.

There are tax provisions that we wanted to implement. We would have taken people making below \$30,000 right off the tax rolls.

• (1350)

We are not suggesting that low income people should pay tax on this at all, by no stretch of the imagination. What we are suggesting will ensure that this will be dealt with fairly and that is not what is being done. It is another tax grab.

I ask them to show us the numbers. The Minister of Finance can show us those numbers. I am sure it is another tax grab by the government.

**Ms. Susan Whelan:** Mr. Speaker, I listened to the comments of the member opposite and I wondered when he said that it is not an issue of the rich and the low income earners. It is not an issue of the rich and the low income earners. I said very clearly throughout my statement that it is an issue of treating all Canadians equally, Canadians from coast to coast.

We have a tax system in Canada. Our income is placed in the tax system to determine the level of tax that is payable.

The numbers are out there, if the hon. member cares to know. Someone with a \$14,000 income or lower will pay no tax. Does he care about those people? I am starting to wonder.

They talk of \$30,000 as some magic cut-off. We know what happened in Ontario with the magic tax relief its government gave to people. It took with one hand and it took back with the other. Low income Ontarians are now realizing that the tax relief they thought they were getting is not there. There is no such thing. The moment the teachers go out on strike, the low income people will have to pay for child care. Why will those teachers go out on strike? Because the province of Ontario did not listen to them. Tax relief is not necessarily what it implies.

We are talking about fairness, fairness and equality for all Canadians from coast to coast.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, the remarks of the hon. member for Essex are shameful. She admitted that there was a flaw in the bill which her party voted for.

The Liberals were asked whether this would increase taxes on U.S. social security recipients. I am sure that before the 1997 election they were asked about it. The deputy prime minister said no, that it would be revenue neutral. He misled those people. The government said it would not increase taxes and it did. She asked where we were in 1986. We were right here believing the government when it told us there would not be a tax increase, just as her constituents were.

Why are we opposing this measure today? Precisely because the hon. member for Essex and the other members from Windsor will not represent their constituents. I have a file full of letters from her constituents, letters to the papers in her riding, opposing this bill and this tax grab.

Let me get one thing perfectly clear. The member suggests that we are somehow trying to raise taxes on the lowest income people and trying to drag out debate on this issue to prevent them from getting their cheques. Let me say to her what I said to the hon. member for Durham. We will agree to vote for this bill and pass it right now if the government would agree to our amendment, which we will be proposing, which would treat all social security recipients equally in what they receive in terms of the inclusion rate in the United States.

The proposal we made in the election was to take the bottom one million taxpayers off the tax rolls altogether.

Why will the member not allow those cheques which are now being withheld to be sent out to the low income people while at the same time reduce the inclusion rate to what it was in 1995?

Does she deny that Bill C-10 will increase federal revenues?

Why is it falling on me to represent her constituents? Shame on her. Shame on the government.

**Ms. Susan Whelan:** Mr. Speaker, I would like the hon. member for Calgary Southeast to know that I do represent my constituents. I represent the majority of my constituents. And the majority of my constituents who are low income earners have told me that they accept this change. They want this change and they want it now.

If the Reform Party wants to be led by the special interest groups and the high income seniors, go right ahead. I will go to sleep at night knowing that I represent the majority of my constituents. I represent all of my constituents, not just those receiving U.S. social security. All of my constituents want to pay equal taxes. Not just those receiving U.S. social security should get a break.

The hon. member should know that when the deputy prime minister made that statement he asked a very specific question. The question to the finance department was based on those who were paying income tax. However, there was a group of numbers that was missing. We have recognized that error. There was no misleading in any election campaign. The statement was made after the campaign. The member should know that as soon as we recognized that error, and we have recognized it, we began negotiations with the United States to make that change. That is why we are here today. It is to make that change.

• (1355)

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, it is my understanding that prior to this bill being passed, that is under the rules that are now in place, 50% of the security income was taxed and now 85% of that income is going to be taxed. If we are going to

tax a greater proportion of the income, it seems to me that will result in a tax increase. I would like the member to explain if that is not so, how that would come about.

My second question is with respect to the retroactivity. The government claims that its bill is going to be retroactive. I would like to know what specific procedures are going to be followed to make sure under the retroactive rules that those who have paid taxes will no longer be accountable for how they will get their refunds or rebates and how they will be looked after.

These are two very serious questions and I would appreciate a response.

**Ms. Susan Whelan:** Mr. Speaker, first and foremost I have never said that all people receiving U.S. social security will pay less tax. I have acknowledged from the very beginning that low income Canadians receiving U.S. social security will be better off under this change. I have acknowledged since the very beginning that those in the upper end who are including 85% of their income will probably pay, or some will pay, more tax. However they will still pay less tax than their Canadian neighbour with the same income level.

I have also been working very closely with the finance department to ensure that this process will happen quickly once this is passed in our House and in the United States to ensure that those people who need to get refunds and who are entitled to refunds will get them in a very timely fashion. It is my understanding that the process is in place the moment the legislation is passed in both houses.

**The Speaker:** As it is almost two o'clock we will proceed to Statements by Members.

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## STATEMENTS BY MEMBERS

[English]

### BUS ACCIDENT

**Mr. Rick Casson (Lethbridge, Ref.):** Mr. Speaker, I rise today on behalf of all Canadians to reach out to the citizens of St. Bernard-de-Beauce in Quebec. The families and friends affected by the tragic bus crash have been in the thoughts and prayers of all Canadians.

It is imperative that safety concerns be immediately addressed and it is encouraging to see the Quebec government is doing just that. This is of little consolation to the deep pain and sadness engulfing the community of St. Bernard-de-Beauce but if stronger safety standards can avert another disastrous accident, they must be implemented.

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The families of the 43 victims of the accident will need time to heal from their terrible loss.

Mr. Speaker, I ask for a moment of silence to pay our respects to those lost in this tragic accident and to those whose reserves of courage are desperately needed at a time like this.

\* \* \*

### SMALL BUSINESS

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, this week is Small Business Week.

Small business is the engine of our economy. Today in Canada there are more than 2.4 million small businesses generating over 40% of Canada's economic output. Small business employs over 44% of the labour force.

As a founding member of the Women Entrepreneurs of Canada and as a member of Les Femmes Chefs d'Entreprises Mondiales, I believe it is important that we acknowledge that a large majority of successful small businesses in Canada are women owned.

• (1400)

The success of Canada in the global marketplace requires that we support the growth of small business, and the government is doing just that.

The student connection program and Strategis are two initiatives that Industry Canada has undertaken to help small business make the most of the new technologies of the Internet.

Partnership between government and small business creates a fertile environment for innovation and entrepreneurship, the winning formula for Canada's continued economic success.

\* \* \*

### STRATFORD IN BLOOM

**Mr. John Richardson (Perth—Middlesex, Lib.):** Mr. Speaker, I rise on behalf of the people in the riding of Perth—Middlesex. I am honoured to pay tribute to the city of Stratford.

This month the home of the Stratford Festival competed in an international competition in Madrid called Nations in Bloom. Cities from Italy, England, Ireland, the Netherlands and the United States were invited to compete against one another to achieve the status of the most beautiful city in the world.

The competition is designed to highlight good urban landscaping, to encourage investment in city improvements, to promote international standards and to celebrate excellence in quality of life.

I am proud to inform the House that our own Stratford has been named the most beautiful city in the 10,000 to 50,000 population category.

*S. O. 31*

Stratford was in tough competition. The finalists were Niagara-on-the-Lake, Ontario, Botany Bay, Australia, St. Bruno, Quebec and Fairhope, Alabama. Stratford's finish is certainly impressive. What is more impressive is that three of the five finalists were Canadian cities, proving that Canada is the best and most beautiful country in the world.

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**LAND MINES**

**Mr. Janko Perić (Cambridge, Lib.):** Mr. Speaker, prior to my election to the House of Commons in 1993, I spent 25 years as a member of the Canadian auto workers union.

I was pleasantly surprised to read a recent article in the *Globe and Mail* announcing that the CAW had offered \$1.25 million for the removal of land mines in Mozambique.

Having just returned from Bosnia-Herzegovina where I was an election observer, I can say land mines have had a devastating affect on many innocent civilians in that region.

I would like to compliment my union brothers and sisters on this honourable initiative and I encourage other such organizations to be as proactive.

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**STRATEGIS**

**Mr. Walt Lastewka (St. Catharines, Lib.):** Mr. Speaker, this past summer Strategis went platinum. Over one million Canadians have opened the door to the government's online business information source.

In fact, Strategis has become one of the top 4% of the busiest Internet sites in the world. Industry Canada is working to bring even more Canadian businesses in touch with Canada's largest business site through the student connection program.

Under the student connection program college and university students show business people how to use the Internet and make the most of new technologies like Strategis.

This being Canada's national science and technology week, it is fitting to promote the proactive work the government is doing to help businesses. Together we are working to ensure Canadian businesses are on the leading edge of information and technology and are ready for business in the 21st century.

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**HEALTH**

**Mr. Grant Hill (MacLeod, Ref.):** Mr. Speaker, some people say that all Canadians are apathetic. Today I have an example that proves this is not true.

Kevin Crigger believes that natural supplements are too important to let bureaucrats artificially remove them from the shelves in Canada. He walked all the way from Dryden, Ontario to Ottawa for that issue. Thirteen hundred kilometres of blisters on his feet tell me whether he thinks this issue is important.

He is typical of many young Canadians who say that bureaucrats shall not be the ones who control health supplements in Canada without good reason. He knows that an informed consumer is a far better judge of our health care needs than some distant bureaucrat in Ottawa.

Kevin is in the gallery today. I salute him for his fortitude, his dedication and for his willingness to speak out.

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**POVERTY**

**Mrs. Judi Longfield (Whitby—Ajax, Lib.):** Mr. Speaker, I rise before Parliament today to pay tribute to the United Nations Association in Canada and to commend it for promoting the international day for the eradication of poverty.

The Government of Canada takes poverty very seriously. The new national child benefit system and the announcement in the Speech from the Throne that we will double our additional investment in this initiative for Canadian children are reflections of our commitment to eradicate the conditions among our youngest citizens that can lead to lives of deprivation and despair.

● (1405)

From our earliest days as a nation, Canadians have always understood that ensuring our mutual welfare is critical to the survival of the country. We have consistently responded with compassion.

Today in this country we are being called on to wage a battle against child poverty and I have every confidence that Canadians will rally to the call.

The international day for the eradication of poverty is a time to rededicate ourselves to this crucial cause. I urge all members of the House to help ensure a brighter future for Canada by working with this government to take steps to eradicate poverty.

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**GOVERNOR GENERAL'S AWARDS**

**Ms. Carolyn Bennett (St. Paul's, Lib.):** Mr. Speaker, I was proud to attend the 1997 Governor General's Awards in commemoration of the Persons case earlier today. The awards are given annually to individuals who have made an outstanding contribution toward promoting the equality of women in Canada.

The awards were established in 1979 to commemorate the lengthy legal and political battle by five Alberta women for

Canadian women's constitutional right to be recognized as persons. On October 18, 1929 the British privy council declared Canadian women to be persons.

The recipients of this year's award are Dr. Marguerite Ritchie from Ottawa, Ontario; Hedwidge Landry from Caraquet, New Brunswick; Sheila Genaille from Edmonton, Alberta; Dr. Margaret Fulton, Salt Spring Island, British Columbia; and my friend Nancyruth from Toronto, Ontario. I know my colleagues in this House and all Canadians join me in congratulating the Famous Five of 1997.

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#### LIEUTENANT-COLONEL JOHN MCCRAE

**Mr. Peter Goldring (Edmonton East, Ref.):** Mr. Speaker, national treasures ought not be marketed to the highest bidder. They belong in our nation's museums for public viewing and contemplation.

Few examples of inspirational significance have been born by the horror of human conflict. "In Flanders Fields" is one. The author, Lieutenant-Colonel John McCrae, penned this poem in the thick of battle 82 years ago. Now his medals, the recognition of his heroism and symbols of his service to Canada whilst he moulded these words, are on the auction block. Why?

As the poem says if ye break faith with us who die, we shall not sleep. The House should listen to these words.

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[Translation]

#### INFRASTRUCTURE PROGRAM

**Mr. Guy St-Julien (Abitibi, Lib.):** Mr. Speaker, once again, the Government of Quebec and the separatist MNA from Val d'Or in Abitibi-Est, André Pelletier, are taking their time approving projects under part II of the Canada-Quebec infrastructure rehabilitation program.

There are over \$7 million in projects from the riding of Abitibi-Est on the desk of Minister Rémi Trudel. Separatist MNA André Pelletier is still holding up approval of these 1997 projects. He is playing hide-and-seek with the people of the municipalities of Val d'Or, Barraute, Senneterre, Sullivan, and Malartic and area, making joint announcements of these projects difficult.

The people of Abitibi-Est would like the Government of Quebec to give more than 50% approval for these projects worth \$7 million.

S. O. 31

#### ÉBOULEMENTS TRAGEDY

**Mr. Gérard Asselin (Charlevoix, BQ):** Mr. Speaker, on Monday, October 13, all of Quebec was shaken by the terrible accident in the riding of Charlevoix, more specifically in the small municipality of Éboulements, in which a bus plunged into a ravine.

In my own name and on behalf of the entire population of Charlevoix, I would like to extend sincere condolences to the families of all the victims devastated by this tragedy, and to all the inhabitants of Saint-Bernard, who have been sorely tested these last few days.

As well, we wish the five survivors the strength and courage to overcome this ordeal and to make a speedy recovery.

I would also like to pay tribute to the first aid workers and to all those who helped rescue victims, and to the solidarity of the people of Charlevoix and of the town of Saint-Bernard.

It is a shame that it took an event such as this to focus our attention on the changes needed to this section of highway in order to prevent a recurrence of such an accident.

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[English]

#### ATLANTIC CANADA

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Mr. Speaker, I rise in the House to address the prime minister's recent remarks in Moncton about tough love. The prime minister was quoted as being unrepentant about the severe effects of his government's deep cuts and boasted that the Atlantic region was better off as a result of these cuts. It looks like the tough love has resulted in the children leaving home.

● (1410)

The east coast population is shrinking. In recent census data, 2,700 people between the ages of 18 and 24 left Cape Breton over a five year period and have not returned.

The number of young families leaving Cape Breton and Atlantic Canada echoes Steinbeck's depression era novel *The Grapes of Wrath*. I would submit that if unemployment is down then it is due to the fact that the population is leaving the region.

Liberal policies have created a nation of migrant workers. I call on the government to wake up and take immediate action to implement a real economic strategy for Atlantic Canada—

**The Speaker:** The member for Beauport—Montmorency—Orléans.

*Oral Questions*

[Translation]

**COMMISSION NATIONALE DES PARENTS  
FRANCOPHONES**

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, the Bloc Québécois wants to pay tribute to the hundred or so francophone parents from outside Quebec who met in Ottawa over the weekend to work on putting in place a French language education project in provinces where English is the language of the majority.

These parents are showing unflinching determination in spite of the major difficulties they face: continuing to send their children to French schools, obliging them to take long bus rides to school, uprooting them, investing time and energy in trying to compensate the lower level of education provided. These are the kind of problems francophone parents and their children are facing daily if they want to continue living in French in a predominantly English speaking country.

This is another attempt by the Commission nationale des parents francophones to give parents the tools they need to have their children educated in French in Canada. The Bloc Québécois salutes the tenacity and perseverance of the Commission nationale des parents francophones and its members.

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[English]

**STORNOWAY**

**Mr. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, I feel very sad today. One of my deepest dreams, one of my main goals in life was to play bingo with the Leader of the Opposition at Stornoway.

In the past I believed the Leader of the Opposition when he proposed that great *pas-se-temps*.

My dream almost became reality when he spent over \$60,000 to redecorate that place.

But now I am depressed. The man who proclaimed himself *l'homme du peuple*, the populist, wants to be alone.

He decided to build a huge fence around Stornoway to isolate himself so nobody would bother him. The Leader of the Opposition can't stand people anymore.

We should organize a chain letter to make him change his mind, but I think that won't work. Stornoway will never be the same.

\* \* \*

**SMALL BUSINESS**

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, today marks the beginning of small business week.

This government can say all it wants about helping small business but the fact remains that the tax burden is higher in Canada than in most competing jurisdictions.

High payroll and corporate taxes form a barrier to jobs and growth because they tax business for every new job created. Small and medium enterprises are struggling in today's global economy and this means fewer jobs and opportunities for all Canadians.

The government could do a lot more for job creation if it actually allowed small business to grow. But its high EI payroll taxes, its whopping increases to CPP payroll taxes and its high small business and corporate tax rates only stifle growth and job creation.

The Progressive Conservative Party believes small and medium businesses are the real job creation engines of this country. When it comes to taxation less really means more, more growth and more jobs for all Canadians.

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**DURHAM IN BLOOM**

**Mr. Ovid L. Jackson (Bruce—Grey, Lib.):** Mr. Speaker, I rise today to congratulate the town of Durham for winning the national Communities in Bloom competition this year. This achievement is all the more noteworthy considering that the town of Durham suffered a devastating flood that caused more than one million dollars in damage last year.

The people of Durham have courage and character. They maintained the beauty and quality of their town despite the adversity.

I know my colleagues in the House join me in congratulating the town for a job well done.

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**ORAL QUESTION PERIOD**

[English]

**TAXATION**

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, the finance minister threw himself a little party last week, but many Canadians don't feel much like celebrating.

• (1415)

The budget is almost balanced but 1.4 million Canadians are still out of work. The average Canadian family is making \$3,000 a year less after taxes than it did before the Liberals took over.

My question is for the finance minister. He set out a future spending plan with dollars and details attached. He set out a plan for increasing payroll taxes by 73%. When will he set out a specific detailed plan for substantive tax relief?

*Oral Questions*

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, one slight correction in terms of the Canada pension plan. I set out a program not only to preserve the Canada pension plan but to preserve all its qualities. I also set out a premium increase that is substantially less than any independent analysis of the Reform Party program.

One should understand that. I would hope the leader of the Reform Party would take that into consideration. In addition—and I notice I only have five seconds left—we also set out a very clear plan stating that we would reduce taxes when the country—

**The Speaker:** The hon. Leader of the Opposition.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, the truth is that the Liberal government starts taxing the incomes of Canadians at a lower level than any other government of the G-7. It starts taxing the incomes of single people as soon as they make around \$6,500 a year. The government collects almost \$2 billion a year from people who earn \$15,000 a year or less, many of them old people, many of them young people and many of them poor people.

My question is for the tax man. How can he ignore the calls for tax relief when the government is taxing lower income people more heavily than any other government in the G-7?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, let us understand the tax plan of the Reform Party. It has said that for a single family with an income of about \$30,000 a year it would reduce its taxes by \$175. For a family with an income of \$250,000 it would reduce its taxes by \$4,000 a year.

Let it be very clear. We will reduce taxes for Canadians and we will begin with lower and middle income Canadians.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, it is the Reform Party's tax relief plan that takes 1.3 million people off the federal government's—

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

**Mr. Preston Manning:** Ordinary Canadians cannot afford to hire tax accountants and lawyers. They cannot relocate their assets in low tax countries. They cannot fly their assets under flags of convenience to escape overtaxation in this country. They cannot escape the tax man. If the minister does not provide them with tax relief there will be no tax relief.

One million families in Canada make \$30,000 a year or less. Most of them pay federal income tax. When can—

**The Speaker:** The hon. Minister of Finance.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, let us examine again what Reform would do to pay for those taxes.

It would cut the CHST by \$3.5 billion. Middle income Canadians depend on health care which Reform would cut. A lot of those people live in Manitoba and Saskatchewan. Reform would cut equalization by \$3 billion a year, driving up income tax in those provinces.

Reform would cut old age pensions by \$3 billion a year. What would happen to the senior citizens on fixed incomes?

Why will Reform not tell us—

**The Speaker:** The hon. member for Edmonton North.

\* \* \*

**RCMP INVESTIGATIONS**

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, let us examine some Liberal scandals.

Back when Mulroney's government was committing crimes with its fundraising group, the Liberals absolutely blew a fuse. The present government House leader when in opposition said "Whether or not there is an RCMP investigation does not mean that this minister is no longer responsible for the administration of his own department".

Hear, hear, Mr. Speaker.

Let me ask the same government House leader the question today. Why was the Tory scandal back in 1989 so terribly unacceptable to him but a Liberal scandal in 1997 is just business as usual?

• (1420)

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the Reform member is doing what she did last week, making insinuations and innuendoes that are totally not based on the facts.

Last week she failed to apologize after misinforming the House—and I am not saying deliberately—that somebody got a grant in the prime minister's riding after making a donation. That was wrong. Then she went on to insinuate that the companies involved in the investigation were located in the prime minister's riding. That was wrong, and she still has not apologized.

I say that anything the hon. member says is nothing more than Reform rubbish.

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

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, let us look at the facts for just a minute.

The fact is that companies were told to pay up to the Liberal Party or they would not get government contracts. The fact is that, even after the RCMP were alerted to the shakedown that was going on, the Liberals kept their fraudulent fundraiser on the payroll until well after the election.

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

*Oral Questions*

**The Speaker:** Sometimes I do not know exactly where an hon. member is leading in a preamble. I ask you to be very judicious in your choice of words in the question period and in the answers.

I would like the hon. member to go directly to her question.

**Miss Deborah Grey:** Yes, I will, Mr. Speaker, and I will be judicious by asking a simple question.

Why, who, when, what? They can answer any question they like. Who was the cabinet insider giving Corbeil the inside track?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member is again abusing the process and privileges of the House by making assertions that are totally unwarranted in light of the investigation that was completed with charges against one individual who is not an employee of the government or a member of a minister's staff or connected in that capacity with ministers or MPs.

Once again the hon. member has not said anything that justifies having confidence in any of her remarks or any of her questions. Her remarks are not only Reform rubbish. They descend into Reform rot.

\* \* \*

[Translation]

**THE DEFICIT**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, last week the Minister of Finance said he was off by over \$10 billion in his forecasts concerning the deficit. It is not peanuts.

With the additional \$10 billion that he suddenly found last week, will the minister, who made savage cuts to unemployment insurance, give back some of the money to the unemployed who are hard hit by the massive cuts imposed by the government?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the hon. member should look at what the government did. In June, we decided to give back to the provinces, over a five-year period, an amount of \$6 billion for health, education and welfare.

At the same time, my colleague promised another \$850 million to help poor families with children. In addition, the Minister of Industry put money into technology partnerships, in order to create jobs.

• (1425)

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, it is rather extraordinary to hear that the government gave \$6 billion. The fact is that, instead of cutting \$48 billion, it is cutting \$42 billion. It is easy to give money that way.

I ask the minister, who exceeded his budget forecasts by \$10 billion at the expense of the unemployed, whether he is prepared to

perform a humanitarian act and give some of the money to the unemployed, by reducing contributions and increasing benefits, which currently stand at 37%, compared to 62% when the Liberals took office?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, again the hon. member should look at what we did. When we came to office we reduced employment insurance contributions. We prevented them from rising to \$3.30 from \$3.07, before reducing them to \$3.00 and later to \$2.90. The Minister of Human Resources Development and myself have announced that, in November, we will lower contributions to \$2.80. We are in the process of doing so. Therefore, we reduced employment insurance contributions by \$4 billion over a two-year period.

\* \* \*

**EDUCATION**

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, when they announced their cuts, they ought to have said that the biggest drop is in the number of people entitled to draw unemployment insurance. That is the drop the Liberals are responsible for.

Last week, the Minister of Finance was nailed by educators in British Columbia, who spoke out against his plan to interfere in this area.

How can the Minister of Finance justify another intrusion by the federal government into education, when this is a provincial jurisdiction, when the one responsible for the problems in this sector is, in fact, himself?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, how can the hon. member be accusing us of interference when, a year ago, it was the Bloc Quebecois that was calling upon us to help students finance their debts, which we are now in the process of doing?

Is the hon. member telling us that research and development is not a federal jurisdiction? Is the hon. member telling us that helping parents to save for their children's education is federal interference? I believe it is the duty of a government to help its young people finance their education.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, that is where the federal government's problem lies. When it is asked to lower income taxes to make things easier for the parents of students, it understands that it is being asked to intervene and to grant scholarships. It understands everything backwards, that is its problem.

How many more provinces will it take, on top of Quebec and British Columbia, to get the federal government to understand that we want it to mind its own business in the area of education? How many provinces will it take, before it gets the message?



*Oral Questions*

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, once again, the hon. member ought to listen to the provincial ministers of education. It is the provinces that have asked us to sit down with them to help students finance their loans. We are in the process of doing so, in partnership with the provinces, including Quebec.

\* \* \*

**THE DEFICIT**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, the Minister of Finance could have reduced the deficit without making massive cuts in the health and education sectors.

According to an independent study, economic growth and low interest rates alone could have eliminate the deficit within the time frame set by the minister.

In this context, why did the minister make useless cuts that hurt Canadians for no reason?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the researcher who conducted the study says it is because of economic growth and lower interest rates.

All economists agree that we would not have had these lower interest rates and this economic growth had the government not acted quickly in 1995 and 1996. We did so, and the results are there.

• (1430)

[*English*]

**The Speaker:** Forgive me. The hon. member for Halifax.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, my supplementary question is for the Minister of Finance. The government is so busy congratulating itself that its members will not admit they have screwed up. The fact is that Canadians are worse off today than they were at the beginning of the decade. There is more unemployment. There is more poverty. There are more personal bankruptcies. There are more families losing income.

Why does the government persist in its inflation obsession when its higher interest rate policy will cost \$70 billion in lost economic growth over the next five years, condemning close to 1.5 million Canadians to continuing unemployment?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the leader of the NDP ought to look at the facts. There are over one million more Canadians at work today than there were when we took office.

She talked about interest rates. Interest rates are down five percentage points for the first time in 20 years. Our interest rates are lower than those in the United States. Not only are our short term rates lower, but for the first time since our longer term bonds

came out, our 30 year rate is lower than in the United States, our 10 year rate is lower than in the United States.

The NDP ought to get better researchers.

\* \* \*

[*Translation*]

**RCMP INVESTIGATIONS**

**Mr. André Bachand (Richmond—Arthabaska, PC):** Mr. Speaker, thanks to the efforts of the Conservative opposition, a public statement was made on October 1, confirming that an investigation into allegations of influence peddling was indeed under way.

Last week, charges were laid by the RCMP—a very serious business. Unfortunately, there is a missing link in all this: Who gave the information to the person who was charged? The missing link could be sitting across the way.

In order to preserve the integrity of this government and this House, I would ask the President of the Treasury Board whether he can confirm before this House that no employee of his Montreal office was interrogated by the RCMP or directly linked to the investigation.

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, the RCMP has concluded its investigation. Only one person was charged, and it was clearly indicated that no more charges would be laid.

Responding to the same question in a press conference, the RCMP Inspector said: “This is covered in the report we have forwarded to the crown counsel”.

Since this will be addressed in a case—going to court, I think it is sub judice. We should not—

**The Speaker:** The hon. member for Pictou “Antigonish” Guysborough.

[*English*]

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, a lot of questions remain unanswered about this matter. The government may have hoped that the RCMP investigation and its completion would put this matter to rest. I would suggest that today is an opportunity for the government to explain itself by answering a few straightforward questions.

I would direct my question to the President of the Treasury Board. Can he tell the House how did someone who was organizing riding associations, building up membership lists and helping fundraising know which companies applied for government grants, the stage of the applications and on which ministers’ desks these applications were sitting?

**The Speaker:** I always hesitate to intervene in any questions that are posed or any answers that are given. However, we must remember that we do have a general convention in the House—it is

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not a rule—that we should be very precise in our questions and also in our answers so that in no way would there be any prejudice on any person who might have business before a court of law.

With that in mind, I am going to permit the question. If the President of the Treasury Board wishes to answer it, he may do so.

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, once again, the RCMP has stated that it has fully investigated the matter.

• (1435 )

After a full investigation, including that aspect, it has come up with only one charge. That was against Mr. Corbeil. The RCMP has indicated that that was part of the whole case that will come out to be judged before the courts. I am sure that my hon. friend does not want to prejudice the rights of the accused or the right to a fair trial.

\* \* \*

**POLITICAL CONTRIBUTIONS**

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, in 1993 the Montreal accounting firm of Raymond, Chabot, Martin and Paré gave \$6,000 to the Liberal Party of Canada. In 1994 it gave \$5,000, in 1995 it gave \$4,000 and then in 1996 it gave \$86,000 to the Liberal Party. In that same year it received \$20 million in contracts from CIDA.

My question for the government is this. Is it just a happy coincidence that the firm that donated \$87,000 to the Liberal Party of Canada also got \$20 million in CIDA contracts?

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, as minister responsible for the elections act or at least its passage through the House, we all know that anyone can make contributions to political parties providing they satisfy the criteria that they are Canadian citizens or taxpayers in Canada. People donate to the Reform Party, the Liberal Party and all other parties, including people in the corporate sector who give now and then to people on all sides of the House.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, apparently Liberals believe in that old adage that membership does have its privileges.

I will put the question again. A Liberal accounting firm gave over \$87,000 to the Liberal Party at the exact same time that the minister was personally involved in awarding \$20 million in contracts. The minister at the time hand picked a short list of contractors.

Why is it that huge donations given to the Liberal Party of Canada seem to go hand in hand with huge government contracts?

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I repeat the answer that I gave before. People can give money to political parties and they are encouraged to do so to all members of the House and to all candidates.

As for the allegation of a short list to which the member refers, that system has been abolished and he knows it.

\* \* \*

[Translation]

**OPTION CANADA**

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, my question is for the Minister of Canadian Heritage.

The recent supreme court ruling on Quebec's referendum legislation confirms the need to strike a balance between the spending of the "yes" camp and the spending of the "no" camp, as well as the need to limit spending by other parties involved in the referendum.

In light of this ruling, how can the heritage minister justify the over \$9 million spent by Option Canada and the Council for Canadian Unity, money from her department, let us not forget, while the referendum was in full swing?

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, my answer today to the question about the money given to Option Canada is exactly the same as the answer I gave last spring.

**Mr. Michel Gauthier:** She no longer remembers her answer.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, perhaps the minister does not remember.

Since early October, the minister has had in her possession an internal audit report regarding these large amounts. Is she going to release it to the public without delay so that we may know, once and for all, to what use this money, which I repeat was from her own department?

**Hon. Sheila Copps (Minister of Canadian Heritage, Lib.):** Mr. Speaker, my answer regarding the money spent by Option Canada is exactly the same as that given by the Government of Quebec regarding Option Quebec.

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[English]

**SOMALIA INQUIRY**

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, the aftermath of the Somalia report is far from over.

The defence minister knows there is a coverup in his department. The information commissioner, the privacy commissioner, the

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Somalia commissioners tell of deliberate attempts to hide the truth from the public, yet this minister tossed aside the one recommendation in the Somalia report which would have cleaned up the whole mess.

Why is the minister afraid of creating an accountable, independent inspector general? What is he hiding?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Nothing is being hidden, Mr. Speaker. In fact we want more open and transparent operations. In the response to the Somalia inquiry report we indicated that there will be six new annual reports that will be made public and will be available to Parliament so it will be able to scrutinize what is happening in the Canadian forces.

• (1440)

We did not agree with one specific recommendation. We agreed with 83% of the recommendations. But even on the one on the inspector general, we put in place alternate forms of creating full accountability, fairness, open and transparent operations.

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, it is interesting that those reports will end up in the lap of the minister. The defence minister has a responsibility to prove to Canadians that his department is accountable. National defence gets one bad report card after another and what does the minister do? He turns a blind eye. Our troops deserve better.

Why will the minister not create an office of an inspector general and force his department to account to Parliament? Is the minister afraid of someone looking over his shoulder maybe?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, I am very pleased to be accountable to this Parliament for the Canadian forces and for any problems we have as well.

We do not need a super structure. We have put in place an independent ombudsman and an independent external grievance board procedure. We have put civilian oversight in place in many different aspects of the Canadian forces which is going to provide the kind of accountability the hon. member is talking about.

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[Translation]

### SINGER RETIREES

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, my question is for the Minister of Human Resources Development.

Last December he said he was in a hurry to finally resolve the matter of the former workers of the Singer company. He seemed to be prepared to recognize the urgency of acting on humanitarian grounds.

How is it that this matter has not yet been resolved, despite the minister's fine promises and given the advanced age of the aggrieved workers?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, we have always recognized the extreme delicacy and difficulty of the situation involving the Singer workers. And if we are today before the courts, it is not my doing. What I said was that our department would work as hard as it could to clarify the situation under our responsibility as quickly as possible. So we are not holding things up, as the hon. member knows very well.

The Singer pensioners are receiving and have received exactly the amounts due under the Annuities Act, including all accumulated interest and the benefits of a 7% rate increase.

**The Speaker:** The hon. member for Saint-Jean.

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, the minister knows very well also that the route through the courts could take six or seven years. In the case of the Singer workers, whose average age is 82, this means there will be no one left at the end of the line. The employees are aware of this too, because they proposed a settlement out of court to the minister.

In the light of the very modest out of court settlement proposed by the former Singer workers last spring, and given the humanitarian aspect of the issue, why does the minister not resolve it in the next few days with the former Singer workers on the basis of what they proposed to him last December?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the government's responsibility was simply to administer the money entrusted to it. In the situation before us we risk creating a precedent, and my responsibility as minister is to ensure that the pension plan is managed according to the relevant laws and with regard to the rights of all the parties involved.

The government cannot go beyond this responsibility right now, and this is why we are taking this action now. It seems to me the most responsible approach in terms of the country as a whole.

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[English]

### THE ENVIRONMENT

**Mr. Bill Gilmour (Nanaimo—Alberni, Ref.):** Mr. Speaker, this December in Kyoto, Japan a legally binding treaty will be signed to set reductions in greenhouse gas emissions. We have less than two months to go, yet Canadians have no idea of the government's position.

On the one hand the environment minister has warned Canadians to be ready for "drastic measures." On the other she announced

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that we will try to negotiate a special, softer deal for Canada. Canadians want and expect straight answers.

Will the minister clearly state the position Canada will take to Kyoto this December?

**Hon. Christine Stewart (Minister of the Environment, Lib.):** Mr. Speaker, I am pleased to respond to the question which is very serious for all Canadians.

• (1445)

Canada has agreed that we will negotiate medium term, legally binding targets for the Kyoto, Japan meeting in December.

In my four months in office, I have been crossing this country from coast to coast to coast meeting with partners who must come together to agree on exactly what Canada's position will be. In the international forum, Canada is taking a role of trying to find a large consensus in the international community so that we do have a strong, firm and legally—

**The Speaker:** The hon. member for Nanaimo—Alberni.

**Mr. Bill Gilmour (Nanaimo—Alberni, Ref.):** Mr. Speaker, the global warming treaty has major economic ramifications for Canada. Canadians have a right to know our position and medium term answers do not give us the specifics we need. Our governments are sending mixed messages all over the place. The U.S. president is openly consulting Americans. Our prime minister and environment minister have not been actively consulting Canadians. The provinces have been left out of the formula.

Will the minister ensure that all the provinces are in agreement before, not after, the agreement is signed in Kyoto?

**Hon. Christine Stewart (Minister of the Environment, Lib.):** Mr. Speaker, I would like to correct the erroneous impression that provinces have not been consulted. I have met with all of my provincial counterparts to discuss this issue of climate change. I will be meeting with them in a telephone conference call on Wednesday of this week. They are engaged with me on this issue. Addressing climate change will incur costs for all Canadians. I would like everybody to understand that not taking action will also incur serious costs for Canadians.

\* \* \*

[Translation]

**SECURITY IN GOVERNMENT BUILDINGS**

**Mr. Stéphane Bergeron (Verchères, BQ):** Mr. Speaker, my question is for the Minister of Public Works.

Last weekend, the facilities put at the disposal of the Bloc Québécois for its research, documentation and communication

services were visited, searched and broken into for the second time in less than four months.

How can the minister justify that the building which houses the Bloc Québécois' research, documentation and communication services is one the very few government buildings around Parliament that is not constantly protected by security guards?

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the building in question, at least where the offices are located, belongs to the House of Commons and, as spokesperson for the Board of Internal Economy, I, like all members, am sorry such a break-in occurred.

I understand that, earlier today, House of Commons officials already took measures to improve security. If it is the hon. member's wish, we can again raise the issue with the Board of Internal Economy to implement other necessary measures.

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[English]

**HUMAN RIGHTS**

**Mr. John McKay (Scarborough East, Lib.):** Mr. Speaker, this is a question directed to the Minister of Foreign Affairs.

As this House knows, the Prime Minister of Canada is in Russia today. Recently the Russian parliament passed legislation which will significantly disenfranchise religious minority groups other than Russian Orthodox. This is a clear affront to those who believe in religious freedom, human rights and democratic values.

What action if any is Canada prepared to communicate its displeasure at this action taken by the Russian parliament?

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I can report to the House that in the discussions that the prime minister has had with the president, the prime minister and the speakers of the Russian houses, the matter has been directly raised with them expressing our concern that the legislation does discriminate. We will continue to take the matter in front of the OSC tribunal on human rights to make sure that we have proper observation and protect the rights of religious minorities in Russia.

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**MEFLOQUINE**

**Mr. John Cummins (Delta—South Richmond, Ref.):** Mr. Speaker, my question is for the Minister of Health.

Canadian troops in Somalia were administered the experimental drug mefloquine. DND got the antimalarial drug because it agreed to participate in a safety monitoring study. It ignored its commitment.

*Oral Questions*

Has the minister taken any action against either the manufacturer who is responsible for supervising the safety monitoring study or the military who acted illegally in prescribing the drug?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the facts are not yet clear. As the member should know, efforts are being undertaken at the moment to determine the facts of the matter.

• (1450)

I can tell the hon. member that at the time the drug was put in use, those responsible for supplying it believed on the evidence at the moment and in good faith that it was appropriate for the indicated conditions.

The responsible thing to do is to await the outcome of the investigations which, as the hon. member should know, are continuing.

**Mr. John Cummins (Delta—South Richmond, Ref.):** Mr. Speaker, the facts were clear at the time the drug was administered and it was clear there was a problem.

DND participation in the safety monitoring study would have alerted Health Canada of the sometimes intolerable side effects of the drug mefloquine which were well documented at the time by Canadian military doctors.

Can the minister tell the House why his department did not insist that DND participate fully in the safety monitoring study before licensing mefloquine for general use by Canadians?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, hindsight affords the hon. member the luxury of characterizing the facts as he sees fit.

As I have already said, investigations are continuing to determine all the facts of the matter. I think the responsible thing to do is to wait until all the facts are at hand before coming to any judgment.

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**NATIONAL DEFENCE**

**Mr. Dick Proctor (Palliser, NDP):** Mr. Speaker, my question is for the Minister of National Defence.

The minister's refusal to accept the establishment of an independent office of inspector general means the truth about Somalia will likely never be told. The minister has caved in to the senior military brass, the same group that so recently elevated secrecy and lack of accountability to an art form.

Will the minister reverse his misguided decision and appoint a truly independent inspector general with a mandate to report to parliament on a regular basis?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, as I previously indicated we do not need a new superstructure. We do need refinements to the current system.

We are putting in place an ombudsman who will report independently and will operate as a citizen independent from the military. We have the same in terms of the grievance board. We have the same in terms of a military police complaints commission. We have a new monitoring committee to look at the recommendations and to ensure they are all implemented, again an independent civilian oversight. We have substantial civilian oversight of the Canadian military. Together they are a better system than the one that was proposed.

**Mr. Dick Proctor (Palliser, NDP):** Which is it, Mr. Minister, these warm fuzzy assurances today or what you said last week that—

**The Speaker:** I remind the hon. member that all questions are put through the Speaker. I ask the hon. member to please put his question.

**Mr. Dick Proctor:** Mr. Speaker, will the minister admit that no inspector general effectively means no inspection of the generals?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Absolutely not, Mr. Speaker. There is substantial oversight, unprecedented in terms of the Canadian forces. Substantial oversight by independent civilian entities is proposed and will be carried out to provide the same kind of independent oversight that the hon. member has been talking about.

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**THE ECONOMY**

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, my question is for the Minister of Finance.

Last year the deficit was \$8.9 billion. Expanded revenue growth combined with lower interest rates on a smaller marketable debt could very well balance the books this fiscal year.

Would the Minister of Finance after his recent mushy economic statement advise the Canadian public if the finance department's own internal forecast indicates a balanced budget this fiscal year?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I thank the hon. member for his question.

As has been outlined by the prime minister, we will balance the books by no later than next year. I think Canadians can take enormous satisfaction in the fact that in the first five months of this year we actually have paid down \$11 billion worth of marketable debt. I also think that Canadians take great satisfaction by the fact that the net worth of households is rising, that consumer sales are up, that more and more Canadians—

• (1455)

**The Speaker:** The hon. member for Brandon—Souris.

*Oral Questions*

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, figures tabled by the government last April announced a \$12.5 billion cash floor on the CHST. They showed that Manitoba's cash transfers were to fall from \$600 million last year to \$487 million within the next five years. Not only has Manitoba suffered a \$250 million cash transfer loss since 1994-95 but it is facing a health care crisis. In fact the community of Delorine, Manitoba has lost all of its doctors and its citizens do not have access to health care.

Can the minister explain, despite the floor and in spite of a balanced budget, why seven out of ten provinces will continue to get less money for health care—

**The Speaker:** The hon. Minister of Finance.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, may I simply point out to the hon. member that as a result of the federal government's actions, interest rates are down by over \$2 billion in which the province of Manitoba would share.

May I also point out that Manitoba is sharing not only in the original but in the extension of the infrastructure program. May I also point out that the Foundation for Innovation will give the great universities in Manitoba a chance to get more money for research and development. May I point out that the Minister of Health has a series of announcements of money going directly into Manitoba to help health care.

Unfortunately, Mr. Speaker, we need more time for these answers.

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**SCIENCE AND TECHNOLOGY**

**Mr. Reg Alcock (Winnipeg South, Lib.):** Mr. Speaker, in the Speech from the Throne the government made a commitment to support innovation and to assist in the commercialization of new technologies. I ask the Secretary of State for Science and Technology what action has been taken to ensure this commitment is acted upon.

**Hon. Ronald J. Duhamel (Secretary of State (Science, Research and Development)(Western Economic Diversification), Lib.):** Mr. Speaker, a lot has been done. First the Canada Foundation for Innovation has been set up to strengthen research capacity. Second, centres of excellence have been financially stabilized. Third, the government has made a commitment to hook up all schools electronically, including all libraries, to a number of communities by the year 2000.

We are this week celebrating science and technology week. Everyone can help to appreciate it.

[Translation]

Science and technology are for women as well as men, and in French as well as in English.

\* \* \*

[English]

**JUSTICE**

**Mr. Jack Ramsay (Crowfoot, Ref.):** Mr. Speaker, earlier this month a well-known gangster from China named Wing Fu strangled a five-month old Vancouver baby and then backed over the child repeatedly with his car. This criminal was ordered out of Canada 18 months ago but the Liberal government allowed him to stay. I ask the justice minister how many more people will Wing Fu have to murder before the Liberals get him out of this country.

[Translation]

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, it is very clear that the Department of Citizenship and Immigration has a policy concerning the deportation of people. The priority is definitely the deportation of criminals.

I am pleased to say that the percentage of criminals who were deported this year has gone up, in comparison to last year.

This being said, we can only deplore the tragic event that occurred in the Vancouver area.

\* \* \*

**KIDNAPPING OF CHILDREN**

**Mr. Benoît Sauvageau (Repentigny, BQ):** Mr. Speaker, my question is for the Minister of Foreign Affairs.

The children of Mrs. Suzie Robitaille, who were kidnapped by their father two and a half years ago, are still being held in Egypt, despite the promise made by the Minister of Foreign Affairs last spring that he would look into the matter personally.

How can the minister explain that, six months later, nothing has been done and Mrs. Robitaille's children are still being forcibly held in Egypt? What concrete action does he intend to take to repatriate these children?

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I have spoken frequently with the Egyptian Minister of Foreign Affairs. Unfortunately, there is no treaty between the two countries that would ensure the children's return.

However I hope, in the next few months, to be able to travel to Egypt and make a personal representation to the Egyptian government.

*Privilege*

• (1500)

[English]

**PRESENCE IN GALLERY**

**The Speaker:** I draw the attention of hon. members to the presence in the gallery of four recipients of the Governor General's Award in commemoration of the Persons case.

I will call out their names and ask them to stand. I ask members to withhold their applause until I have finished.

Dr. Marguerite Ritchie, Ottawa, Ontario; Hedwidge Landry, Caraquet, New Brunswick; Sheila Genaille, Edmonton, Alberta; and Dr. Margaret Fulton, Salt Spring Island, British Columbia.

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

**The Speaker:** I also draw your attention to the presence in our gallery of His Excellency Nathan M. Shamuyarira, Minister of Trade of the Republic of Zimbabwe.

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

\* \* \*

[Translation]

**PRIVILEGE**

## SECURITY IN GOVERNMENT BUILDINGS

**Mr. Stéphane Bergeron (Verchères, BQ):** Mr. Speaker, I would like to bring to your attention a question of privilege directly related to a question put during oral question period to the Hon. Minister of Public Works and Government Services and answered by the leader of the government in the House.

**The Speaker:** I know that the matter raised by the member took place during question period but, in my view, it was the member himself who asked the question. Therefore I would ask him to give me notice and we will be able to hear his question of privilege tomorrow rather than today.

A tragedy took place last week in one of our provinces, the Province of Quebec, and I received notices that there would be tributes paid today regarding this tragedy. The first member to whom I am going to give the floor is the hon. member for Beauce, and then we will proceed as usual.

\* \* \*

**ÉBOULEMENTS TRAGEDY**

**Mr. Claude Drouin (Beauce, Lib.):** Mr. Speaker, as the Liberal member of Parliament for Beauce, I rise today on behalf of the government to extend to the families of the 43 victims of the bus crash in Les Éboulements our deepest condolences on their loss.

• (1505)

What explanation or comfort can we offer? What can we say to help these families understand and accept such a tragedy? If I had the answer to any one of these questions, I would have rushed to share it with my constituents and friends of Saint-Bernard de Beauce.

Neither I nor anyone else has the power to explain that which cannot be explained or to prevent pain and suffering. To all the children, grandchildren, spouses, brothers and sisters, nieces and nephews, uncles, aunts, cousins, friends and neighbours left bereaved by this tragic accident, we offer our friendship. We will stand by them and listen to them.

It is unfortunate that it takes a tragedy like this one to have us realize how strong the ties are between the hearts of all Canadians and how sensitive we all are to the pain of our fellow citizens.

I very closely monitored reports of the accident in Les Éboulements and I spoke to several members of the victims' families. They all mentioned the extraordinary generosity and solidarity they witnessed during this ordeal. Many messages of sympathy were sent from every part of Canada, throughout last week.

All our kind words and our words of encouragement will not bring back those who died last week. However, I persist in believing that the friendship, solidarity and respect displayed so far will, in time, ease the pain and sadness of the people of Saint-Bernard.

Some will say that things will never be the same again in Saint-Bernard de Beauce and that the tragic death of the 42 residents and the serious injuries to five others will finally kill the spirit of this magnificent town. I cannot agree with them because, after visiting the place, after meeting and comforting members of the families of the victims, I have to tell you that the essence of the Beauce spirit was not lost in the accident.

This harmonious mixture of pride, solidarity, generosity and ingenuity mobilized the entire community within a few hours of the accident. It is this strength of spirit that gives us the courage to carry on and that ensures that the people of Saint-Bernard de Beauce will dig in even harder and will together survive the worst highway tragedy in Canada.

I reiterate in closing our most sincere sympathy for the terrible drama they fell victim to and our wishes for a speedy recovery for those still in hospital. I can assure them that both I and my government will always be there to help them lighten ever so slightly the burden of sorrow they carry.

[English]

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, I rise to join with you and other members in expressing

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our profound sympathy for the victims of the tragic bus accident in Quebec last Monday and for their grieving families.

[Translation]

On behalf of my colleagues in the official opposition, I offer our deepest sympathies to the families of the people who died and wish those injured a speedy recovery. We will be thinking of the residents of Saint-Bernard de Beauce in the days and weeks to come and we will pray they find the strength and courage they need to bear their terrible losses.

[English]

Most of the victims of this terrible tragedy were older people. They were part of a generation of Quebeckers for whom religious faith was real and tangible. Many of them could therefore identify with the words of St. Paul who suffered much himself when he referred his readers to "the God of all comfort, who comforts us in all our tribulations".

Our prayer for their friends and families is that this God of all comfort would be especially close now and in the days ahead.

• (1510)

[Translation]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, words can scarcely describe the sorrow felt by everyone in Quebec this past week in the wake of the tragedy at Saint-Joseph-de-la-Rive.

Forty-two members of the golden age club in the small locality of Saint-Bernard de Beauce, along with their bus driver André Desruisseaux, lost their lives in the worst highway accident in the history of Quebec.

The families of the victims and the five injured survivors have been in our thoughts throughout the entire week. We wish the survivors a rapid recovery.

The Government of Quebec acted with a diligence that echoed Quebeckers' sensitivity to this tragic accident, by instituting a public investigation. The exact causes of this tragic event will soon be known to us. Recommendations will be made with a view to preventing another such tragedy from happening.

In closing, I would again like to reiterate, on behalf of the Bloc Québécois, our sincere condolences to the victims' relatives and to all the people of Saint-Bernard. I would also like to honour the people of Les Éboulements who came to the assistance of the bus passengers.

**Mr. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, I would like to join with my colleagues in expressing my distress and sorrow at the accident that occurred last week in Les Éboulements in the Charlevoix region, in the province of Quebec.

This accident took the lives of 43 people, 42 of them from Saint-Bernard de Beauce. This is the worst bus accident in Canada's history, and tragically it occurred at almost exactly the same place as another accident, which occurred nearly 20 years ago just beside Les Éboulements.

The Quebec premier called for a public inquiry. We hope that it will provide some answers and that its recommendations will help prevent another similar tragedy in the future.

On behalf of my party, the New Democratic Party of Canada, I would like to offer our deepest sympathy to all of the families and friends of the 43 people who lost their lives last week. I would also like to express our solidarity with the people of Saint-Bernard de Beauce and the member for Beauce and offer them our moral support.

**Mr. André Harvey (Chicoutimi, PC):** Mr. Speaker, on Monday, October 13, one of the worst highway accidents of this century took place in Quebec.

I would like to take the opportunity afforded me today to express to the families of the victims on my own behalf and on behalf of my colleagues in the Progressive Conservative Party my deepest sympathies and my support during this very difficult time.

We are hard pressed to find the words when such tragedies occur. Our sorrow is so great that our emotions become inexpressible. We must simply gather our thoughts and pray that our pain, especially that of the families affected, may soon be eased by the many happy memories that these victims leave behind them.

It is very difficult to provide answers to things that are beyond human reason. It is better to speak of the lives of the victims and of what awaits them.

Highway safety is everybody's business. Everyone in this country must be on the watch. I simply hope that, after an accident like this, everyone will pay even closer attention to highway conditions that are often difficult and that require co-operation from all levels of government.

In closing, I would like to say to the sorely tested communities of Charlevoix and Beauce that they are not alone in their suffering and that we are all here to share it with them.

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## ROUTINE PROCEEDINGS

• (1515)

[English]

### ORDER IN COUNCIL APPOINTMENTS

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



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

\* \* \*

### PATENT ACT

**Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP)** moved for leave to introduce Bill C-248, an act to amend the Patent Act.

He said: Mr. Speaker, I would like to extend my appreciate to my colleague, the member for Winnipeg North Centre, for seconding this very important bill.

I am pleased to introduce a bill entitled an act to amend the Patent Act. The bill will limit the life of patents for medicines to 17 years and allow for compulsory licences to be granted to the manufacture and sale of medicines after the original patentee has had the medicine approved for marketing for four years.

It also states that the royalty rate is to take into account the amount of medical research carried out in Canada by the applicant and the patentee. There is a provision for refusal or deferral of a licence if a patentee has been unusually delayed in commercializing the medicine.

In essence, this bill will reduce prescription drug costs to Canadians, create more jobs for Canadians, provide competition from Canadian generic drug manufacturers and reduce the rising cost pressure high drug costs have created in our health care system.

The bill addresses Bill C-91, the Drug Patent Act, which has caused prescription drugs to skyrocket in costs. It has affected our medical care system by driving up the cost of prescription and hospital drugs and other drugs to individual users.

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

\* \* \*

### INCOME TAX ACT

**Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.)** moved for leave to introduce Bill C-249, an act to amend the Income Tax Act.

He said: Mr. Speaker, I would like to thank the hon. member for Oxford for seconding the bill.

Every day in Canada volunteer firefighters donate their time and risk their lives for the good of their communities. Often they receive an allowance to reimburse them for the expenses they incur in discharging their duties. There is no income tax on the first \$500 they receive as part of their expense allowance but they must pay tax on any amount exceeding \$500. This bill would double the tax exemption from \$500 to \$1,000. It would mean that volunteer firefighters would not be taxed on reasonable expenses incurred in

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their work, work which requires them to risk their lives to protect their fellow citizens.

In our communities today we are relying more and more on volunteer firefighters to perform these services.

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

\* \* \*

● (1520)

### PETITIONS

#### TELEPHONE RATES

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I have a petition from hundreds of citizens of the Peterborough region who are concerned about the proposed increase in the basic telephone rate.

They point out that each incident of increase harms those on fixed incomes whose lifestyle has already been downsized. The phone service is a lifeline, a prerequisite for services such as health care, safety and community.

They point out that the incidence of increases has become more frequent with the advent of technological change. They say the cost of such changes should be borne by the users and should be segregated from the basic rate.

Therefore they call on Parliament to intercede on behalf of seniors and low income families to rescind the decision of the CRTC to raise local telephone service rates.

\* \* \*

### QUESTIONS ON THE ORDER PAPER

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

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

**Some hon. members:** Agreed.

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## GOVERNMENT ORDERS

[Translation]

### INCOME TAX CONVENTIONS IMPLEMENTATION ACT, 1997

The House resumed consideration of the motion that Bill C-10, an act to implement a convention between Canada and Sweden, a convention between Canada and the Republic of Lithuania, a convention between Canada and the Republic of Kazakhstan, a convention between Canada and the Republic of Iceland and a convention between Canada and the Kingdom of Denmark for the avoidance of double taxation and the prevention of fiscal evasion

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with respect to taxes on income and to amend the Canada-Netherlands Income Tax Convention Act, 1986 and the Canada-United States Tax Convention Act, 1984, be read the second time.

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Mr. Speaker, it is with great pride that I rise to make my maiden speech in this 36th Parliament.

I would like to take this opportunity to thank the people of the riding of Trois-Rivières for once again placing their trust in me, and in particular the people of the new area in the Trois-Rivières riding that takes in Louiseville, Maskinongé and Saint-Léon-le-Grand, who placed their trust in me for the first time. I intend to keep doing a good job, as Mr. Duplessis once said, and to try to represent my constituents to the best of my ability by taking to heart their hopes and their problems, and by devoting a good part of my energy, for this is also fundamental for me, to promoting, in keeping with the Bloc Québécois' mandate, the sovereignist proposal, which we feel is the best status for the people of Quebec in the international community.

I am also happy to speak to Bill C-10. If I may, I will read the purpose of this bill, an act to implement a convention between Canada and Sweden, a convention between Canada and the Republic of Lithuania, a convention between Canada and the Republic of Kazakhstan, a convention between Canada and the Republic of Iceland and a convention between Canada and the Kingdom of Denmark for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and to amend the Canada-Netherlands Income Tax Convention Act, 1986 and the Canada-United States Tax Convention Act, 1984.

The main purpose of this bill is to prevent tax evasion. Its fair and equitable purpose is to prevent double taxation when a company pays taxes in a country with which Canada has signed a treaty. This is, therefore, a measure aimed at ensuring fair and equitable taxation for residents and non-residents, as well as at encouraging trade and investments between countries.

These treaties must not, however, open the door to abusive tax evasion. It must be kept in mind, moreover, that the purpose of tax conventions is to eliminate double taxation; in other words, profits and income earned in one country covered by the convention will be taxed in that country alone. A Canadian company earning 50% of its profits in the United States will be able, under certain conditions, to bring those profits back to Canada without being taxed once again by Revenue Canada.

This is more or less what the bill is all about. It will define financial and trade relations between corporations.

• (1525)

There are some things that bear repeating on the operation of our taxation system, and I will address it by using the May 1996 auditor

general report as my main inspiration. First of all, however, I would like to make you aware that in Canada we have a bad example, coming from our No. 2 man in politics, the finance minister who, as a businessman, has a major interest in Canada Steamship Lines.

We were given some valuable information in *Le Soleil* on April 24, 1997 on the actions of that company, no doubt carried out by the agents of the Minister of Finance. Canada Steamship Line, until 1981, oddly enough, operated exclusively in Canada; since then, it has diversified, with globalization, and now deals, strangely enough, with countries that have very little taxation, countries known as tax havens.

As we saw earlier, tax treaties should be signed by economies which are more or less on a par, with the understanding that some gains and losses will result, thus the consequent dealings on tax issues. However, there are countries in this world where one can make profits, pretend to pay taxes and come back to Canada saying I paid my dues over there, just like in well-structured countries where people really pay taxes. Such countries are called tax havens.

So, Canada Steamship Lines expanded its operations to three countries that are tax havens and banana republics, namely Bermuda, Liberia and Barbados. In Bermuda, there is no tax on revenues, with a possible exemption until the year 2016. Canada Steamship Lines does business there.

In Liberia, there is no tax on ship operations. There is only an annual tax of \$350 U.S., but no tax on ship operations.

In Barbados, a decreasing tax is imposed. Believe it or not, the rate goes from 2.5% down to 1%. Canada Steamship Lines pretends to pay taxes in these countries and then tells Revenue Canada that it indeed paid taxes, but this is against the spirit of the law.

It is very unfortunate. There are probably not too many countries in the world where a finance minister, albeit very honourable, can behave in such fashion. People in certain circles have been saying for quite a while that this situation should be addressed and it has not been addressed. A kind of conflict of interest therefore exists which we have a right to denounce.

I would now like to quote extensively from the auditor general's report of May 1996, an entire chapter of which deals with tax avoidance. The very fact that an entire chapter deals with this issue shows that there is a deep uneasiness with the way revenue collection is managed in the Prime Minister's great big Canada.

On page 11-9 of his report, the auditor general prefaces the chapter by stating that "Amending tax law is crucial". Paragraph 11.12 reads as follows:

—Problems in the application of the law need to be noted and corrected as soon as possible.

We will see how effective this “as soon as possible” is.

Paragraph 11.13 states, and I quote:

11.13 We noted that Revenue Canada has brought to the attention of the Department of Finance—

Because there are discussions between these people; information flows between them. The finance department we mentioned earlier is at the heart of the whole process.

11.13 We noted that Revenue Canada has brought to the attention of the Department of Finance many situations suggesting that the law needed to be strengthened. When this is the case, it is customary for both departments to exchange views on the best way to modify the tax legislation.

He goes on to give examples of delays. The auditor general criticizes among other things the fact that action is slow in coming despite the urgency of the situation with regard to the tax base, which he himself referred to.

• (1530)

We can see the practical repercussions on the tax base. This is why there were so many cuts and why, on the back of the provinces and the most disadvantaged, the most vulnerable in our society, and I'll get back to this in a few minutes, the deficit was cut.

The auditor general said:

—For example, in 1989, changes to the rules dealing with non-resident corporations were requested by tax avoidance officials. The changes are still under consideration.

That was in 1989: The changes are still under consideration.

In 1990, changes to rules dealing with forgiveness of debt were requested; the change was introduced in 1994 and became effective in 1995.

And they were very long and involved the public purse.

In 1991, changes to the rules dealing with tax shelters were requested. These have not been finalized.

The auditor general is the one saying what was requested since 1991.

Paragraph 11.15 is very interesting, and I quote:

11.15 Our 1990 report à this was written in 1996—noted that the law enables a private foundation to loan back to a non-arm's-length donor all funds donated. Interest payments on the loan may also be loaned back to the donor. Revenue Canada has reassessed some cases where donations were loaned back, and is pursuing other cases, no legislative action has been taken yet to stop these abusive schemes.

This is tax evasion. It deprives the tax system of funds it is entitled to and obliges the government to penalize those who have no money. Thus the auditor general tried as well to look at the government's political intention to really collect the funds due it to ensure greater fiscal justice. He went to the offices of Revenue Canada in Toronto.

In paragraph 11.25, the report states:

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—the Department's large business tax auditors referred only 27 cases to the tax avoidance unit in 1994-95. Only one referral was made by its large business tax auditors in Toronto—

Toronto, where many large businesses are located.

Only one referral was made by the large business tax auditors in Toronto, where many large businesses are located.

Finally, the West is not left out where money is concerned. The Reform Party ought to be thrilled to hear that. The auditor has a kind thought for the westerners in paragraph 11.30 of his document, where he states, this time about Calgary:

11.30 Calgary tax avoidance auditors have identified avoidance schemes in the oil and gas sector involving the inappropriate use of losses totalling \$826 million.

We are talking about big bucks, very big bucks here.

This time it is a matter of tax evasion compromising the tax base. This is nothing but talk, at a time when the decision has been made to put our fiscal house in order, a time when the decision has been made that the welfare state is no more, at a time when it is announced that there will be no more money paid out unless we know where it is going, at a time when systematic cuts are being made in services which would, normally, be useful, unemployment insurance primarily.

There was no hesitation here, as in the rest of the western world, to cut unemployment insurance, which they have blithely renamed employment insurance. Now fewer than 50% of unemployed people can get unemployment insurance. This is scandalous in itself, that people pay in and criteria after criteria after criteria are created with the result that, when people do get into the vulnerable position of losing their jobs, they are deprived of something they have paid into for so many years. The result of this is that today fewer, far fewer, than 50% of those who end up unemployed are entitled to unemployment insurance.

• (1535)

We know the shameful cuts that have been made in all provinces, cuts that have put the provinces in difficulty and that have forced them to make cuts to health care throughout Canada. Provincial governments have been forced to make cuts in education and in sectors fundamental to a civilized society. And for what reason? But the tax base is being destroyed, as we have just shown, through evasion.

Yet, we know about the many women who are single parents in Canada right now and about the rampant poverty. We know about the staggering growth in food banks—they are almost doing more business than any of Canada's other banks. We know about the crushing level of individual debt—and if there were a new increase in interest rates, you know what would happen. We know about the terrible situations in which people find themselves, and which

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drive too many of our fellow citizens to take their own lives. We know about the number of people burning out in our society today. We know that the ranks of the poor have swelled by 300,000 since the Liberals came to power in 1993. We know that 1.5 million people are unemployed in this wonderful country called Canada, and that the Prime Minister makes disgraceful claims here in the House and abroad, as though there were no problems, as though he were uninformed. We know about the record number of personal bankruptcies being declared in our economy right now, which undermines both individuals and their families.

Things are not going well in this country. Why? Because the government is too lax and too soft with those who hold financial power, those who can develop schemes such as the ones condemned by the auditor general because they deprive our tax base of its ability to better redistribute wealth. This scandal is a daily occurrence and, even though it was condemned by the auditor general, it has yet to be corrected.

There is the issue of tax avoidance. There is the issue of family trusts, which is another major scandal. What emerged was probably the tip of the iceberg, once again thanks to the auditor general's work. We know that, on December 23, 1991, a series of discussions secretly took place between Finance and Revenue officials, with Revenue Canada almost refusing to comply with the finance department's order to practically amend its Income Tax Act regarding the transfer of assets from the Canadian economy to the American economy, because this is exactly what happened.

The Canadian tax legislation is very clear. There are two times when each and everyone of us must normally à and I mean normally à pay our dues to the Canadian tax man: when we die or when we leave the country.

Following this undue pressure from the Department of Finance, once again, one very big, or perhaps two à it is all very nebulous à family trusts were able to take assets worth \$1 billion Can. each and transfer them to the United States without paying taxes. This is a very serious action, whose implications are unfortunately yet unknown because everything is so nebulous and kept secret at the expense of low income earners.

This has led to the cuts that we know about, depriving the government of hundreds of millions of dollars in tax revenue, anything between \$350 million and \$700 million depending on the interpretation. That is how, in this great big country, we have come to make cuts at the expense of the less fortunate and at the expense of the provinces, which, in turn, have to make more cuts at the expense of the less fortunate.

What this means is that an in-depth tax reform is required in Canada to ensure that all Canadians pay their fair and equitable share of taxes according to their means, their individual wealth, in

a spirit of social justice, this social justice about which we have heard so much rhetoric by the likes of Pierre Elliott Trudeau, as the members across the way know very well. In a fair society, wealth is distributed equitably instead of being increasingly concentrated, because wealth that is not distributed does not evaporate, it is concentrated.

• (1540)

It is safe to say that wealth is increasingly concentrated in Canada, as well as throughout the western hemisphere, where, unfortunately, approximately 200 boards of directors or families are gaining more and more control over the planet, subjugating government more and more everywhere, in the western hemisphere and around the world.

According to a UN report—and I will conclude on this—if I remember correctly, there are 358 billionaires controlling 45% of the global wealth. We have problems in Canada, Quebec and the western hemisphere. It is high time that governments freely generated revenue and communicated more so that we can have, around the world, in this country and in the new state that Quebec will be, a fairer and more equitable society where everyone contributes according to his means.

[English]

**Mr. Jerry Pickard (Kent—Essex, Lib.):** Mr. Speaker, it is a pleasure for me to speak to Bill C-10. It is a bill that is wrapped in fairness. There is absolutely no question that when people are treated in an unfair way that the unfairness be corrected.

Quite frankly, when the Canadian government examined what had happened in the tax agreements with the United States—by the way several other countries are involved in this tax agreement—in 1995-96, it realized there was an imbalance in the way Canadians paid taxes.

This is the background history to Bill C-10 and what the benefits will be. I would like to compare Canadians from 1984 onward who worked in the United States. Take for example security guards working in Michigan earning \$20,000 and security guards working in the House of Commons. When these people added up their retirement benefits, those who worked in the United States had been given 50% of their benefits tax free, but those people who worked in Canada had to pay tax on 100% of their income.

It is a common thought by every one of us that if there is to be fairness, if each person earns \$20,000 and is paid equal benefits, the taxation should be somewhat equal. It is very difficult to justify a 50% reduction for those Canadians who worked in the United States but who claimed their taxes in Canada where every other Canadian had to pay on the full 100% of their income.

Maybe I could explain the reason why that structure existed. The United States had a rule at that time that it would tax only 50% of

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social security benefits. It was able to say to all those who received benefits such as social security, family benefits or disability benefits it would only charge on 50%.

We have a totally different system in Canada. Our system says "For you folks who need that extra support, we will pay health care. We will pay the benefits that this country gives over and above a tax break in the dollars you receive". Our structure was designed to make sure that Canadians got the basic services that they wanted. We look at the health care, the drug plans, the benefits that seniors have in this country. That is not the case in the United States.

However, as we go along with this process and as we looked at it we thought that in order to bring fairness we would write a tax treaty with the United States before 1996. In that change to the tax treaty what the finance minister tried to implement was a system where if you drew your benefits from the United States you would pay the normal United States taxation and if you drew your benefits from Canada you would pay the normal Canadian benefits.

• (1545)

The problem that occurred at that point was that the United States, rather than stay with that, charged all Canadians who were receiving social security benefits from the United States 25.5% taxation on those benefits and put a clause in stating that those taxes would be non-refundable. Even if under United States law they were not required to pay that much money, it still taxed them at a rate of 25.5%, which myself, all of the members in the Liberal caucus whom I talked to and the finance minister all agreed that the United States was being very unfair to Canadians.

Here is the scenario that the United States implemented. It was charging its own folks in their own country one rate, but Canadians working in that country were charged a higher rate. That was very unfair. They could not file to get the 25% back. If they were not supposed to be paying more than 10% they could not make a tax filing and get the 15% back. They were just taxed a flat rate of 25.5% which made it that Canadians who worked in the United States and received social security were being treated very badly.

The finance minister then looked at what was transpiring and said he would correct it. This is a result of a lot of negotiations with the United States and a lot of negotiations in Canada to try to come up with a policy which states that all Canadians will be taxed in a fair and just way and Americans who actually earn incomes here in Canada, the U.S. can tax them in a fair and just way. However, we do not want to see Canadians who work in the United States taxed unfairly.

The result was that Bill C-10 was negotiated with the United States over the last many months. We have worked on trying to

correct those problems that were there and were being used in a very unfair way for taxation policy.

There are things that we did to try to correct that policy. That hardship of a 25.5% withholding tax in the United States on Canadians is totally eliminated. The unfairness of that system is gone. Canadians who earn social security in the United States will have that social security come back to Canada and here in Canada they will be taxed at the regular Canadian rates. What it really means is that instead of being overtaxed in the United States, all Canadians now will be taxed by the Canadian government and they will be taxed on the basis of fairness to all Canadians.

There is one slight benefit for those people who receive social security benefits in the United States and come back and are taxed in Canada. They will only be taxed on 85% of the income that they receive from the United States. In other words they are still a little bit better off than all other Canadians, but it is certainly a much more fair and just system that has been put in place.

The people who are hurt by this 25.5% rule that the United States put in were mainly those folks who earned less than \$30,000. The lower your income in Canada by the time you take your benefits off and look at the portion of your income that you pay in taxes, it reduces. As your income is lower, so is your tax percentage lower. As a result we are trying to get a policy in place by C-10 that gives more fairness to low income Canadians.

The result of that move really makes a big difference with a lot of Canadians. Under the new rules several thousand Canadians will pay less taxes than they did before under the other agreement. In fact there will be several thousand Canadians who will not have to pay any taxes at all on that income. It is a real benefit for low income Canadians, particularly those who have an income of \$30,000 or less.

• (1550)

Once this policy is approved by the Canadian Parliament and the U.S. Senate, Canadian authorities will be able to work to ensure that refunds are given to those who were overtaxed in these last two years. In other words Revenue Canada is going to take on the job of checking what they paid to the United States and what they should have paid under Canadian law and make certain that they get refunds. Those refund cheques will go out as soon as this bill becomes law.

The bill will become law when it is passed in Canada and in the United States. The sooner the bill is passed the sooner we will get fair treatment for lower income Canadians. That is why there is an urgency to move the bill ahead quickly now.

There is no question that for most residents of Canada, refunds will be handled by Revenue Canada. As a result they will not have to make application to the United States. We are trying to simplify the process as much as we can. Where those calculations show they

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receive money back, cheques will be sent to those residents by Revenue Canada as expeditiously as possible.

I also should point out that in some cases people with very high incomes would probably under the rules which exist have to pay more taxes in the last two years than they actually paid. We have agreed in that convention that no one, no Canadian will pay more than the U.S. government taxed them in the first place. No Canadian will pay more than they have already paid. Many Canadians will get a refund and will be better off. Those will primarily be low income Canadians. Not just seniors as was pointed out earlier, but also the disabled who have benefits coming from the U.S. and spouses who receive benefits from the United States will receive tax refunds as well. There are many avenues by which these benefits will be calculated and paid back.

When we really look at it, we have taken a tax law which in many ways may have been a loophole whereby some people were not paying anywhere near what others were paying in the tax system and with Bill C-10 we are bringing people to a fairness where all Canadians will be paying approximately the same in taxation. All Canadians will be treated fairly rather than unfairly. In the future no Canadians will be allowed to be overtaxed by a government not in this country. That is a really important issue. The Canadian government is taking back control of taxation for Canadians. That is another extremely important point that everyone should realize.

I have received several telephone calls from people about the tax rule. I had friends come to me and say that the tax agreement that has been struck with the United States is unfair. After talking with them about the unfairness of the tax agreement which was put in place in 1996, they all said the reason it was unfair is that it is taxing them in a disproportionate way to everybody else and it had to be corrected. It was mentioned earlier that there are large lobby groups that are very upset that Canadians were being treated unfairly by the U.S. government. Bill C-10 corrects that.

The faster we can get Bill C-10 passed through the House and the Canadian Senate and through the U.S. Senate, the quicker we can get fairness for all Canadians.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I noticed that there is a competition going on here in terms of the word fairness and the word equitable.

• (1555)

When we take a reporting of income from 50%, jack it up to 85% and somehow call that fair, I do not see the fairness in that. The Liberals are going after the elderly in this bill. They are taxing people who have the least ability to pay. These people cannot go back into the workforce. They have retired based on the understanding that they are only going to have to report 50% of what

they bring in through their social security cheques. This government has gone ahead and jacked it up by 70% and Liberal members sit there with smug smiles on their faces trying to justify this. How can they justify it?

**Mr. Jerry Pickard:** Mr. Speaker, I am really surprised that a member of the Reform Party would stand and say that because a person has worked in a factory in Detroit they should pay less money than if they worked in a factory in Windsor. I am astonished at his viewpoint.

Fairness in taxation should be fairness for all Canadians, not a few. When we are talking about fairness in taxation there is absolutely no question that if we only charge taxes on 50% of the income, those folks who are only paying the tax on 50% of their income are being taxed less than every other Canadian. There is no logical reason for that to happen here in this country. When we talk about fairness it is not that we have changed the rate. Fairness is that all Canadians whether they earn their income in the United States, Great Britain, Canada or Germany, should pay their Canadian taxes in some equal and fair fashion.

The Reform Party is suggesting because we are putting up somebody's taxes a slight amount that it is not fair. That is incorrect. They did have a tremendous extra benefit that made no sense in Canada. We gave all of those folks who earned their income in the United States and came back to Canada their health care, medical care, the social benefits that they receive in Canada and at the same time we are asking them to pay approximately the same amount of taxes as all other Canadians.

I do not understand why the Reform Party would suggest that some Canadians pay less taxes than others on the same income. That is unfair.

**Mr. Rob Anders:** Mr. Speaker, somehow I knew the Liberals would justify a tax increase because that is the Liberal way of doing business in this country. They bellyache about how they think this is fair. They think that charging people or having them declare 85% of this is fair.

Is it fair that these people are going to lose thousands of dollars of their income when they do not earn very much yet members across the way collect millions of dollars in their gold plated MP pension plans? Brian Tobin alone, the current premier of Newfoundland and a former minister of fisheries, is collecting \$3.4 million as we speak. The premier of Newfoundland along with the actions of the highest pay for a premier in any province in this country is making over \$200,000 a year in aggregate. How can they possibly justify this, all of them smug with their MP pensions? Why should these people be suffering the blows to the tune of thousands of dollars while they all collect their super rich pensions?

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**Mr. Jerry Pickard:** Mr. Speaker, it is interesting how the Reform Party member turns away from the real point when the issue gets a little straightforward and a little tough to deal with.

Does the member feel it is important that some Canadians get taxed at lower rates than other Canadians? Does he feel that it is fair that somebody, and we are talking of low income Canadians, works and receives social benefits in Canada at \$10,000? The Liberal Party believes that one should be taxed the same as somebody who worked outside Canada and comes into Canada.

I believe that taxation should be fair and equal for equal incomes. I believe that we should make certain that this issue is not an issue of inappropriate change. It is an issue of bringing fairness to the system where some folks are taxed at very close to the same rate as other Canadians.

• (1600)

We are not talking about low income or high income. Low income Canadians under this bill will be the ones who pay no tax. Middle income Canadians will pay less than they paid before. The point is that all Canadians should pay approximately the same tax rate. There is no question but that Reform members missed that.

I wonder if they go back to their constituents and say "I argued the point that if John had a job in the United States he pays less tax than you, my neighbour next door". Are you telling your neighbours next door that? If you are, listen to their answers.

The Reform Party is saying it wishes to tax Canadians who work outside Canada at a lower rate than those who work in Canada. I think that is wrong.

**The Acting Speaker (Mr. McClelland):** I remind everyone we should address each other through the Chair and that we should not refer to other members in the House by their names.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, it is interesting to hear the Liberals talk about fair taxation. They bellyache over the idea of people paying different levels of tax in order to justify raising taxes. By that same logic would the Liberals take people who pay 17% and 22% in federal taxes and raise it to 29% to match those who pay the highest level of progressive income tax because that is fair, because there are different levels of taxation?

If they bellyache about differing levels of taxation will they come clean and support a flat tax for income taxes like the Reform party has been advocating for everybody?

**Mr. Jerry Pickard:** A fair tax is our policy. There are good reasons to believe that we have a system in place that has been very productive and has provided Canadians with a pretty good standard of living.

We move away from the point of looking at how taxes work. Taxes are paid but Canadians benefit greatly from the taxes we pay. Look at the seniors benefit, at the OAS benefits, at all the benefits we provide. We make certain that those tax dollars are spent wisely.

After seeing what it is like in other countries, I know in Canada we have the highest standard of living in the world. We have a good record of defending the weak, helping the sick, defending the poor, helping the seniors, helping the disabled. We have been world leaders in social policy. You cannot deny that, nor can anyone else.

Year after year the United Nations has pointed to Canada as being the best country in the world. All that comes about because of the policies that are put in place by governments in this country. We have run the country extremely well. When you can tell me any country that is better off than Canada, then you can preach the way you are. But until you can tell me a country that is better off than this country, I do not buy your argument.

**Mr. Brent St. Denis (Algoma—Manitoulin, Lib.):** Mr. Speaker, it is a privilege for me to join the debate, especially after listening to the comments of my colleague, the Parliamentary Secretary to the Minister of Public Works. As usual he is correct in what he says. He makes it easier for me to pursue this subject.

Bill C-10 is another example of the government's caring about Canadians, not only for our young people and future generations but for Canadian taxpayers who are out working every day, paying taxes and supporting a country that is unquestionably the best country in the world. According to recent new reports, Canada is also the best country in the world in which to invest.

• (1605)

A government which puts people first is a government that will ultimately provide Canadians with the services they deserve in exchange for the payment of taxes, which at all times taxpayers begrudge. However, when the services are good and when government leadership is good they will accept paying taxes in the knowledge that they are contributing to ensuring the safety of our social safety net for the future, our pension system, our employment insurance system and our health system.

Bill C-10 is an example of the government continuing to be a caring government. When the amendment to the treaty was passed a couple of years ago it is acknowledged that there was an oversight or a mistake. I had a number of constituents who were adversely affected by the measure which allowed their U.S. pension income to be taxed at source, but did not provide them with any means to get a deduction through the tax system because they could not file in the U.S.

One of my colleagues from Windsor said earlier that the Liberal MPs in the Windsor area got together and talked to the finance minister. I applaud their efforts in bringing this issue to his attention. For my part, I also brought the matter to the attention of

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the finance minister, as I expect did many Liberal members. Being the kind of finance minister he is, being the kind of government that we have, the response was "Let us acknowledge that we have a difficulty here. Let us do something about it". This is an example of a government which listens. This government cares about the people it serves.

Even though, in terms of numbers, there may only be a few thousand Canadians who are adversely affected, it does not matter that there are only a few thousand. There could be a million or there could be ten. The problem is that these seniors have been adversely affected and if as a government we can do something about it, that is what we have set out to do.

I applaud the efforts of the finance minister in responding to the appeals from his colleagues on this side of the House to do something about the oversight. Canadians can expect that the government will listen to them in future sessions of this Parliament and hopefully beyond.

In recognition of the oversight, the new rules provide for the change to be retroactive to January 1996, so that no one who found themselves caught in this unfortunate trap will at the end of the day pay a penalty. In fact, I understand that Revenue Canada will make every effort to automatically correct this problem for Canadians who have been adversely affected.

Let me use this opportunity to say a bit more about why the government is caring and why it has taken the measure which it has in Bill C-10.

Not so long ago we had the Speech from the Throne. It contained numerous initiatives which, as we head into the next millennium, indicate nothing else but that we want all citizens to benefit from the turning tide, from the growing economy and from the social safety net which past governments and all Canadians have worked so hard over the decades to create. It is in getting the financial matters on a strong footing that we can most effectively take measures to protect valuable programs, such as the health care system, the pension system and the employment insurance system.

• (1610)

Let me speak for a moment about the health care system because it is the very client group, the very citizens who have been helped through this protocol in Bill C-10. In most cases this group has been worried about the health care system. I believe they can find in the leadership of the government, the health minister and the Prime Minister the very best of intentions, the very best of plans to ensure that the health care system continues to be the finest in the world.

I had the chance to visit an Asian country a couple of years ago. While there I discovered that as its economy was growing, its citizens came to a point where they wanted to institute a national

health plan. They looked to Canada's plan and implemented a health care system for their country that is modelled after Canada's.

Even though we have our detractors, mostly those from south of the border who do not want to see the U.S. move into a national universal health care system, when they really get down to it these detractors have to admit that the system in Canada costs less per capita on the basis of a percentage of GDP than the U.S. system and covers everybody from coast to coast.

It is a system that Canadians have come to value. They may even take it for granted. It is wonderful that you can take for granted a system that will take care of you and a system that does not require that you pull out your Visa card or chequebook when you go to the doctor or to the hospital. The very citizens who were adversely affected initially by this protocol will now be favourably impacted by Bill C-10. We want to get the message to them that they should not be worried about the health care system.

Yes, changes are taking place at the provincial level. Provinces are for their own and different reasons taking measures to rationalize the health care system and its delivery in their provinces. I believe there is a universal commitment from coast to coast to maintain the five principles even though there may be some debate between the federal government and certain provinces from time to time on the interpretation of those principles. Very few Canadians would want us to step back to decades past with one system for the rich and another for everybody else.

As an extension of the concept of a caring government taking this initiative with Bill C-10, I take as an example the pharmacare system we talked about in the campaign. I grant this is not something that will happen overnight. Maybe it will take five or ten years, maybe longer, to implement a national pharmacare system. If we do not start talking about it now we will never get there. A national drug plan, a plan which would provide all Canadians with equal access to medically necessary drugs is a plan that is typically Canadian, a plan that reflects the values of sharing our wealth and of sharing our vision for a country that cares about its individual citizens.

Along with the pharmacare plan I know there have been some discussions about a universal home care plan. I see it as simply a mechanism to allow our health care system to extend into our neighbourhoods and into the homes of Canadians. That too is a logical extension of the kind of thinking we see from this government consistently.

In my riding of Algoma—Manitoulin in northern Ontario, which is quite a large, beautiful Great Lakes riding, I have about 18 First Nations communities. Very few Canadians would disagree that our First Nations add so much to the culture of our society. At the same time there needs to be a change in the relationship between the



federal government and our First Nations which would allow our First Nations to more readily achieve their full potential.

• (1615)

What we heard in the throne speech and what is exemplified by Bill C-10 is the willingness to work with first nations so they can benefit, using their own leadership and their own resources in partnership with the federal government and with the province where appropriate, as can all Canadian communities from the vast riches of the nation.

As we approach the next millennium no Canadian will be left totally behind. We want a society where perhaps there are some who are richer than others but the gap is not a widening gap but a narrowing one. No Canadian will ever complain about being left behind due to illiteracy, health problems or the fact that they live in one area of the country or another.

Even though some critics have said that we have been too focused on deficit reduction, those critics are few and far between. Last Friday a constituent, a leader of a community on Manitoulin Island with its own challenges that is doing very well, who might have had reason to say otherwise told me very sincerely that the government and finance minister were doing a terrific job with the deficit.

They started with fundamentals such as managing their own books the way they would want their own family books to be kept. That starts a domino effect that can do nothing but favourably impact on all other segments of society.

In getting our deficit under control and balancing the books as we will in the next year or so, the government is not out there competing for borrowings with the private sector, which helps keep interest rates down. If there is any better economic development tool than low interest rates, I challenge my colleagues opposite to tell me.

Most of us remember the days of high inflation and high interest rates not only in our country but around the world. Nobody would ever choose to go back to those times. The combination of low interest rates and low inflation has provided an environment of confidence that I have not felt for a long time. I appreciate the opportunity to be part of a government that has a vision, a plan and the will to carry out its agenda.

In 20 minutes it is difficult to say all the things we want to say, but I will pick out the most important ones as I go along. As I listened to some of my opposition colleagues, particularly those in the Reform Party, I heard them use Bill C-10 as a vehicle to talk about their alleged grief over the CPP and Bill C-2. They are rolling that issue under the umbrella of Bill C-10. They have had ample opportunity to say their piece about very necessary changes to the CPP. Canadians want us to make but they repeatedly talk about a tax grab.

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As I have said earlier, when workers put money toward their CPP and the employer does likewise, it is an investment in a plan that is the envy of industrialized nations around the world. We are one of the few industrialized nations that has taken hold of the pension problem and has taken steps to correct it.

• (1620)

We heard much particularly from the official opposition, the Reform Party, about this 9% plus rate. It will not acknowledge that a private super RRSP plan may require 13% to 15% contributions by Canadian workers without the necessary protection we need for workers who become disabled.

Many constituents have come to see me because they look toward the Canada pension disability program to assist them at a time of great need because of a heart attack or some other medical condition that has rendered them unable to work.

When we put all this together it states that the government cares about the people who have worked so hard to build the country: seniors and the people of my generation and the generations after who will take the baton and continue to build the country. No country anywhere should stop its effort to build. This country is no different. We must continue to contribute in whatever fashion we can to make the country stronger and stronger.

The actions of the government clearly are actions that will make the country stronger. If we have to put up with a bit of criticism along the way, it comes with the territory. It comes with being responsible for governing the country. If it were not for our willingness to take up that challenge and make some tough decisions from time to time, the country would be in a very sorry state.

As I attempt to wind up, let me reiterate the people we are attempting to assist through Bill C-10 are our neighbours, our grandparents and our parents. These people got caught inadvertently in a trap. Our colleagues across the way can look to the government and honestly admit that it has listened.

It is not the first time and it certainly will not be the last time. It is incumbent upon us as a government to continue to listen to the people. My colleagues are regularly in their ridings listening to their constituents either in travelling office hours like I do or at town hall meetings. By that process we know what people are saying. I know my colleagues' doors are always open to their constituents as are the doors to my riding office and to the travelling office I maintain on a regular basis.

The citizens of the Algoma—Manitoulin riding are looking to the government to continue its leadership. I certainly get complaints from time to time which are justified. No government is perfect. I would be the last one ever to say that. I can say with honesty that there is no alternative for the country at this time than

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the kind of government we are capable of offering to the people. I am proud to be part of the government.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, we are talking today about increasing the taxes to be paid by people who receive social security from the United States. The government is perfectly willing, as it pointed out today, to tax people who have worked outside the country at some point in their lives.

I just want to see if I can get a commitment from the government. Is it willing to commit that it will never increase taxes on those people who solely collect the CPP or other programs in Canada?

I would like to get that in *Hansard* today. In that way, if the government does it in the future, we can point to the record and say that it did not tell the whole truth on that one too.

**Mr. Brent St. Denis:** Mr. Speaker, it would be presumptuous of me or any member to try to speak for the entire government.

If we look at the performance of the government since first being elected in the fall of 1993 we would have to conclude the taxpayers are in very good hands. It has not increased personal income taxes one iota since being elected. If we project that into the future I would say to my colleague across the way that his bets are best with us.

• (1625)

The fact that persons work outside the country and we have been able to repatriate them into the domestic tax system so that they will be better off is a sign that the government cares.

We had an alternative method in the previous system. The U.S. government was the taxpayer and our citizens were inadvertently the victims. We have corrected that. In most cases the citizens affected by the bill will pay less taxes.

If my colleague across the way looks carefully at the record, he can presume the taxpayers are in very good hands and will be for a long time.

**Mr. Rob Anders:** Mr. Speaker, I would like to make a comment about the government since it was elected in 1993, about how it claims to have done such a good job with taxes and about how taxes have not gone up.

Government members seem to forget that the tax on life insurance premiums were extended. At the low end it brought in an extra \$120 million a year and at the high end \$210 million. They seem to forget that the lifetime capital gains exemption was eliminated, which at its high point brought in \$415 million in a given year.

They seem to forget deductions for business meals were reduced, which resulted at its high in \$275 million more to the government. They forget the changes to the tax treatment of securities which resulted in \$60 million more per year. They forgot about the air

transportation tax which resulted in \$41 million in its highest year. They forgot about the accelerated capital cost allowances and the \$45 million it brought in, in its highest year. The excise tax on gasoline brought in \$500 million. The excise tax on tobacco increased by \$65 million per year.

They forgot about the reduction on the RRSP overcontribution which brought in \$10 million per year. They forgot about the world income tax of non-resident pensions that brought in \$10 million per year. They forgot about the RRSP withdrawal age dropping down to 69, which brought in \$45 million. They forgot about another increase on tobacco that brought in \$100 million.

They forgot about the overseas employment credit which brought in \$10 million. They forgot about the EI premiums for part-time workers which brought in \$1 billion. They forgot about EI premiums going from 3% to 3.07%, which brought in \$400 million, and the bracket creep which resulted in them redefining income and bringing in \$3.6 billion more. That was just the last time.

When the increase to the CPP was brought in it was the 37th tax increase. This one is the 38th. How can they possibly say they have reduced or kept taxes decent?

**Mr. Brent St. Denis:** Mr. Speaker, as I listened to my colleague across the way the first thought that came to mind was whether he agreed with closing tax loopholes.

**Mr. Jim Abbott:** Is the excise tax on gas a tax loophole? Give me a break.

**Mr. Brent St. Denis:** The litany of tax measures he talked about were things his own party called for. They go on and on about the CPP increase being a tax. If we throw enough mud at the wall some of it will stick.

By way of a reminder, it is an investment. We still do not know what the super RRSP rate of the Reform Party will be. Some say it will be 13% to 15%. How can they unfavourably compare that to 9% plus is beyond my comprehension.

• (1630)

I think they only have to look at their own program to understand that the government, in a very responsible, very people oriented and caring way, has implemented changes to the tax system which will lead to more fairness and the closing of loopholes.

At the end of the day it will lead to greater confidence by investors outside the country and investors domestically on what they should do to invest in the country. At the same time it will create more confidence among workers, seniors and everyone else in society who believes this is the best country in the world and it will remain so.

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, I think I am beginning to understand what this is all about.

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I think we said that a tax is an investment. I do not know, I am only an accountant but the last time I looked we never classified a tax as an investment. I do not think that the average tax paying citizen who has to pay out of their pocket, take their wallet out and pay taxes, is looking at this as an investment.

I ask the member opposite, from the Liberal Party for those who are listening, if he could reconfirm that the Liberal government sees taxes as investments.

**Mr. Brent St. Denis:** Mr. Speaker, I think I am getting through. I appreciate this exchange for no other reason than now some members opposite are asking themselves what is the difference between an investment and a tax.

When they talk about the super RRSP, they talk about people investing. They do not talk about the rate. I will tell members what the rate will be. The rate will be something like 13% to 15% and they use the word investment in their private super RRSP of the individual Canadian.

If it is an investment for their super RRSP, it must also be an investment, at a much lower and reasonable rate, in the Canada pension plan. Clearly my colleague across the way, and I believe he is or was an accountant, should know that an investment is something which gives you a payback in the future. I expect he, along with other Canadians, will be able to get Canada pension payments back when he retires.

I am really glad that my colleagues across the way are getting a little anxious about this. I have a sense that some understanding is coming into their minds on the issue. It is nice to be holding a flashlight for them.

An investment, for the benefit of my colleagues across the way, is something that provides a repayment in the future. They along with their colleagues in other parties will understand the very big difference between a tax and an investment. Payments to CPP are an investment.

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Mr. Speaker, I am pleased to address this bill in the House. Before I do I feel I have to make some comments with regard to the statements made by the previous two speakers, the members of the government.

I take the hon. members at their word when they talk about things like fairness and a caring government. I feel it incumbent on me to point out that if they do believe benefits should be distributed fairly and the government is actively pursuing this I can point out numerous examples where benefits have not been distributed fairly.

• (1635 )

I could begin with the people in Atlantic Canada who are seasonal workers. I could go on to the members of the merchant marines who are seeking the same kind of benefits as other veterans from the second world war. I could go on to talk about the

First Nations people who are seeking the same kind of employment opportunities that those in central Canada benefit from. I believe them when they say their government is committed to those things and I look forward to their introducing some legislation that might move us in that direction.

That being said, I feel incumbent to talk a bit about the importance of this bill to the people in my riding. It is an important bill because I represent a large number of seniors in Sydney—Victoria. There is a disproportionate amount of seniors if we look at the demographics in terms of population. We have a large number of seniors living in my riding, some of whom receive social security from the United States.

The reason that many of the seniors in my riding receive that income is telling. Many of them are seniors who went away 30 or 40 years ago to find employment in what we used to call the Boston states, to find employment in New York. The adage or the picture of the maritimer going down the road is as old as I can remember and indeed many of the seniors who would benefit from U.S. social security do so because there were no employment opportunities for them back in the 1940s and 1950s in Atlantic Canada, and unfortunately they have come home to retire to see many of their nephews and nieces and grandchildren going down the road again.

It is with some interest that the seniors in my riding who do receive this type of income will review this legislation. I cannot help wonder as we move to amend this legislation if what we are really doing is preparing the next generation of Atlantic Canadians for their U.S. social security benefits that they might collect in the event that they were fortunate enough to retire back to the land that they did not want to leave in the first place but had to because of the policies of the government that were referred to by the previous speakers as caring and fair.

That being said, it is also interesting to see the beginning of what I would call a harmonization tax system between us and the Americans. In light of recent free trade agreements, in light of recent developments it is not surprising that we are beginning to see a harmonization of tax systems between the two countries.

The previous speaker went to great lengths to talk about the health care system, how important it was to Canadians and how there may be some opposition and some concern about American giant corporations moving into that health care system. As we look at the harmonization that has taken place in terms of economic policy and the integration of the North American economic factions that this government is so proud of it is no surprise that we see today the beginnings of some type of tax harmonization.

I will now move directly to the bill. I am interested and pleased to say that in the New Democratic Party we have always fought to prevent fiscal tax evasion and we have always fought for fairer taxes. Unfortunately the same cannot be said of government. In the

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province I come from, if the government is concerned about fair taxes, I believe that we can begin this debate.

• (1640)

I believe the government has finally given us a bit of a beachhead to begin the debate that we took to the Canadian public in the last election on fair taxes. If the government is truly interested in that it should look at some things like the GST and, in the province I come from, the harmonized sales tax, which is an unfair tax. If the government were committed to fair taxation it would begin implementation of fair taxation by scrapping those taxes.

Government members may think this is rhetoric from the NDP and from the opposition benches, but I cannot help but notice that in the last provincial election in my home province of Nova Scotia the hon. premier, Russell MacLellan, who was a government member who voted in favour of the GST, during his leadership campaign thought better of it. I cannot help but notice that the former provincial finance minister, the hon. Bernie Boudreau, who negotiated the harmonized sales tax with this government, began his leadership campaign to be the Liberal premier of Nova Scotia by saying that he had thought better of it. The conversions on the road to Damascus were amazing for the people of Nova Scotia to behold. They will have their say on it before too long.

If we want to talk about the beginnings of fair taxation, we could look at some of those policies.

With respect to the bill, parts I through V which attempt to avoid double taxation we have no problem with. We can support those parts in principle.

Part VI amends the Canada-Netherlands Income Tax Convention Act, 1986 and adds provisions concerning mutual assistance in the collection of taxes and the elimination of withholding tax on patent and knowhow royalties, which are technical amendments. We may be able to find our way to support those.

Part VII, however, contains superficial revisions to the legislation from the previous Parliament and I think that we would find it difficult to support that section of the bill.

The group Canadians asking for social security equality lobbied the government to take the legislation back to pre-1996. People made their retirement plans based on the structure as it was at that time. There was one set of conditions that these seniors planned their retirement on and it has now all changed. I am concerned about the consequences to the ordinary taxpayer who cannot now change their retirement plans the way the government can change legislation.

Those people who planned for their retirement under the rules of the pre-1996 legislation will not be returned to their same situation but will find themselves taxed at 85% of their income. They are justifiably concerned and justifiably outraged.

My colleague has indicated that there should be a grandfathering clause for those individuals and I would support that. The NDP will always support legitimate tax reform and has always been the first advocate of real tax reform.

Again I note that the hon. member for Essex, who spoke in the House prior to question period, talked about how this legislation came into being. She said that her constituents lobbied her, phoned her, and then the MPs got together and persuaded the Minister of Finance to listen to their concerns. I only wish that the fairness talked about by government members and the method of introducing change could be so easily accomplished by those of us from outside the Ontario region.

My constituents have called me to lobby me concerning changes to the employment act, changes to fisheries and the TAGS program. Every time we attempt to have the Minister of Finance so graciously change his legislation, or the Minister of Human Resources Development, we are not met with quite the same friendly hand.

I admire the hon. member for Essex for her tenacity. I remind the government that we are all in this House elected members and I would hope that we would receive the same consideration from the Minister of Finance.

• (1645)

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I congratulate the member for his speech in opposition to the government legislation. I will also ask a question. The socialist to my far left talked about his opposition to the harmonized sales tax. I wonder if he could muse out loud for Canadians his thoughts on wealth taxes.

**Mr. Peter Mancini:** Mr. Speaker, I have given my views on the harmonized tax. The hon. member is correct. I welcome his question because in terms of a tax on wealth, some of the government members used terms like every Canadian should pay exactly the same amount of taxes and at the same rate and at the same percentage. Of course I do not share that view, and that is why I oppose the harmonized sales tax.

If an individual is buying children's clothing or if a senior is paying for oil or electricity on a fixed income at the same rate as an individual who is wealthy, it is not a fair tax system. In terms of taxing the wealthy, I think they should pay their fair share which would be considerably more than many of the people in my constituency who are on fixed incomes.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, the question my colleague asked the NDP member is very impor-

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tant. Unfortunately it seems as though the member did not quite hear it, so I will spell it out specifically for him.

We are talking about what the NDP government has done in the province of British Columbia. Businesses come to the province of British Columbia. By virtue of the fact that they put an investment into machinery or equipment or into inventory, the NDP provincial government goes ahead and charges them a tax for the privilege of actually having that inventory there. Believe it or not, this tax is applied to inventory and assets that the business does not necessarily even own. In other words there may be mortgages, there may be liens, there may be any number of things.

Take the example of an automobile inventory for a car dealership. Believe it or not, that NDP government turns around and actually charges a 1% charge on the value of the inventory. The inventory has not been sold. If the inventory is sold, the business actually reduces its tax rate by virtue of that amount being taken off.

What is this member's position as he sees it relative to a tax on wealth, a tax on assets? Let me make the specifics of what we are talking about crystal clear for him. Let us say that an individual had a home in greater Vancouver. It is not unusual for a home in greater Vancouver to run in the \$200,000 to \$300,000 range. Another individual may have an equivalent home in Winnipeg that is in the \$100,000 range. These are the assets, the wealth we are talking about. Would he and the NDP at the federal level see going after taxing wealth in the hands of Canadians?

**Mr. Peter Mancini:** Mr. Speaker, given that the province of British Columbia probably has the most robust economy of any province in Canada, and given that is a direct result of the NDP government in that province, far be it for me to second guess the minister of finance for British Columbia and his policies.

The hon. member should know as to taxing property in Vancouver versus property in Winnipeg versus property in Sydney—Victoria, these are property matters that are left to another authority other than those in this House.

I welcome a real question. I would suggest that the hon. members discuss the policies of the minister of finance in British Columbia with him. They might find it in their hearts to adopt some of them.

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, some days we really get enlightened in this place. Coming from British Columbia I find it really difficult to accept the premise that British Columbia is doing well at all under the NDP government. I think the member should know that this is very likely the last term for those folks for a long, long time to come. It is maybe even the last term for this young group here for a long, long time to come.

• (1650)

I know the NDP is interested in putting more money into education, culture, health and other social programs. I would like to ask him whether it is the NDP's philosophy and proposal that we raise the money for these extras which they are expecting by way of additional taxes.

**Mr. Peter Mancini:** Mr. Speaker, I will be pleased to answer the hon. clairvoyant member who seems to have a crystal ball with which he determines who will and who will not be elected.

With regard to his question, the NDP has always been concerned about education, culture, health care and social programs, the things that have always made this country great, the things that this government tried to take credit for in a prior comment.

Regarding where the money would come from, it would come from a fair taxation policy for the hundreds of corporations and wealthy individuals who pay no tax to this country for those programs now. It is a simple answer to a simple question.

**Mr. Jim Abbott:** Mr. Speaker, indeed it was a simple answer which belies the fact that perhaps he did not understand the question.

I will ask the question again and I am looking for a very specific answer. There have been proposals floated by the NDP government and their advisers in British Columbia that they could turn around and start to take a percentage applied to the wealth that people have in their possession.

We recognize that in Canada there are many people who are barely making ends meet. There are many people who have minimum income salaries. We recognize that, but on the other hand there are people who are in what we would call the middle income bracket which would be in the range of \$35,000 to \$60,000 a year. Over the lifetime of those people by virtue of property appreciation particularly in centres like Toronto and Vancouver, they have seen their wealth accumulate by virtue of capital gains on their principal residence.

It is not unusual for people who are currently making \$50,000 or \$60,000 a year to have RRSPs in the values of \$300,000 to \$400,000. They are the backbone of our community in terms of being the people who are working for their wages but who have accumulated a certain amount of wealth. We are talking about wealth.

I ask the member the question again very specifically. Would he see an NDP government going ahead and applying a percentage tax on the wealth of Canadians in the same way that the NDP provincial government has done in the province of B.C. on the capital in the possession of various companies?

**Mr. Peter Mancini:** Mr. Speaker, there was a great deal of preface to the simple question dealing with middle income Canadians who earn between \$50,000 and \$60,000 a year. I guess they

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are middle income Canadians in the province of Alberta. They may be considered wealthy Canadians in other parts of this country.

**Mr. Jim Abbott:** You earn \$64,000.

**Mr. Peter Mancini:** I do not for one minute indicate that I am not in many ways better off than many of the people I represent. I understand that. These members ought to understand that as well. Like the people I represent, I have no problem paying a fair share of taxes because of the many benefits that I think this country can give me and the people I represent.

I do not think the people in these members' ridings who earn \$50,000 or \$60,000 or \$70,000 a year mind paying their fair share of taxes because they know it derives health benefits and transportation for them and education for their children. I think those people would not be opposed to a fair taxation system.

• (1655)

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, perhaps I am in the wrong debate in this House. I thought that C-10 was going to be discussed. However I heard a lot of comments about CPP and Bill C-2 over the last couple of speakers; harmonized sales tax, which I thought was a rather interesting comment; RRSPs; and capital tax, which was really quite interesting but does not have a lot of bearing on Bill C-10.

I particularly enjoyed the comment about housing prices in the city of Winnipeg. I do not know how it relates to C-10 but I can tell the hon. member who brought it up that in fact in Brandon our housing prices are 15% higher than those in the city of Winnipeg. They are perhaps not quite to the level of those in Vancouver but that is okay.

I would like to bring this back to C-10. The issue quite frankly is very relevant to me. My constituency has a very large seniors population as do a number of constituencies throughout this country of ours, but my riding in particular through demographics has identified a very large seniors population.

It never ceases to amaze me that when the government tries to fix a wrong it does it for the right reasons but unfortunately when the legislation is brought forward the wrong seems to be exacerbated in some areas which it has been with Bill C-10.

In an attempt to respond to the protests of CASSE and CARP, which is the Canadian Association of Retired Persons, on the non-refundable 25.5% U.S. withholding tax imposed on social security payments to Canadian residents under the 1995 tax protocol which was brought in by the existing government, the finance minister announced on April 9, 1997 the signing of a new tax protocol with the U.S. Following ratification this protocol will be effective retroactive to January 1, 1996, the implementation date of the contentious 1995 protocol. Under the new protocol, the

taxation power in respect of social security payments to Canadians will be returned to Canada while the U.S. will again assume power to tax CPP and OAS receipts of their residents.

Initially the finance minister's announcement brought great joy locally as it appeared we were returning to the 50% inclusion rate that prevailed prior to January 1, 1996. Further, the finance minister announced that upon ratification of the new protocol, refunds would be available to those Canadians whose tax in 1996-97 social security payments would be reduced under the new protocol. Apparently the two governments are working together in this regard.

CASSE's joy however turned to bitter disappointment when it was learned that under the finance minister's new system the income inclusion rate for the social security would now be 85%. This represents a 70% increase in the rate of taxation of social security jumping from a 50% inclusion rate to an 85% inclusion rate for everybody but those retirees who are not taxable having under \$11,000 in income.

This new inclusion rate will also be retroactive to January 1, 1996 for the purposes of determining refunds, although no one will be required to pay more tax for 1996 and 1997 than the U.S. withheld. Low income Canadians who have been hit by the 25.5% U.S. withholding tax should not have to wait for both the ratification of the new protocol and then until the summer of 1998 for the processing of their return seeking a refund for tax withheld in 1996 and 1997. Retired people in this income bracket need the money now. Our government should undertake to do that forthwith through the GIS system.

The finance minister told CASSE that the first change to a withholding tax system was revenue neutral. No numbers however have been released as to the revenue earned by the Canadian government in the old system or what revenue was realized in imposing withholding tax on OAS and CPP to U.S. residents or what revenue will be realized under the new system in the 1997 protocol. These numbers are necessary for any policy debate in this area and we should be pressing the Minister of Finance to reveal these numbers immediately.

• (1700)

Not having the numbers means that we do not know whether the 70% increase in tax on social security first effectively occurred with the imposition of the withholding tax system in the 1995 protocol or with the changes announced with the 1997 protocol or a combination of both.

However, if the finance minister's budget is not based on the 1997 protocol just signed which affects 1998 and subsequent years, our party should be prepared to roll back in taxes immediately that portion of the revenue increase caused by the 1997 protocol.

Finally, after the year fiscal year 2000 when our budget moves into a surplus, which I believe very strongly should be this fiscal year, we should undertake to return to the old system of the 50% inclusion rate which reflects the fact that contributions to the U.S. system are made out of after tax dollars and that under the finance minister's protocol, cross border workers are being doubly taxed on their retirement income.

I would like to commend the government for recognizing the mistake that was made in 1995. I would further like to state that it is a sight for sore eyes that while it recognizes the mistake it made, it actually decided to do something about it. I wish I could commend the government further, however a few important items seem to be missing from this discussion.

The Progressive Conservative Party will not support this bill with the pittance of information that we seem to have here and without a much more significant, in depth discussion to determine the real effects of this bill on retired people.

The finance minister stated previously that this is a revenue neutral bill. The minister has further entered into a tax treaty increasing the income inclusion from a 50% inclusive rate to an 85% inclusion rate. The remove of the withholding tax is a step in the right direction.

The PC Party understands that some income earners, especially the lower income earners, may actually see a decrease in their level of taxation. This is another step in the right direction. The Progressive Conservative Party further notes that some income earners will see a huge increase in their levels of taxation. We in this House do not condone that action.

It is unfortunate today that after seeing the government recognize and correct the mistake in a positive and progressive manner, it must dig further into the pockets and raise tax levels like this. I hope this bill is in fact revenue neutral as the finance minister would have us believe.

It is with dismay that the PC Party must rise against this bill. However, I hope that through more in depth discussion and some changes we will be able to see a corrected mistake that will actually reduce taxation levels rather than raise them.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I would like to address the speech just made by the not so Conservatives.

This morning their member for West Nova stood before the House and talked about how Bill C-10 was something good and that they were supporting the technical amendment that the government was putting on seniors. Later this afternoon the member for Brandon—Souris stood and said that they are in favour of it. Indeed, at the beginning of the day it was supposed to be the

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finance critic for the Conservative Party who was to stand and say they were opposed to it.

Now we have had one speech in favour of Bill C-10 and one speech against it. Where do they stand on this? Are Conservatives in favour of a tax hike or not?

**Mr. Rick Borotsik:** Mr. Speaker, the hon. member was obviously not listening to the full body of my presentation. There are some good things within the proposed legislation. I am sure even the hon. member would agree with that. Unfortunately there are inconsistencies in the bill, particularly the one with respect to the inclusion.

My colleague from West Nova indicated that very thing, that we could accept some of the proposed changes, good changes which the Liberals have put forward but that we could not accept them based on the facts, figures and numbers we have at this time with respect to the taxation rates which will be attached to this bill.

• (1705 )

I spoke previously and I rise again as my colleague from West Nova did. We will speak and vote against this legislation until we are assured by the government there will not be any additional taxes raised on the backs of retired people.

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, we on this side of the House are able to express our opinions freely in debate and look for the pros and cons of legislation. We do not commit ourselves to restricting what we say simply because of the party line. A healthy debate on all sides of the House is a sign of an active Parliament.

I address my comment and question to the member who just spoke. In my riding office I received a number of elderly constituents who are receiving U.S. benefits and they spoke of hardship because their benefits were being taxed in the United States. I felt powerless to help them and told them this was a matter of U.S. administration and could only be resolved by a treaty between Canada and the United States.

A treaty is in the process of occurring. We have a bill before the House. I accept that some members may feel it has some inadequacies.

Does the member agree that in addressing the concerns of low income seniors receiving benefits from the United States the bill is a good thing?

**Mr. Rick Borotsik:** Mr. Speaker, my answer is unequivocally yes. I said in my preamble that it is nice to see a positive attempt to change an injustice. In saying that, the injustice was put in place by that very government in 1996 and it is trying to correct it now.

When you accept the fact that a mistake was made, trying to fix that mistake is very positive. We thank you for that. The unfortunate part is that there are still unknowns.

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I am sure a number of these issues will be dealt with in committee and some fine tuning will be done to the bill at that point. I am sure the government would agree that if there are some inequities in the legislation they should be changed prior to the passage of the bill. That is democracy and I do appreciate that.

In saying that, as part of the body of my talk I also suggested that the timing for a lot of those very people that you talk about is still extended. Instead of a solution today we are looking to the summer of 1998 when a lot of these people who have already paid 1996 and 1997 taxation levels will not be able to get that refund. We are suggesting that perhaps the government should consider refunding those dollars to the people who need them. They are at the lower level income areas and perhaps we should refund those now rather than wait until the summer or fall of 1998.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I address my question to the member from the not so Conservatives.

It turns out that the party has in its later thoughts this afternoon decided that they are now opposed to the bill. I congratulate them on that.

Since they are not voting in favour of this tax increase, how is the member from Brandon—Souris going to get the money to pay for some of the money he was begging from the government in question period for his constituency in Manitoba? He was bellyaching about not enough money being given to them. How is he going to pay for that?

**Mr. Rick Borotsik:** Mr. Speaker, the hon. member confuses a lot of issues. The question during question period was with respect to transfer payments to provinces. Even though the transfer payments have been decreased and the budget is balanced we still do not have sufficient funding to go into the health care system. If we wish to talk about health care, I can do that. But this is Bill C-10.

Quite frankly, the revenues that are generated by this legislation are not sufficient to cover off the \$250 million that has been a shortfall in Manitoba since 1994 for health care services as well as for shortfalls in other jurisdictions. Seven out of ten provinces have had shortfalls in their transfer payments from the 1994-95 budget period up until today. There are ways of coming up with efficiencies and finding other revenues which can be forwarded to the health care system. It does not speak to Bill C-10. I believe that this legislation must stand on its own.

• (1710)

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I wonder how much longer the not so Conservatives think they can both suck and blow on the issue of taxes.

On one hand, they sometimes say that they are not in favour of a tax hike. On the other hand they want to get the money. I have heard this continually, whether it was a meeting of their leader along with other Progressive Conservatives leaders in Atlantic Canada talking about how they wanted more money as well.

I think we have to come to a firm determination that they are either opposed to taxes or they are in favour of taxes. They cannot suck and blow at the same time. You cannot ask for programs but then say you do not like taxes. Where do they stand on this?

**Mr. Rick Borotsik:** Mr. Speaker, the Conservative Party has always been a conservative party and will always be a conservative party. Certainly it is recognized by a great number of people in this country as being a national alternative as opposed to a regional party.

The Conservative Party realizes that there are inefficiencies within government. Those inefficiencies could be cut and save dollars in certain areas. Perhaps things like fences around Stornoway need not be developed. Those dollars could go into areas such as health care and education.

Bill C-10 speaks to an inordinate amount of taxation to the wrong sector of our society. We will continue to oppose any types of tax increases of this nature. In fact, we have suggested quite frequently that tax decreases are the way the government should be heading. We should be giving dollars back into the pockets of those people who pay.

We are in favour of decreases in taxes. We believe in efficiencies. I am sure there are other parties in the House who do not believe in the same efficiencies as is proven by some extravagant expenditures in the past. I am sure that some of those dollars could be put into the programs that Canadians really want: health care and education.

**Mr. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, I am very pleased to join the debate of Bill C-10.

This bill will benefit all Canadians by amending double taxation treaties between Canada and a number of countries. These nations are the United States, Sweden, Lithuania, Kazakhstan, Iceland, Denmark and the Netherlands.

I am particularly pleased to see the amendments to the tax treaty with the United States. We often hear, sometimes in a not very complimentary way, about the role of backbenchers in the government caucus. This agreement responds to the concerns of many members of Parliament who were concerned that many of their residents were paying double taxation on U.S. social security benefits.

Many people in Canada live near the border with the United States and many of these individuals have lived and worked in the United States and then retired in Canada. Many of them are in my



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riding of Etobicoke North. Over the last while I have had a number of constituents complain that they were being taxed doubly on their social security benefits.

A number of my colleagues and I went to the Minister of Finance. We stated, in a very strong way, that this was not fair. People should not be taxed doubly, particularly low income seniors who were being jeopardized as a result. The finance minister listened. It is because of that we have the amendments to the taxation agreement with the United States.

This area can be a very dry topic. I would like, for the record, to present what the bill does from the government's side. It is important for Canadians who are watching this debate to appreciate what the legislation does and what it does not do. Paying taxes twice on the same income or gain is not very fair. That is why these initiatives will avoid double taxation.

• (1715)

The treaties essentially reduce the rates of withholding taxes applicable to dividends, interest and royalties, and eliminate double taxation by allocating taxation rights between the country in which a taxpayer is resident and the source country of the income or gain. For example, where income or gains remain taxable in both states a convention would normally provide that the state of residence will give credit for the tax paid in the other country.

Other ways to eliminate double taxation would consist of ensuring that the income or gain is taxed only in the source country or the country of residence. This serves to promote trade and investment which, in the absence of a treaty, could be discouraged by the possibility that returns would be taxed twice.

As well the conventions generally include provisions for the exchange of information between revenue authorities to prevent tax avoidance or tax evasion.

Canada now has double taxation conventions in force with 61 countries. While the provisions of each treaty necessarily vary from one country to another, their common denominator is that they benefit Canadian taxpayers.

The Canada-United States double taxation agreement is a case in point. This is the fourth protocol to the convention between Canada and the U.S. with respect to taxes on income and on capital, commonly known as the Canada-U.S. tax treaty.

With the approval of parliament and the ratification of the United States senate the protocol to the convention will deliver significant tax relief to thousands of lower income Canadians who receive U.S. social security benefits which are subject to U.S. tax rates.

Most Canadians and many Americans reside within 80 miles of the 49th parallel. Many have worked in one country and as I said retired in the other. Consequently both Canada and the United States pay social security benefits to large numbers of people in the other country.

To avoid double taxation the Canada-United States tax treaty sets out which country can tax these benefits. Currently the country that pays the benefit can tax all of it while a country where the recipient lives can tax none of it. This results in hardship for many lower income Canadians who receive U.S. social security benefits because the United States taxes outbound social security benefits at a flat withholding rate of 25.5%. This is what constituents came to me and spoke about, this withholding tax of 25.5% which was very high and very unjust.

Conversely outbound Canada and Quebec pension plans and old age security benefits are taxed at a rate of 25%. While the old age security recovery rate applies, any non-resident pensioner can file a Canadian tax return at ordinary Canadian tax. As a result many low income U.S. recipients pay little or no Canadian tax on their Canadian benefits. I would add that other than U.S. citizens and resident aliens the U.S. does not allow non-resident pensioners to file tax returns.

The protocol proposes that the country of residence have the exclusive right to tax social security benefits. That means several thousand low income Canadians will no longer pay any income tax at all. Thousands more will pay less tax than they do now, particularly in light of special rules exempting from tax 15% of U.S. benefits paid to residents of Canada. For U.S. recipients of Canadian benefits, Canadian benefits that are exempt from tax in Canada will also be exempt in the United States.

Prior to 1996 the country that paid a benefit to a resident of the other country could not tax the benefits at all. The country where the recipient lived could include only one-half the benefit in the recipient's taxable income. That meant that one-half of the benefits were tax free. It also meant that those rules did not stand the test of tax equity with neighbours receiving similar levels of benefits but paying vastly different levels of taxes on those benefits.

Under this agreement with the United States the new rule would apply as of January 1, 1996, the date the current rule came into effect. Excess tax collected since then would be refunded to social security recipients in both countries. However there will be no retroactive tax increases for that period.

• (1720)

The government will limit applicable 1996 and 1997 taxes for Canadian residents to ensure that they do not exceed the tax the U.S. collected. For 1998 and beyond the Canadian tax that recipients pay will reflect their total incomes. After ratification both

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nations will work together to ensure that refunds can be paid out as quickly and efficiently as possible.

A second proposed amendment to the Canada-U.S. tax treaty pertains to the taxation of capital gains. In 1995 Canada proposed to amend the Income Tax Act to tax the gains of non-residents on shares of non-resident corporations and interest in non-resident trusts where most of the value of the shares or interest is attributable to Canadian real estate or resource property. Although it has not yet done so, the United States could under current tax treaty rules impose a comparable tax on residents of Canada.

In a classic quid pro quo the protocol will apply the proposed tax change to United States residents in exchange for United States agreement that its real property interest laws will not for residents of Canada include shares of corporations that are not resident in the United States.

This change which will apply as of April 26, 1995 means that Canadians who invest in U.S. real estate through Canadian companies will continue to pay Canadian tax rather than any possible future U.S. tax when they sell their shares. U.S. investors and U.S. companies that hold property in Canada will still pay U.S. tax when they sell their shares rather than Canadian tax.

Turning to the Canada-Sweden tax treaty, in the bill we propose a small number of amendments to the double taxation and the convention that has existed between Canada and that country since 1984. However while the number of amendments is small the benefits are very real. Taxpayers will pay less taxes as a result of reduced tax rates, which will also result in increased trade and investment between our two countries. The revised convention will enter into force when both Canada and Sweden have approved the amendments and exchanged instruments of ratification. The provisions would then apply on the first day of January subsequent to the exchange.

With respect to Lithuania, Bill C-10 seeks parliament's approval to enter into a tax treaty with that country. As there is currently no double taxation convention in force between Canada and Lithuania, there are a number of double taxation problems for which the proposed convention provides needed and equitable solutions.

The proposed convention does not reinvent the wheel. Rather it generally follows the language and the pattern of other tax treaties Canada has concluded. It also largely reflects the format and language of the model convention prepared by the OECD.

Of more interest than structure are results. In that regard the provisions of the convention will produce results, reduced tax rates leading to increased trade and investment that will mirror those of

other concluded conventions and will help to promote economic development in both nations, in particular in Lithuania.

Concerning Kazakhstan, tax relations between Canada and that nation had been governed by the 1986 tax treaty between Canada and the U.S.S.R. However, as of January 1, 1996 Kazakhstan ceased to apply that treaty. Accordingly Bill C-10 seeks parliamentary approval to enter into a tax treaty with Kazakhstan. Again the proposed treaty generally follows the language and pattern of tax treaties already concluded by Canada.

Trade and investment between Canada and Kazakhstan are expected to increase upon the conclusion of the convention which will enter into force on the date of the exchange of the instruments of ratification. Its provisions will apply on or after the first day of January 1996.

The proposed double taxation convention between Canada and Iceland is also a new tax treaty but contains somewhat similar provisions to those I have addressed. For example, it provides for a reduced withholding tax of 5% applicable to dividends paid to a company that controls at least 10% of the voting power in the company paying the dividends and a rate of 15% in all other cases. The rate of the branch tax will also be reduced to 5%.

Entry into force will entail each country first notifying the other that the procedure required to bring the convention into force, the attainment of royal assent in Canada, has been completed. The convention will then enter into force 30 days after the date of the latter of these notifications. The provisions will apply on or after the first day of January subsequent to the entry into force.

• (1725)

The penultimate country included in the legislation is Denmark. A double taxation convention is currently in force between Canada and Denmark. First signed in 1955 and amended in 1964, it is now appropriate the convention referred to as the 1955 convention be amended further to increase trade and investment opportunities between Canada and Denmark. To those ends the current withholding tax rate of 15% on dividends, interest and royalties will be reduced to 5% on direct dividends and to 10% on interest and on royalties. The rate of the branch tax will also be reduced from the existing 15% to 5%. The revised convention also provides for a number of exemptions at source, which I will not go into today.

With respect to pensions, currently all pensions are taxable only in the country of residence of the recipient. The revised convention provides for the opposite. Specifically all pensions including social security pensions will be taxable only in the source country. Moreover, the two year exemption provided under the existing convention for visiting teachers will be eliminated.

The 1955 convention also does not contain any rules for the taxation of capital gains. As a result they are taxable in accordance

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with each country's respective legislation. Accordingly and in line with rules found in other tax treaties concluded by Canada, the revised convention includes rules for the taxation of capital gains.

With respect to Canada and the Netherlands, which is the last country but certainly not the least that I will be speaking on today, the legislation proposes amendments to the existing convention between Canada and the Netherlands.

The 1993 budget announced Canada's willingness to eliminate on a bilateral basis its withholding tax on royalties on computer software and patent and information concerning industrial, commercial or scientific experience.

Consistent with that statement, the protocol provides that the rate of 10% withholding tax on such royalties in the country of source will be eliminated or remain at zero in the case of computer software, which was already covered in the protocol signed in 1993.

The protocol also introduces a new article in the convention providing for mutual assistance in the collection of taxes in each country. Patterned on the corresponding article found in the Canada-United States tax treaty, it differs only in that it applies regardless of the nationality of the person concerned.

There are other modifications to the convention as well. This protocol will enter into force 30 days after the date on which the governments notify each other that ratification has been completed. Its provisions will then apply in Canada from the date of entry into force of the protocol.

As I have spoken for some time I will keep my concluding remarks brief. I appreciate that for some the matter of international tax treaties may seem arcane, complex and dry. However, that being said, they are extremely important and they have real and direct financial impacts on Canadian taxpayers. I know the legislation will positively affect the taxpayers of my riding.

Clearly my address articulated that in the instance of Bill C-10 its impact on Canadian taxpayers will be overwhelmingly beneficial. As such, I very much urge members of the House to accord speedy passage of the legislation so that those benefits may be realized sooner rather than later.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, I will surprise the hon. member for Etobicoke North by telling him that I agree with him in the area of people coming into our constituency offices.

I recall very vividly a couple of years ago very low income people coming into our offices, many of whom for whatever reason were deriving a major portion of their income, meagre as it was, from the United States. All of a sudden, unannounced, out of the clear blue sky, their income was decreased in some instances by a few dollars and in other instances by \$100. When a person is in as

low income bracket as many of these people were, \$100 is an awful lot of money.

I also agree with him that amendments to the regulations in 1996 created a situation where the taxes relative to the income were very high and very unjust. I ask the member if this is not an indictment of the finance minister. Is this not an indictment of his government?

• (1730)

He stands and says that the Liberal backbenchers went to work and made something happen here. Indeed the finance and revenue departments will have letters on file not only from my office but from members from all over this House about this issue. The movement under the finance minister was a bad move.

Is the member not really saying with his speech that yes they were very high and they were very unjust and the people were being treated unfairly, but the Liberal government of the 35th Parliament that brought this in did a very bone-headed move and actually created a serious problem for many low income seniors in our country?

**Mr. Roy Cullen:** Mr. Speaker, I thank the member for two out of three of his comments and for his remarks.

The Minister of Finance is like any other individual or government and from time to time it takes some courage for a person to say that maybe we need to move in a slightly different direction. Rather than being an indictment of the Minister of Finance, I think this is a clear statement that our Minister of Finance in fairness listens not only to members of his caucus but to members opposite. I am sure he received a number of representations from members opposite.

As a result of some work within our own caucus and other representations, the minister has made some adjustments. As the member noted, they will be very beneficial to the vast majority of Canadians who are in this position, particularly low income Canadians. I see it as a very positive step where we can move forward. I applaud the Minister of Finance for having the courage to move in this direction.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I would like the Liberal member opposite to turn his frame of mind if he would to those people who are being affected by this.

Imagine that in a sense he had retired based on the 50% rate of inclusion, that he had planned his retirement based on that understanding and then all of a sudden, watch out, here comes the Liberal government with a tax hike that is going to move that up to 85%, a 70% increase. Would he feel somewhat similar to all those taxpayers who were surprised by the breaking of the GST election promise? Would he feel wronged in the same way as the people who felt wronged about the GST and in the same way that retired

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people who are receiving social security from the United States feel wronged about it jumping to 85% from 50%?

**Mr. Roy Cullen:** Mr. Speaker, I thank the member opposite for the question.

The 50% inclusion rate is an issue that has been raised a number of times in this House. What we need to look at in tax policy are movements that result in the greatest tax equity. We cannot have everybody coming out in a net-net-plus position.

The difficulty with this change is that if we had not made these changes in concert with the changes in the tax treaty, some people would have received a huge windfall gain. That would not have been equitable to those Canadians who are not subject to the same rules who are receiving Canada pension funds. We would have created an uneven playing field so we had to make the adjustment at the same time.

I am pleased to say that this tax treaty and the moves that are made within it will benefit the vast majority of Canadians. In particular, low income seniors will benefit.

While I agree with the member's comment that we need to provide some kind of stability in terms of tax planning, unfortunately the world is not perfect and we have to deal with the world as it is. The minister has made some very positive changes here that we should all be thankful for.

[Translation]

**Mr. Pierre de Savoye (Portneuf, BQ):** Mr. Speaker, it will be recalled that, some 20 months ago, our colleague François Langlois, the Bloc Québécois member for Bellechasse at the time, raised the problem of pensioners in receipt of pensions from the United States who were being taxed disproportionately by the Americans.

• (1735)

These people were therefore seeing their meager pension incomes being made even more meager. Mr. Langlois made vigorous representations in this House at the time to have the situation remedied.

I would like to see our colleague from across the way explain to us if, indeed, this legislation before us now will ensure these people, particularly those living just on our side of the U.S. border—so we are speaking of the southern portions of Bellechasse, of Beauce and of the Eastern Townships—of pensions that will be taxed reasonably rather than unreasonably.

I await the answer of our colleague across the way.

**Mr. Roy Cullen:** Mr. Speaker, I must thank my Bloc Québécois colleague for his comment.

[English]

This tax treaty and the amendments to the tax treaty really deal very specifically with the concern many members in this House have had, including members from parties opposite. It will allow Canadians a withholding tax of 25.5% on their social security benefits because they had lived and worked in the United States but who are now retired in Canada. Perhaps they are from the member's riding of Bellechasse or from places close to the U.S. border in the province of Quebec. I am sure people there are affected as well.

This will be extremely beneficial. I would not want to leave the impression that other members opposite did not have similar concerns. It is one advantage in being the government of the day. If people elect members who are part of the government, they have a chance to speak very directly to members of our own caucus. In that sense, I suppose all members had a role to play but I think the Minister of Finance is to be commended on a very progressive move.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, is the member saying that we should be thankful that the finance minister having seen the error of his ways has decided to make a revision? Bearing in mind that the very low income people we are talking about did not know this was going to be happening, are we supposed to be thankful? Or should we not be critical of the finance minister by virtue of the fact that he is doing the legislation retroactively? Why in 1997 when the 35th Parliament was sitting, did the finance minister not come forward and give these people a little relief?

**Mr. Roy Cullen:** Mr. Speaker, having been elected in 1996 I was only a member of the last Parliament for a very short period but I certainly would not use that as a cop-out.

I see it the opposite way. Perhaps this is what differentiates Reform members from Liberal members. I see the glass as half full not half empty. I see some courage in members of our caucus saying that we have to make changes so that we can move forward to the benefit of all Canadians.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, once again we continue on the saga of Bill C-10, the Liberal tax hike on those people who receive social security benefits from the United States.

I would like to read portions of a letter from Olive E. Smith, one of those seniors who will be particularly hard done by in terms of the changes with Bill C-10 and all the others who are involved with Canadians asking for social security equality. She says that because of the raise in inclusion the Liberals are hoisting upon her, it will result in a whopping 70% increase from what she was paying previously. She begs me here. She says "Stand up to this Liberal tax grab and persuade the finance minister that this is neither fair

nor moral". On her behalf and on behalf of others who are involved with Canadians asking for social security equality, I am going to do that.

• (1740)

First, these are people who cannot go back to work. They cannot make up this shortfall any other way. These are people who planned for their retirement at a 50% rate of inclusion and the government wants to jack it up to 85% so it can get its precious tax dollars to spend on its precious programs and it is doing it on the backs of these people. The government should be ashamed.

I would also like to talk about how many people this affects. Eight five thousand Canadian residents receive U.S. social security. It actually affects about 100,000 people when we take into account those across the border and all the intricacies of the plan. This affects a lot of people. It is not even a question of numbers. If it affected 10,000 people or a million people, the thing is that it is just plain wrong to go ahead and hike the taxes of these people who can little afford it.

Imagine losing 25.5% of your total income when you have already barely been surviving and have been forced to move if you are old, sick or handicapped. These Liberals gloat about how they have been able to cut down the deficit but they have done it with 36 tax increases. Bill C-2, the CPP tax hike which will bring in \$10 billion, was their 37th tax increase. This is their 38th tax increase and it is being done on the backs of seniors.

What are they going to do about those people who will choose to leave this country rather than live under conditions like that? What about the job spin-off as a result? They do not express any concern about that.

I would also like to look at their initial reaction when this whole issue first reared its ugly head, when they passed a bad law. And now they are coming before the House to try and rectify it. Indeed it is not a rectification. Two wrongs do not make a right. If there is a screw up in the first place and the Liberals then come back to the House to beg for a tax increase, they are not improving the situation at all. That is exactly what the Liberals across the way are doing.

The Liberals' first reaction when seniors told them how this would impact on them was they said that the seniors did not understand the changes. This from local MPs in the ridings particularly affected, those surrounding Windsor. They said they did not understand.

The second knee-jerk reaction on behalf of the Liberals was to blame the Americans. The third was to blame the previous government and say that it was Brian Mulroney and the Conservatives who had done them harm. Fourth, we hear today that they are blaming the seniors and how these people are getting some sort of

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unequal treatment and they have to be taxed the same as everyone else and pay more.

That is the way it went. First the Liberals did not know what they had done. Then they blamed the Americans. Then they blamed the previous government. And now they are blaming the seniors.

I would also like to quote the Minister of Finance. In his letter he says, "I can understand that some recipients are not in favour of the new arrangement since it means that after 1997 they may have to pay more tax than they have in the past. I believe that it will ensure that the tax system treats everyone fairly." He admits that it is a tax increase and then he has the gall to go on and say that it is fair.

By that logic the Liberals would say that the people who are paying 17% or 22% federal income tax should all be paying the top progressive rate of 29% because that is fair, there cannot be different rates of taxation. That is Liberal fairness, Liberal tax equity. That is a joke but unfortunately the seniors who are being hurt the most by this are not the ones who are laughing. It is the Liberal MPs across the way who are collecting their gold plated pensions. It is a back door tax grab.

The Liberals talked about how in 1995 they had to make changes and now in 1997 because they did not think it through very well the first time, they are coming back begging the indulgence of the House to give this an easy passage the second time around. I reiterate, two wrongs do not make a right. If they messed it up the first time and have the gall to come back the second time to the House and say they have something better but they are sneaking in a tax hike through the back door, that does not make it right.

• (1745)

What about those who fall through the cracks? What about those people? The Liberals talk about refunds because they recognize they have really gouged these people heavily. What about those people who have died? What about those people who have moved? As a result of those two incidents, either death or moving, those people will fall through the cracks and those rebates that are owed them, their families and their estates will not be paid. The government will keep that. We can bet our bottom dollar on that and the finance minister will gloat in this House over the results on something like that.

When the government first brought through its changes it resulted in roughly \$2,000 in increases and now this time around it is probably average out around \$1,000 in increases and it calls that revenue neutral.

Local MPs in Windsor refer to this whole plan as revenue neutral. How does \$2,000 out of your pocket and then another \$1,000 out of your pocket for a total of \$3,000 out of your pocket make it revenue neutral? That is a joke.

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I want to reiterate that this is the 38th tax increase that this government has brought forward since it took power in 1993. It is not the first time it has attacked pensions. It has done it on numerous occasions before.

The government has attacked people in terms of their withdrawal time from RRSPs, moving it down to the age of 69. It is going to bring in at the top in any given year \$45 million just off that. That is another one of its attacks on pensions and seniors in this country.

Then when it reduced the \$8,000 RRSP overcontribution for those who were hoping to collect and use their RRSPs to bolster their retirement income, that was another \$10 million tax on pensions.

When we add all these things up, with Bill C-2 to increase the Canada pension plan contributions to nearly 10%, and with what the Liberals are doing now to try to sneak this through in Bill C-10, they do not like old people, they do not like young people and I do not know who they like. They like the Minister of Finance but not much else.

I am going to go through a few questions that I think the Liberals should have asked when they were putting this bill forward and when they were considering it. First, who wants it? Do the seniors who are having a tax increase off this want to see this bill come forward? No. It is the finance minister who does but certainly not the seniors.

How much is it going to cost? That is another question that we have to level at the Liberals today. If it affects only 10,000 people with \$1,000 each, that is at the bare minimum \$10 million. If it affects 85,000 people at \$2,000 each, that is \$170 million.

Once again we have had no production here in the House today in terms of how much money this is going to cost, but nickels and dimes, millions and billions and when we add it up, pretty soon it is real money and it is on the backs of the seniors.

Does it solve the problem? The problem was that the Liberals put through a bad bill in 1995. Once again they are putting through a bad bill as a tax hike. They complained about double taxation. Instead they have replaced it with higher taxation. Does that in any way solve that problem, the problem being seniors who are having a tough time meeting ends meet and who are having a tax foisted on them when they are prepared for only a 50% rate of inclusion?

Would it pass a referendum? Would it pass popular consent? Would it carry the consent or the will of the people? Would it pass the judgment of fellow citizens? Does it have democratic consent? If the Liberals put this to a referendum of seniors who are affected by it, it would lose overwhelmingly. Indeed most Canadians would not vote for a tax increase.

The Liberals have often talked today about how taxes are investments. How wrong can they be? Taxes are not investments. Whether it is a tax to hoist up \$10 billion out of the Canada pension plan or whether it is a tax that brings in tens if not hundreds of millions of dollars in terms of those seniors who are collecting social security benefits from the United States, taxes are not investments. The gall of this government to do all these things in the name of tax fairness; there is no fairness in a tax hike or a tax increase.

• (1750)

It might be more principled for the government to lower some other seniors taxes. It would be principled if it came out and talked about the tax decreases that it promised in the election. Is it going to renege on that in the same way it reneged on its promise to scrap, kill and abolish the GST? Who can trust the Liberals? The seniors can't. The young people can't. We cannot buy their election promises because they break them right, left and centre.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, I have a very tough question for my colleague. Before I pose it I wonder if we are not really talking about some kind of sense of security for Canadians. The movement of this bill is as quickly through the House as the Liberals can do it. We are not about to let that happen because we want Canadians to see the duplicity of this government and the way it tries to sneak these things through.

We are doing this because we are concerned that Canadians at all income levels should have the ability to be able to plan for their futures. I will touch back on this bill in a second but I cite by way of example the way the government went about changing the time rules. It rolled age 71 back to age 69 under the RRSPs, thereby effecting a \$40 million or \$50 million tax grab from unsuspecting seniors.

Typically, not always, seniors who would have RRSPs might be in the middle to the upper end income bracket. Those people are now faced with the situation of having to make major changes to the way their incomes as retirees will be coming to them. They have had to do a complete revision. The net result of this supposedly no tax government is the fact that the government will incidentally end up with another \$30 million to \$50 million.

Those are the middle income people. The concern I have in this instance is with the people at the bottom end. Those are the people who were approaching me in my office. I believe the member for Etobicoke North also admitted that these were the people who were approaching him. They are the people at the bottom end of the scale who suddenly had the rug yanked out from under them.

The very tricky question I have for my colleague is does he have any idea at all why in the world the finance minister, having realized that he had completely goofed and made a major mistake,

would not have immediately changed this legislation? Why now after virtually two years is he finally getting around to doing this, restoring a small semblance of order to the lives of these very low income people? Why in the world would he have waited so long?

**Mr. Rob Anders:** Mr. Speaker, sitting on this side of the House it is often difficult to get into a Liberal's mind and understand why they do what they do. One thing I do know about Liberals is that they are very shortsighted. They see only as far as the next election. It is funny to note that Bill C-2 to raise the CPP tax and Bill C-10 to take money off the backs and to break the backs of seniors receiving social security benefits from the United States both happened right after the election.

It makes me think. Other governments in the past have had a certain practice of bringing through their most draconian tax increasing legislation right after an election in the hopes that taxpayers will forget the wrongs done them. But it will not happen because these things have long tails, very long coattails indeed.

• (1755)

When you raise the CPP tax from 5.85% to 9.9% over a period of a few years, taxpayers will not forget it because it is still coming off their paycheques. Mark my words, those pensioners who have felt a 70% tax bite increase by this government will not forget that come election day.

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, I am duly impressed with the member's foresight, with his all encompassing knowledge and with his understanding of the situation.

His party was in the House during 1995 when the original legislation was passed. With such foresight, with such vision, with such crystal ball gazing, where was the hon. member when the original legislation was put through the House?

**Mr. Rob Anders:** Mr. Speaker, when there is bad legislation a party should oppose it. Unfortunately in this case we did not see all the flaws in the bill.

There is a direct relationship with what is happening today. The government approached the opposition parties and said "It is a minor technical amendment. Other people want it. The seniors want it. The Americans want it. Everybody wants it. Trust us". We made the mistake of trusting the Liberal government. However, I am not going to make it again.

That is why today the Reform Party stands opposed to this bill. No, we are not going to go along with kid gloves with the Liberal government with respect to a tax increase on the backs of seniors, unlike the Tories who just this morning were fawning over what a great bill this was, over how it had so many arrangements with

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other governments and how it ended tax duplication so that the Liberals could raise taxes. Liberal, Tory, same old story.

We are opposed to it. They were a little confused about it this morning, we are not.

**Mr. Darrel Stinson (Okanagan—Shuswap, Ref.):** Mr. Speaker, I was in here a little earlier and I heard a government member say that the government has never raised personal taxes. I know the government has raised taxes 38 times, including this time.

When I go to a gas station and I pay extra tax on gas, I find it very personal. I do not know about government members. I guess they do not. Government members, and we can all read it in *Hansard*, have stood in the House and said that the government has never increased personal taxes.

The hon. member mentioned taking away the \$100,000 capital gains tax exemption. I think that \$100,000 capital gains tax exemption was put in place for average workers. It gives them the hope of saving something. The government said no, it is for the rich. I guess maybe Liberals do not understand that the rich with \$100,000 buy cars for their sons and daughters. The incentive for the average worker to hope to save \$100,000 so the government cannot get its claws on it was taken away.

I look at all tax as legalized theft. If the mafia had this government as an example—

**The Acting Speaker (Mr. McClelland):** With respect, the Chair does give a certain amount of leeway, but not that much. I would ask you to withdraw that comment.

**Mr. Darrel Stinson:** Yes, Mr. Speaker. I withdraw it. You are quite correct. They could not have learned anything from this government.

Does the hon. member see this as a tax grab or as a benefit to society?

**Mr. Rob Anders:** Mr. Speaker, the Liberals have touched on this and I am going to touch on it again, and I thank the hon. member for touching on it one more time, the idea of whether something is an investment or a tax hike.

• (1800)

When the government raises gasoline taxes I do not consider that an investment, in respect to the hon. member. When it cuts back the age at which somebody can contribute to an RRSP before it converts over to a registered retirement income fund from 71 to 69, that is not an investment either. When it cuts back the over-contribution rate of \$8,000 or the amount one can over-contribute, that is not an investment either. When it taxes the worldwide pension income of people, which has now been three times, aside from C-2

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and C-10, that is not an investment either. No, I do not think any of these things are investments. They are tax hikes.

The question comes up: What does the government use it for? Where is all the money going from these tax hikes? I look across the way and I see a whole field of members who have taken the MP pension plan and do not allow others to opt out. I look around on this side of the bench and I see people who stood on principle and have given up the trough. The government has people over there who will be collecting millions of dollars in MP pensions.

**Mr. Bob Kilger (Stormont—Dundas, Lib.):** Mr. Speaker, I will be splitting my time with the Parliamentary Secretary to the Minister of Industry.

Bill C-10 will help a large number of low income Canadians who need this quickly. Therefore, pursuant to Standing Order 26, I move:

That the House continue beyond the ordinary hour of daily adjournment for the purpose of considering Bill C-10.

**The Acting Speaker (Mr. McClelland):** The House has heard the terms of the motion. Will those members who object to the motion please rise in their place?

*And fewer than 15 members having risen:*

**The Acting Speaker (Mr. McClelland):** The motion is deemed to be adopted.

(Motion agreed to)

• (1805)

**The Acting Speaker (Mr. McClelland):** On a point of order, the hon. Parliamentary Secretary to the Minister of Industry.

**Mr. Walt Lastewka (St. Catharines, Lib.):** Mr. Speaker, I move:

That the question now be put.

**The Acting Speaker (Mr. McClelland):** I would ask the Parliamentary Secretary for the Minister of Industry for clarification. Was he rising on a point of debate?

**Mr. Walt Lastewka:** Yes.

**The Acting Speaker (Mr. McClelland):** It is confirmed that it was on a point of debate. Debate.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, one of the most interesting things that goes on in this House is the kind of games we end up playing. We do not really have any idea why, on the question of Bill C-2, that the government insisted the issue come to a vote immediately and we end up with it going to committee and being hidden.

Now we have this situation. The government, with all of its wonderful leadership by people like the House leader and the parliamentary whip, ends up with this kind of parliamentary

manoeuvre so that it can slip this through just as quickly as it possibly can.

We have, within Canada, an understanding that democracy stands like a three-legged stool. It stands on the principle of people, politicians and the press. The difficulty comes when we have a bill like this, or a bill like Bill C-2, and the government turns around and moves things through the House at light speed.

The press does not have an opportunity to come up to speed or perhaps is deficient in not being able to come up to speed. If the press does not do its job or if the government gets away with moving these things through the House of Commons at light speed as they are prone to do, we end up with a failure in democracy.

The failure in democracy comes when people do not realize what the government is attempting to slip past them. When this happens we drive the cynicism toward the entire political process. Cynicism ends up building apathy.

The problem in Canada right now is that people have lost faith in the parliamentary process. People have lost faith in politicians because of the games that politicians and the parliamentary process play with them. Many Canadians approach me and say "We have no idea what is going on, nor do we understand what is going on, nor do we believe that we can actually impact any kind of a change".

• (1810)

The last time I looked the democratic process actually was under attack, a very subtle attack. I would never accuse the Liberals of deliberately trying to undermine democracy. But with this kind of action of making things move through the House at the speed of light so there is no way the political process can come under the scrutiny of the press, Canadians end up not believing in the process any more.

What we see going on at the start of the 36th Parliament is the pizza parliament the pundits were talking about. The government is creating the kind of conflict that will lead to a pizza parliament.

The problem is not with this side of the House. The problem is with a government that is trying to jam things through the House in such a way that this side of the House is going to have to react. We will react.

We have already seen it when the government rammed through Bill C-2 to hide the changes to the Canada pension plan out of sight of everyone. By doing that it is hoping that Canadians will not realize that they are going to be ripped off an additional \$700 a year. The government is doing it in a very sneaky way. It is doing it at a rate of only 1% a year.

Canadians have to realize that if they are only going to be taxed at 1% a year, the government is treating Canadian taxpayers like live frogs. How do you cook a live frog? You put it into a cold pot



of water and slowly increase the heat and pretty soon you end up with a cooked frog.

By the government increasing the CPP rip-off, this massive tax increase, at 1% per annum starting in January 1998, Canadians are going to be poorer at the end of ten years by about \$100 billion. This is the kind of action that is going on.

The official opposition is attempting to slow things down enough so that Canadians will be aware that the government is trying to ram things through the House of Commons. I think it is scandalous that the government is using all these parliamentary procedures in order to put grease under the skids of legislation. I object in the strongest terms to the action that the government is taking.

We are debating at this time the issue of the government pulling parliamentary procedures out of a hat so that it can get legislation through the House quickly and Canadians do not realize what is actually happening. I do not blame the people of Canada. I believe they respect the fact that we have a democracy here. I blame the Liberal government.

The Liberal government is treating the House as a rubber stamp and that simply cannot be. We must be prepared to stand up and be counted against it trying to create a rubber stamp process.

It is the role of the official opposition, of all the opposition parties, to ensure that the people of Canada understand what the government can do. We understand governments have the opportunity to enact legislation as they see fit in a majority government. With the lack of backing we have had from the Bloc Québécois to date it is going to be a very difficult job for the rest of the members in the House to hold the government accountable. If the Bloc Québécois continues to act in the way that it is, it will be darn near impossible to hold back the juggernaut of the Liberals.

• (1815)

If I think about the 35th Parliament for a second, I realize it was the Liberals who propped up the Bloc Québécois as Her Majesty's Loyal Opposition. What a joke it was that the Bloc would be Her Majesty's Loyal Opposition.

Why were Bloc members here? They were here at the behest of the Liberal government. Why did they have the role of vice-chair in all the committees? Why were they put into an exalted position in this Parliament?

It was because the Liberals wanted them here. They did not want an official opposition that believed in a united Canada from sea to sea, that was patriotic toward Canada and would stand for a united Canada.

[Translation]

**Mr. Louis Plamondon:** Mr. Speaker, the remarks of the member who just spoke are completely anti-democratic. He was not elected

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to comment on the relevance of the role played by each of the parties in the House. We have obtained our role democratically from those who elected us to office.

There are rules in this House whereby the party that finishes second is given vice-chair positions and the title of official opposition. That is why we were the official opposition«

[English]

**The Acting Speaker (Mr. McClelland):** The Chair questions whether that is a point of order or a point of debate. The hon. member for Richelieu will have ample opportunity to make that point at a later time.

**Mr. Jim Abbott:** Mr. Speaker, on a point of clarification for myself, I believe we are debating the motion moved by the parliamentary secretary. Is that correct?

**The Acting Speaker (Mr. McClelland):** We are debating Bill C-10.

**Mr. Jim Abbott:** Mr. Speaker, I believe a motion was put.

**The Acting Speaker (Mr. McClelland):** The hon. member is quite correct. A motion was put. The motion was carried and we resumed debate on Bill C-10.

**Mr. Jim Abbott:** Mr. Speaker, in taking a look at Bill C-10, as I mentioned in my previous interventions, the problem was that the action the government took was exceptionally unfortunate action.

I speak on behalf of the people who came into my office, people who are in a very low income situation. All of a sudden out of the clear blue sky there were changes created to the way in which taxes were extracted by the U.S. before they came into Canada. Because the protocol was negotiated a difficulty was created for low income people, and I speak for them.

As I discussed in debate with the member for Etobicoke North, the difficulty I have is that the government would like to see itself as being saved harmless in this debate. In other words, like it was not the current finance minister, like it was not the current prime minister, like it was not even the former revenue minister who now sits as the fisheries minister, like it was not these people of the government in the 35th and 36th parliaments who actually brought in the legislation. It was this government that goofed.

Maybe it is nice to be able to say it is great they have been able to own up to it. They have said "Let us make some changes". That is like hitting your head against a brick wall and stopping because it feels good. It just does not make any sense that Liberal backbenchers would stand to say they have made a wonderful change. What they are really saying and what the people of Canada have to know they are saying is that they agree with us that the finance minister, the prime minister and the revenue minister did not know what

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they were doing then and I submit do not know what they are doing now.

• (1820)

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, I heard the remarks of the member opposite. Is he suggesting, because there has been a problem in the past, that we should not try to correct it as quickly as possible?

Simply because he feels the government made a mistake in the past and even though he is siding with the people who are adversely affected by the current tax regime with respect to social benefits coming from the United States, is the member prepared to vote against legislation that will correct that inequity?

**Mr. Jim Abbott:** Mr. Speaker, in answer to the second question, all we ask is that he support the Reform Party amendment which would clarify the entire issue.

In answer to the first question, he and the rest of the backbenchers cannot get away with saying that we are supporting this change, recognizing that the finance minister, the revenue minister, the prime minister and the entire government did not know what they were doing in the first place and goofed. They made a very serious situation.

[*Translation*]

**Mr. Pierre de Savoye:** Mr. Speaker, our colleague, the member for Kootenay—Columbia, mentioned just now that he had unfortunately not had the support of the Bloc Québécois to block a move by the Liberal Party.

I would like to say two things. First of all, we are in agreement with the bill. We therefore have no wish to see this debate go on indefinitely, as long as it is conducted respectfully.

Second, we are no longer the official opposition. We are not the party with the second largest number of members. The party with that distinction is the Reform Party. They have 60 members. It is up to them to assume their role, through their presence and their numbers. This is their role now. We assumed it when it was our turn, and now it is theirs.

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

**Mr. Pierre de Savoye:** Again, we are in agreement with the bill and, if you require our assistance, you will have to speak to us ahead of time.

[*English*]

**Mr. Jim Abbott:** Mr. Speaker, it is very telling that Liberals were applauding the Bloc member. I go back to what I was saying previously about the three legged stool. If one of the legs is shortened, the stool will fall over.

We are talking about people, politicians and press. Bloc Québécois members are probably siding with the politicians on the other

side of the floor. That is fine. They have been bedfellows before. I am sure they will be bedfellows again.

The difficulty is that the government is trying to ram through legislation at lightening speed so that the three legged stool falls over and the politician ends up with the ability to get away with murder in this case.

Far be it from me to tell an intelligent member like the one from the Bloc how to conduct himself, but the reality is that if the debate had finished today and had not gone into committee, which it is now destined to do as a result of the lack of Bloc support, there would have been at least one more day of debate and hopefully Canadians would have been given the opportunity to know what was going on in this place.

The Bloc should have sided with us to stop the government from ramming through this stuff as though it were grease under skids.

[*Translation*]

**Mr. Pierre de Savoye:** Mr. Speaker, the Bloc Québécois is not regularly or even often in agreement with the government. This time, however, we are. And I would like to remind our colleagues in the Reform Party that, during the 35th Parliament, the Bloc Québécois raised these issues. This is not the first time that they have been discussed in the House.

• (1825)

Our colleague, François Langlois, the fondly remembered former member for Bellechasse, regularly raised questions on the floor of the House. This is why we feel that the government's bill is very much in the interest of Quebeckers who are affected by tax matters. We are prepared to do whatever is necessary to ensure this legislation is passed by the House.

Our colleagues in the Reform Party may see things differently, I respect that, but they too must respect the fact that we have acted in good conscience.

[*English*]

**Mr. Jim Abbott:** Mr. Speaker, the issue is not the difference of opinion between the Reform Party and the Bloc with respect to the legislation. The issue is that the people of Canada will not have an opportunity for this matter to be brought to their attention.

It may well be that the judgment of the people of Canada might side with that of the Bloc and that of the government. That is entirely possible. However the light speed in which the government is attempting to jam this complicated piece of legislation through the House of Commons, in particular with respect to trying to save the embarrassment of the finance minister, the revenue minister and the prime minister, is the issue. As an issue of parliamentary procedure we have to give the people of Canada an opportunity to know what the Liberals are attempting to pull off.

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In this case the Liberals are attempting to correct a wrong that their government, the same finance minister, created in the first place. Now they are trying to clean it up as quickly as possible.

I am rather surprised from a strategic political perspective that the Bloc Québécois did not realize the official opposition and members of the other opposition parties were attempting to bring awareness of the issue to the level of competence of the minister and his department.

**The Acting Speaker (Mr. McClelland):** If the House will indulge the Chair for a moment, the Chair has benefited from the wise counsel of the Clerk who advises me, and I shall advise the House, that debate is on the motion. The motion will also include the bill being debated so that members can feel quite comfortable in debating the motion that the question be put.

The Chair would also like to correct the record. The motion was moved by the hon. member for St. Catharines and seconded by the hon. member for Victoria—Haliburton.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I wish to take but a few moments to debate this important piece of legislation. The legislation is before the House today after wide consultation with Canadians, which led to the excellent proposal of the Minister of Finance to proceed with the tax convention between Canada and the United States of America.

Let us remember what we are doing. We are presenting a bill to the House today to provide tax relief. It has the approval of the vast majority of members of the House in most of the political parties represented here.

Let me say it again because it is a word that seems to enthrall a number of members across the way. It will provide tax relief to lower income Canadians who worked in the United States and retired in Canada. Those lower income Canadians were taxed at source in the United States and could not get their money.

We are in favour, as is the majority of members of the House, of proceeding with the legislation.

• (1830)

The measure now before the House is that we continue to debate this issue. Only four parties out of five are in favour of it. I know that, as do most Canadians. But the Reform Party knows better.

Coming back to the point, we are so in favour of this legislation as are most members that most parties in the House have agreed to stay to debate it tonight in order to have it pass second reading. Most parties in the House were even in favour of debating this issue at all stages, including report stage, in order to have passage quickly to provide tax relief to Canadians as soon as possible. But we know who is against providing tax relief to lower and middle

income Canadians. The Reform Party is filibustering a bill for tax relief. It is unbelievable. Shame on the Reform Party.

The situation which we have before us is one in which we could say without fear of contradiction that duplicity, thy name is Reform.

Mr. Speaker, I know that you, being the very independent, objective, neutral person that you are, will agree with me that the actions of the Reform Party are totally unreasonable today. All right-minded Canadians and most MPs in this House want this bill to pass. Most MPs are willing to sit longer so that the bill can pass and provide the necessary assistance.

[*Translation*]

So this is what is before us today. This bill provides what most Canadians want. What voters in the Cornwall region, so well represented by the chief government whip, or the region right beside Cornwall that it is my honor to represent, or the region of Vancouver, the south shore of Montreal or elsewhere, want. At this time, whoever has worked in the United States and paid into an American pension plan has their money taxed at source and retained by the American internal revenue service.

The Reform Party is opposed to a measure that would put an end to a plan that withholds money for American taxes. The Reform Party therefore supports the fact that the American government keeps money from Canadians. I would like the Reform Party to explain that to Canadian taxpayers.

[*English*]

**Mr. Werner Schmidt:** We have not voted yet.

**Hon. Don Boudria:** Mr. Speaker, the hon. member across says he has not voted yet. There is still time to repent. Members opposite can do that. I know that a large number of them rose in their place. They were against extending the debate. Maybe that means they are in favour of closure. Heaven forbid that Reformers do not want more debate. They are against extending debate.

Let us get this straight. Reformers are against more debate. They are in favour of taking Canadian taxpayers' money and giving it to the American government and they do not want to help poor and lower income Canadians. That is the position of the Reform Party. How could that be reasonable?

Mr. Speaker, a very neutral observer like yourself would no doubt agree with most right-minded Canadians that this is very wrong. It is very wrong and it needs to be corrected.

We on this side of the House will stand as we have in support of the hon. Minister of Finance, who has been so valiant in producing this tax treaty with the United States. This treaty needs to be adopted by both houses of Parliament as soon as possible so we

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can give that kind of protection to Canadians. That is what all of us want.

I believe that the five hours of debate has now expired so I will end my speech.

• (1835)

[Translation]

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, I would like to start right off by telling the Reform Party that the Bloc Québécois has nothing to learn from them about democracy. That is the first thing.

I agree fully with the Government Leader in the House when he says that this party ought to get its act together. In Quebec, we have a wonderful motto: *Je me souviens*, I remember. I remember that party was opposed to the gag imposed on debate on Bill C-2, among others.

When the vote came on bill C-2, however, that party unanimously emptied its seats. The westerners elected members from the Reform Party for a reason: to sit in their seats, and from those seats to make their dissatisfaction known, not off in the corridors, not off in their offices. That is how to make oneself heard.

The Bloc does not, therefore, have any lessons to learn from the Reform Party when it comes to strategy and to democracy. If we agree to an extension of this debate, it is for the men and women who work in the Bellechasse region, in the Kamouraska—Rivière-du-Loup, in Lévis, in the Beauce. First and foremost, we represent human beings, which is why we have agreed to extend debate on this issue. We have no lessons to learn from the Reform Party.

**Hon. Don Boudria:** Mr. Speaker, I have no intention of taking part in the debate to decide which opposition party has something to teach the other parties in opposition. This is not my role. However, I will say that it was at the request of a colleague from the party of the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques that we considered the possibility of debating all stages in a single day. I thank the hon. member's colleague for the proposal.

Most parliamentarians agreed. Most were in agreement up to last Friday. I think it was the proper approach.

Today we are having a sort of filibuster in an effort to block this bill. However, at this eleventh hour, if we may continue, I still hope that we might look at the bill at all stages and be done with it so we may give Canadians and particularly people who are retired, senior citizens who today live in Canada but who worked part of their life in the United States, this tax relief. People should not have their assets seized—in fact this is just what is happening right now—at source as deductions that are not only not returned to the taxpayer but not to Canada either.

[English]

**Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.):** Mr. Speaker, I would like to ask the hon. member from across the way whether he feels that it is fair to Canadians on important issues such as seniors pensions that this House debate the issue for five hours. Do you honestly feel that five hours of debate is adequate?

**The Acting Speaker (Mr. McClelland):** The Chair would gently remind all hon. members to address each other through the Chair. The hon. House leader for the government.

**Hon. Don Boudria:** Mr. Speaker, I am not sure what the purpose of the question is but if the hon. member wants to debate it longer, we have even provided for an extension of the hours so she does not have to be limited to five hours.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I am quite surprised that this early in the game after the House has resumed since the election, first we had closure brought in by the government on Bill C-2, the very first bill by the way. And now we have to debate this all night. The government must have a legislative agenda as long as your arm, Mr. Speaker, because I do not know what it will bring in next in order to allow room for an opportunity to debate. However we find out the government is rushing another bill through the House of Commons. This has to do with tax conventions, primarily one with the United States.

• (1840)

I think back to last year when we were debating a thing called family trusts. There was a loophole that allowed one particular family in this country to move \$2 billion out of this country tax free. When it was brought to our attention the Minister of Finance left that loophole a mile wide, wide open for three months before he closed it which allowed others perhaps with the same amount of wealth to do the same type of thing.

I read in the papers over the weekend that now we find the loophole the Minister of Finance closed has been closed in such a way that small entrepreneurs who want to leave this country are now going to find that they are taxed disproportionately because the bill was not debated and examined properly in this House when the amendments were forced through by the Minister of Finance and this government.

I want to ask the House leader whether this type of issue, where he is forcing the closure on debate, is going to again allow loopholes to work to the disadvantage of Canadians and the people who have to pay tax in this country and allow the rich families who support the Liberals to go home free? Is the intention of this legislation to allow that type of thing or are we going to find common sense debated in this House where we have an opportunity to look at the legislation, examine it closely and ensure that this

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type of nonsense that has already gone through this House will not happen again?

**Hon. Don Boudria:** Mr. Speaker, I have a couple of points. First I know the hon. member is conversant with the rules as is the hon. member for South Surrey. Being as familiar with the rules as they are, they will know that the motion was passed to extend the hours to hear all of the brilliant discourses the hon. member and his colleagues are willing to give to us.

**An hon. member:** Tomorrow.

**Hon. Don Boudria:** I am glad the hon. member referred to tomorrow's speech but it is an opposition day. This issue is not on the agenda of the House for tomorrow.

The second point very briefly is that if the hon. member across thinks that this bill is closing a loophole, then presumably he would be in favour of it.

This bill is about allowing lower income Canadians to get their money back that right now is seized by the Government of the United States.

**The Acting Speaker (Mr. McClelland):** The first five hours of debate have concluded. Therefore pursuant to Standing Order 74, all further interventions will be of 10 minutes duration and there will be no questions and comments.

**Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.):** Mr. Speaker, I have found the conversation to be quite interesting. The member is quite right. We do know the rules of the House. However perhaps Canadians do not know that this extension of hours is a procedural manipulation of debate to make sure that this debate ceases to exist after this evening's sitting however long that may be, instead of giving Canadians the opportunity to understand what this government is trying to do to them by deferring the debate a couple of days hence. That is the issue here. The government is closing the debate much sooner than it would have gone on if this procedural motion had not taken place.

The concern that I have is for the many seniors in my constituency who are just finding out about the changes that this government is proposing to seniors benefits, to CPP and now they are being thrown another change. They are worried and concerned because they are the most vulnerable people in our society. They are older people who no longer have the opportunity to go out and work in order to supplement an income that they see diminishing. These seniors are very concerned that their government is not giving them the opportunity to understand what it is that it is doing to them.

• (1845)

My concern as a member of Parliament is that the government does not seem to want to allow time so that the people in our constituencies can understand what the government is proposing

and understand the arguments against the proposals. What is the rush? Why is the government so reluctant to allow Canadians to fully understand what is happening to them?

The fear and concern of our seniors are real. That fear and concern are often based on lack of knowledge and understanding. The government seems to continually do procedural things to prevent seniors from having that understanding, so that they can accept change and understand why the changes are taking place.

It is that fear we have to live with on a daily basis as they come to our offices asking us "What is happening to our incomes? Why does the government continually change the system after we have ceased to work? Why is the government always changing the rules on us? When we go into retirement we have planned it with careful preparations to look after ourselves, then the government changes the rules. Why?" I cannot tell them why.

Is the government trying to fix a mistake that was made in the last Parliament? One would ask why that mistake was made in the first place. Did the government not allow ample opportunity for consultation with Canadians who are caught in the bind of income from another country? Why did the government not consult with the people who are affected before coming up with the legislation to deal with it? Why did the government not allow for open consultation with the public, with the people who are affected, with tax consultants and others who would be brought into this? Why did it make that mistake in the first place in the last Parliament?

I would hasten to suggest that perhaps it is the same reason we are faced with today, that the government is reluctant to allow for timely discussion to allow citizens to understand what their government is doing. I would suggest that it is my responsibility as a member of the opposition to constantly ask the government these questions. Who has it consulted? In what way has it consulted? How does it know that what it is doing is the right thing if it does not allow the process for people to question what it is doing and to suggest change?

We owe it to Canadians, to our seniors who are the most vulnerable in our society an opportunity to understand that these changes may be to their benefit, but that they may have a disastrous effect on them and they may lose some of their income. They need to understand so that they may have the opportunity to prepare, not so that they can live a wealthy lifestyle travelling and whatnot, but so that they can put food on their tables, pay their rent, look after their health needs and the care of their loved ones who may be in a care situation and where they pay their own expenses and those of their loved ones in a care facility. They need the opportunity to understand what the effect will be on them.

In essence the government has closed the debate. It will continue this evening before running out of time. It will not be resumed two days hence. It is unfortunate that we will not have that opportunity

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to continue it in two day's time so that we can get the information out to more concerned Canadians.

I move:

That this debate do now adjourn.

• (1850)

**The Acting Speaker (Mr. McClelland):** Pursuant to section 25 of the Standing Orders this motion to adjourn is not in order.

**Mr. John Williams:** Would you mind explaining why it is not in order?

**The Acting Speaker (Mr. McClelland):** The Chair would be pleased to explain. When it is provided in any standing or special order of this House that any business specified by such order shall be continued forthwith, disposed of or concluded in any sitting, the House shall not be adjourned before such proceedings have been completed except pursuant to a motion to adjourn proposed by a minister of the crown.

**Mr. Jim Abbott:** Mr. Speaker, I heard what you read and I believe I heard from the text that the House not be adjourned. I do not believe I heard that the debate not be adjourned. The motion from the member from South Surrey was that the debate be adjourned.

**Mr. Guy Saint-Julien:** That is a good point.

**The Acting Speaker (Mr. McClelland):** The Chair recognizes the member from Kootenay—Columbia has raised an interesting point. Such point will indubitably be raised in further meetings of the clerks as this is considered.

For the moment the Chair, in consultation with Table officers, has concluded that this motion pertains also to the term debate.

**Mr. Chuck Strahl:** Mr. Speaker, I rise seeking clarification. As near as I can tell, with your ruling you have said that any motion that we may put forward on this side of the House is out of order because of Standing Order 25.

Standing Order 25 is very specific. It specifically says there shall not be a motion entertained to adjourn the House. There may be many motions, debatable, votable motions made from this side of the House through the course of the evening until midnight. If you rule as you have that everything is out of order because of Standing Order 25, you have in essence said the opposition cannot propose anything else.

With respect, I am not sure how you can extrapolate that meaning from this standing order.

• (1855)

**The Acting Speaker (Mr. McClelland):** Order. Again, after consultation with the Table officers, it is brought to the Chair's

attention that the House leader of the opposition is quite right. The House cannot consider any further motions until the motion on the floor has been dealt with.

**Mr. John Williams:** Mr. Speaker, I rise on a point of order—

**The Acting Speaker (Mr. McClelland):** The Chair will not recognize any further points of order on this subject. Resuming debate.

**Mr. Werner Schmidt (Kelowna, Ref.):** Mr. Speaker, the motion before the House makes me almost sad because of what it seems to imply. It seems to imply a strategy on the part of the government to confuse the people of Canada.

The issue is very significant. Very often what happens when a change is made in one aspect of legislation, especially one that affects such wide ranging provisions as senior citizens' benefits such as pension plans, taxation structures whether income taxes, capital gains taxes, property taxes or whatever, is that it affects other pieces of legislation.

The government can go to the public through its representatives, the parliamentarians, and say "We have consulted widely. We have consulted in depth. We have heard what the people have said" but they have asked them only one question. The one question was would they like the Government of Canada to change the convention that would allow the Government of the United States to collect or withhold certain social security taxes rather than collecting them at home when our provisions apply.

What the Liberals did not ask is what are the implications for those who are in a higher income tax bracket? What are the implications for those who are in a medium income tax bracket? What are the implications for other pension plans, the Canada pension plan, the old age security benefit? What are the further ranging implications? They did not ask that question.

The government provided us with legislation on the Canada pension plan. It wanted to change this legislation. It did not indicate either what the implications would be to RRSPs.

Did it tell us about the clawback provisions when it came to the old age security benefits currently existing to those that will take effect on January 1, 1998? Unless the government tells the whole story, it could be confusing to people.

In fact, if the Liberals tell only part of the story without telling the whole story with the view to changing the attitude of the people and their direction, they could be charged with deliberately leading the people in a direction in which they would not go if they understood the whole story.

That is the danger behind this legislation before us today. Then they are forcing the issue so that we cannot tell the people of Canada what is involved. This misleads them and creates a situation that is false from the beginning. It creates a foundation that is wrong and creates doubt in the minds of the people. What is this government really all about?

Canadians will find out. The day is coming when they will pay their taxes and recognize "What in the world happens now? I have to pay this tax. I have to pay that tax. I have to pay another tax and what I thought I was going to get, I don't get. What's going on here?"

They call it an income tax. They call it a surtax. They call it a clawback. They call it a reduction in benefits. They call it a shift in emphasis. All of them lead to one thing, more money in the general treasury of the Parliament of Canada. It is wrong.

It confuses the people. It distracts their attention and makes it impossible for them to make well-informed and solid choices.

• (1900 )

I cannot help but hearken back to a letter the Minister of Finance wrote not too long ago. In fact it was written last spring. In the letter he referred to the excise tax for gasoline. Guess what he said? He said that excise taxes go into the consolidated revenue fund of the Government of Canada and were necessary to reduce the debt.

The government has been in office since 1993. It has not reduced the debt one cent. In fact, \$100 billion were added.

What did the Minister of Finance say in Vancouver just last week? He said that the deficit would only be \$8.9 billion. Only \$8.9 billion more will be added to the debt of Canada. He should have said that our debt had increased by \$8.9 billion in the last year. That is what the government is giving Canadians and it does not help.

The difficulty is that again the Minister of Finance is confusing the people. There is confusion on taxes. There is confusion on seniors benefits. There is confusion in the way in which the government rams things through the House. There is confusion because people thought their representatives would be able to represent their point of view accurately, concisely, honestly and in a truthful way. What did they discover? We have to shut up. That is wrong.

We need to get to the point where the government tells the whole story when it presents a program or legislation. It should tell the whole story. That is the truth. It should not tell part of the story or lead in a particular direction and actually end up saying something, presenting something or creating a perception that is false. That is going on here.

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I decry that kind of thing. It should not happen. Are there certain provisions in the proposed legislation that could be supported? Absolutely there are. There really are.

One of my major concerns is that the legislation does not treat all people equitably. It does not treat them fairly. As a consequence we have to vote against the bill.

Does it mean we object to everything in the bill? No, it does not mean that. It means the bill ought to tell the whole story and it does not.

The time has come for every parliamentarian to examine every piece of legislation on the basis of three things. Is it the truth? Does it treat people fairly? Does it create the kind of perception that will give wisdom and courage to the people so they can go to their children and grandchildren and tell them what they have done for them and what benefits they have been given. Liberal member and opposition members need to develop that kind of orientation in parliament.

Legislation like this bill and the way it is being presented proposes an arbitrary manipulation of the rules of the House to get a particular point of view across. It confuses and misleads the people of Canada. It creates cynicism on the part of people who ask what parliamentarians are up to anyway. The time has come for them to be able to say that parliamentarians represent what they want honestly, fairly and completely. That is missing this afternoon.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I rise on a point of order. I move:

That the hon. member for Calgary Centre be now heard.

• (1905 )

**The Acting Speaker (Mr. McClelland):** The motion is in order. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Acting Speaker (Mr. McClelland):** In my opinion the nays have it.

*And more than five members having risen:*

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

• (1950 )

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

*Government Orders**(Division No. 11)*

## YEAS

## Members

Abbott	Ablonczy
Anders	Bailey
Benoit	Blaikie
Breitkreuz (Yorkton—Melville)	Bryden
Casson	Cummins
Davies	Desjarlais
Dockrill	Doyle
Elley	Epp
Forseth	Godin (Acadie—Bathurst)
Goldring	Grewal
Grey (Edmonton North)	Hart
Johnston	Kenney (Calgary-Sud-Est)
Laliberte	Lill
Lowther	Lunn
Mancini	Manning
Martin (Winnipeg Centre)	Matthews
Meredith	Morrison
Nystrom	Penson
Proctor	Ramsay
Robinson	Schmidt
Solomon	Stinson
Strahl	Thompson (Wild Rose)
Wasylcia-Leis	White (Langley—Abbotsford)
Williams—47	

## NAYS

## Members

Adams	Alcock
Anderson	Assadourian
Augustine	Bachand (Saint-Jean)
Baker	Bakopanos
Bergeron	Bonwick
Borotsik	Bradshaw
Brown	Caccia
Cannis	Catterall
Charbonneau	Clouthier
Collenette	Cullen
de Savoye	Debien
DeVillers	Finlay
Folco	Gagnon
Goodale	Grose
Harvard	Herron
Keddy (South Shore)	Kilger (Stormont—Dundas)
Knutson	Lastewka
Leung	Lincoln
Maloney	Marchand
McLellan (Edmonton West)	McTeague
Ménard	Mitchell
Myers	Paradis
Peric	Peterson
Phinney	Pickard (Kent—Essex)
Robillard	Rocheleau
Saada	Scott (Fredericton)
St. Denis	Steckle
Stewart (Northumberland)	St-Julien
Thibeault	Vanclief
Wilfert—59	

## PAIRED MEMBERS

Nil/aucun

**The Acting Speaker (Mr. McClelland):** I declare the motion defeated. Resuming debate, the hon. member for Fraser Valley.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, it is a pleasure for me to speak to this, not because I think we should be debating this bill at 7.50 p.m. but because I would like to set the record straight as to exactly what has gone on here.

I am sure a good number of the members over there have no idea what they just voted for. They were told to vote and they did. Be that as it may, the general public should understand exactly what has happened here tonight. We have a system of doing business here in the House of Commons. We have an orderly order of business for a regular day. It starts at a certain time and ends at a certain time. We have an orderly calendar. Week in, week out we know where we are going to be on which week and at which time.

This allows the order of business to be conducted with some decorum and some decency in this place. With the odd exception up until recent years that was kept day in, day out by the government side. It realized that if it wanted this place to be productive it would work in co-operation with the opposition.

For the record this is what has happened with two successive bills. We have dealt only with two bills in this Parliament, and what has been done? On the first bill the Liberals brought in time allocation which means the end of debate. One day of debate, seven hours of debate, and it is finished. It is shuffled off. If the government had its way, the bill would be shuffled off and forgotten. Because the first bill was the pension bill we were not prepared to do that.

Furthermore, it was without any consultation by the other side that it brought in time allocation on the first bill. Kaboom, she comes in, no consultation, no debate. It is just the end of the debate. Canadians who wonder why this 73% increase in CPP premiums, why the changes to the seniors benefit, why all these tax law changes that affect seniors. They are not given a full hearing in the House. They are told "too bad, no debate in the House". They sent members of Parliament here to debate but they are not allowed to debate because the idea of debate for those on that side of the House is debate just for a little while and then hopefully nobody will notice and we can shut down.

What have the Liberals done today? They have pulled another procedural stunt. At the last hour of debate the government can stand up and move a motion. It made the motion to extend hours indefinitely, day and night, until this bill is dealt with.

● (1955)

This is another pension bill, another tax bill for seniors whom the government should be concerned about, another bill that the opposition on this side of the House says it wants to hold debate on over two or three days. Is that too much to ask? Of course it is not.



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Canadians want us to debate tax bills and important international tax bills before the House. On behalf of our constituents, it is our duty to stand on our record and stand up here and be counted. What happens over there is that the government says "We cannot have that. One day is enough. One day is all you get". It then moves this motion to extend the hours day and night as if the proper way to conduct business is until the lights go out or until the day is done and not even then; all night it wants to debate. It is telling us if we want to debate we must stay up all night.

That is not orderly business. Orderly business is ladies and gentlemen on both sides of this House asking each other how many speakers they have.

**An hon. member:** Honourable ladies and gentlemen.

**Mr. Chuck Strahl:** Honourable. Some of them are. However, they could ask how many members want to speak. Once we are down to five hours we are down to 10 minutes debate with no questions and comments. How many speakers can there be? If everybody in the Reform Party spoke we would only be looking at another 20 speakers, more than we already have.

Instead of another day of debate on Wednesday after the supply day or even a half a day—

**Mr. John Cannis:** Mr. Speaker, on a point of order. The hon. member, with all due respect, referred to "honourable members, some of them". I would like to think that every member in this House is an honourable member. If he tells us who is not—

**The Acting Speaker (Mr. McClelland):** With respect, that is not a point of order, that is a point of debate.

**Mr. Chuck Strahl:** I would like to thank the hon. member for voting for me earlier so I could continue this speech.

Just so the public knows, there are procedural things that can be done on that side of the House to make difficult the opposition's job of pointing errors or omissions in bills, things that should be improved on, amendments, consideration for the public, raised public awareness; all those things that we are supposed to do on this side of the House are disallowed when that side of the House says that there can only be one day of debate per bill.

So far the government has a perfect record. There have been two bills in the House and both bills have had restrictions on debate for this side of the House to even speak on the issue. There is something wrong with its idea of democracy when it says it is one bill and shove it through the House. They do not understand that the role of the opposition is to critique a bill, to try to improve a bill and to improve public awareness. It is a whole gamut of jobs given to us by the Canadian public to do.

When that side of the House says we cannot do it what are we supposed to do? We have to try to resort to procedural games ourselves. What a ridiculous thing they force us to do.

That side of the House should sit down and negotiate the number of speakers we have left, what day we are going to bring in the bill, how long it will go through the House, we can go back and forth because we want to make sure you get your business done. But we have a job to do on this side of the House to do all those things I listed earlier.

If the government feels compelled to use procedural shenanigans on every single bill, and it has a 100% track record so far, this is going to be a long four years. Canadians gave this party a job to do. They gave the other parties jobs to do as well. Those jobs are to hold the government's feet to the fire, to make it accountable, to propose amendments in order to help it design better legislation and to raise public awareness; all those things that all of us on this side of the House have been elected to do. There are almost as many of us on this side of the House as there are on that side.

In other words, one day soon there will be a vote that this government is going to be awfully close to losing. There are going to be many votes, some of them unfortunately without negotiation, without notice and without any negotiation between what I hope are hon. ladies and gentlemen all around. We will have to resort to the last resort which is to start out with the standing orders, then with Beauchesne's and then start duking it out on the procedural side. What a shame. We should be debating and voting on the issues of the day and trying to build a better country with this House of Commons. When we are not allowed to do that, then this party and many others on this side of the House will not stand down. We will rise to the challenge. We will not let the government ram this stuff through.

● (2000)

If the Liberals think they have won the day on this, let them remember that there is yet to come committee work, report stage, third reading. The idea of co-operation which makes this House work well will instead become confrontation. What a shame.

[*Translation*]

**Mr. Guy St-Julien (Abitibi, Lib.):** Mr. Speaker, I rise on a point of order.

The Reform Party member claims that they will rise to the challenge. It will be noted that there are 30 Reform members here tonight. The rest are off to Monday night bingo.

[*English*]

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I begin by saying that the Liberal member was formerly a Tory and was formerly in the House. I reserve commenting on the attendance of other parties when I look at the government bench, but I

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did not rise to talk about that. I did rise to talk about how unfortunate I think it is that so early in this Parliament we have arrived at the state of affairs we have tonight.

While there is an obvious tendency on the part of all of us to enjoy this parliamentary "silly-buggers", it is unfortunate in the sense that I do not think any of this is really necessary. The government has not sought to engage in serious negotiations with respect to legislative planning. It has done things without consulting the House leaders of the other parties. The Liberals seem to have it in their heads that one day of debate is enough and that they are entitled to take whatever measures are necessary after a day's debate to speed things along.

I just think this is a very bad sign for a Parliament which I had hoped had considerable promise even though it had been dubbed by the media as various things, that it would be a fractious Parliament, a pizza Parliament, that it would be this kind of Parliament or that kind of Parliament. I thought we had a challenge here as five parties to see if we could work together. We started off well but we came to a very unfortunate place in that progress with the closure on the Canada pension plan. And now we have today's situation.

I say to the government that all of this would be completely unnecessary with a little bit of good faith negotiating about what the other parties require and a little less impatience on the part of the government with respect to its own legislation.

I want to say a word to my Reform colleagues because so far I think they have liked what I said.

It has become easier and easier for governments to do this kind of thing because the value of Parliament and the value of politics per se has been so consistently debased by the kind of anti-political, anti-politician ethos that has been stimulated, enhanced and encouraged by many of my colleagues in the Reform Party. The fact of the matter is that governments have found it easier and easier to do this because so little premium is put on political and parliamentary activity.

So much of a premium is put on efficiency and not wasting the taxpayers' money by paying all those people to go on and on and on. But these are the very people who now want to go on and on and on because they think that they came here to say something and that what they have to say is important. Now they are feeling the flames of a fire that they have added fuel to over the last 10 years.

• (2005 )

They have fed this cult of efficiency in trying to streamline the public sector and devalue what goes on in political life, in Parliament and in the public sector. It all makes it easier and easier for the kind of despotism that we see increasingly over there on the government side.

They know they have a public out there which has been conditioned to say "Oh well, it is just politicians. Oh well, it is not very valuable anyway. The real decisions are made in the private sector. What decisions that are made should be made fast and efficiently, like they are in a corporate boardroom".

This is not a corporate boardroom. This is Parliament. This is where people talk. That is what Parliament means, parliament. This is the place where we come to talk things out. To the extent that we devalue that function of Parliament, we make it easier for governments and we feed a fire that will ultimately consume all of us, including the democratic process.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, the hon. member for the Reform Party mentioned that we have entered into this debate because Reformers believe that the government has been usurping the parliamentary process.

What Parliament has to do is to talk about the issues that actually concern Canadians: that of less taxation, that of providing Canadians with balanced budget legislation, that of providing Canadians with a national health care guarantee.

I would like to point out to members of the Reform Party that initiatives in terms of theatreship as opposed to leadership with respect to legislation and the votes which we wasted time on after the throne speech do not provide Canadians with less taxation. They do not provide Canadians with a national health care guarantee. This sort of thing, to actually prove a point, deters the professionalism of Parliament. Therefore, I would encourage all members of the House to work in a more constructive manner. We do not have to have showdowns and take people on on a day to day basis.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I too would like to add my voice to that of the hon. member for Fraser Valley who indicated that it does seem to be this is not going to be a fractious Parliament but perhaps a raucous Parliament if the government continues in this vein of trying to impose its will without Parliament being given the opportunity to debate and for the people who were elected to come here and speak to be given the opportunity to speak.

This piece of legislation was introduced today. It is 138 pages long. It is an amendment to quite a number of international treaties. When we read it of course it does not make a lot of sense because it talks about deleting a paragraph and adding a new paragraph in its place. It jumps over to another part of the treaty to delete something else and amend something else. We cannot read this as we read a book.

This has only been in the public domain for one day and the government wants to pass it on to committee stage and bring it back here no doubt by next week. It will be through to the Senate

before we know it. The public at large and experts will not have the opportunity to go through this with a fine toothed comb and add their professional opinion as to any potential flaws which might be in Bill C-10 with all of its amendments to the individual treaties.

I would like to draw the attention of the House to the issue last year regarding the Canada-U.S. tax treaty and the taxation of a family which took \$2 billion out of this country. As far as we know they took it to the United States and paid no tax.

While it was debated about whether the family should or should not pay tax, the Minister of Finance deemed the situation serious enough that it had to be dealt with by the finance committee. He brought in amendments to the Income Tax Act to ensure that it would not happen again. He allowed the situation to remain in the public domain for over three months so that anybody who wanted to take advantage of the same opportunity obviously could. Then he amended the tax act to prevent any other usage of the same methodology of transferring money out of the country.

• (2010)

I read in the paper on the weekend about the situation that the amendments brought in by the Minister of Finance dealt with the taxation of privately held companies. Because of the amendments the Minister of Finance brought in, the article suggested that small business people who move to the United States will now find themselves subject to double taxation. When people leave the country, it will be deemed to have been disposed of and they will pay taxes on it. If they retain the asset for a period in excess of five years and dispose of it after that, the United States will tax it again because it only goes back five years.

Now we have a very simple situation. Our business people are being compromised because legislation was rushed through this House, pushed through this House by the Minister of Finance in response to an issue that had erupted.

I draw the parallels to this document, all 138 pages of it. We have not had the opportunity to go through it in detail. We have not had the opportunity to check with the professionals who make a living analysing and working with these documents to get their opinion on the validity of the changes. We have not had that. Yet the government wants to stand up tonight and say “If you do not speak tonight, you will not be able to speak on this bill because it will go off to a vote and off to a committee and so on”.

I agree with the member for Winnipeg—Transcona who talks about the debasement of Parliament. I too am very concerned about the debasement of Parliament and the fact that we are now being perceived as an addendum to government, one of the things that has to be tolerated.

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A bill has to bypass its way through Parliament but that is only a perfunctory process. It will become law because those members deem it will become law. Not so, because Parliament is here to debate the pros and cons of this type of legislation. Complex though it may be, we are here to debate it and not to have it shoved down our throats by a government that wants to continue doing something else tomorrow.

That is not the way democracy works. We are here to uphold it. The fact that we have other members of my party around here who want to speak proves that we want to be heard not just on this issue but on all the bills coming forth that we want to debate.

We want to have the time to go back to our constituents and say “This is the legislation that the government is proposing. Should we take a stance for or against this piece of legislation? Is it good legislation? Is it legislation that needs amendment before we can call it good legislation? Is it legislation that we disagree with entirely on principle?”

We have to be able to ask these questions of our constituents if we are to do our job. Yet it is in and out of this House in one day flat. We do not even have an opportunity to phone our constituents to find out what they are saying, far less distribute the contents of the principle of this bill and find out what our constituents think.

It is not a good day for democracy when we find that the government in the first two to three weeks of its new mandate wants to adopt this type of procedure and attitude. That is why we have to take a stance. We tried to take a stance on Bill C-2. We registered our opposition by refusing to be counted on the vote.

We stand again today saying here is a government riding roughshod over the democratic rights of 301 members in this room, all who have the right to speak on this bill but who are going to be denied the opportunity. All of them have the obligation to go back to their constituents to find out what they think of this bill and to check with the professionals to find out if there are more loopholes in this bill before we vote on it, but no such luck. Here they go again.

• (2015 )

That is why it will be a long four or five years. We must remember that their very small majority may wear thin. When we go back to our constituents and tell them how we are being run over and how their rights are being trampled, they will tell members on the government side that enough is enough and this has to stop; that they are supposed to have a decent debate in the House.

I hope they will have a change of heart, withdraw the motion and let us continue debate on this bill until all have had a chance to speak. Then we will know exactly what it contains so we can talk competently and intelligently about the fine print. I have a summary of the bill prepared by a research department but I have not had

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a chance to go through 138 pages. Have you? I doubt it. Has anyone else on the government side? I doubt it.

As somebody said before we had the last vote, stand up and vote and say yes because that is what you are told to do. That is not good enough. We are not here as stooges to do what the government tells us. I hope the backbenchers on the government side will not follow that procedure but will stand up and say "Excuse me, what does this thing say?"

I want the government to give me time to read this before I pass judgment on whether I am supposed to vote yea or nay on this bill. That is how this House works rather than as a rubber stamp the day the legislation is introduced.

Unfortunately I look forward to a raucous four years. I am going to do my bit to be heard in the House.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I spoke to Bill C-10 during regular debate earlier today. I opened debate on the bill on behalf of the official opposition and outlined our arguments for opposing the bill. As we hopefully come to a close in this sad affair, I would like to review the chronology of how this unfortunate conflict came to be.

It is often the practice of government to hope that opposition parties will accept the rapid passage of technical bills which make so-called housekeeping amendments to legislation. Bill C-10 amends various tax conventions and was presented to us and the other opposition parties as precisely such a bill.

Two years ago a similar bill was brought forward to the House, an amendment to the U.S.-Canada income tax convention. It was presented to the opposition then as a mere housekeeping bill, one without real substantive effect, one that we did not have to debate at any great length, one that could be passed if we were all to get along and do our business efficiently.

What that bill did by establishing the third protocol for the treatment of social security payments to both Canadian and American residents was to impose a considerable and burdensome and prejudicial tax increase on virtually every single Canadian collecting U.S. social security.

The members of the government, undoubtedly in good faith, took the mistaken advice of their officials who had drafted the legislation, advice which said this would not prejudicially affect Canadian seniors, that it would be revenue neutral, that none of them would end up paying higher taxes than they paid under the second protocol before 1995.

We took that on good faith. Seniors took that on good faith. The current deputy prime minister, the second highest authority in his

government, said several times on the record that the third protocol would not increase taxes.

What happened? When Canadian residents got their social security cheques after that bill had been passed, many of them were financially devastated. Many were thrown into poverty. Members of the government know this is true. That is why we are debating this bill today. That is why we are trying to amend the mistake it made.

I go over this history not to be redundant but to make the point about what it is we are doing with procedure now.

● (2020 )

It is necessary for opposition parties to identify flaws in bills that are presented to the Canadian people as merely technical amendments. Sometimes it is necessary because the government, lo and behold, does not actually get infallible advice from its officials. That was demonstratively the case in the passage of the third protocol two years ago.

**Mr. Randy White:** I rise on a point of order, Mr. Speaker. I would like to ask if there is a quorum in the House to listen to my hon. colleague.

**The Acting Speaker (Mr. McClelland):** We have a quorum.

**Mr. Jason Kenney:** Mr. Speaker, the third protocol was amended by the House two years ago. The government presented amendments which were supposedly innocuous and benign in their effect. Low income seniors got clobbered and hammered by that bill precisely because the opposition and the government members trusted the advice they received that the bill did not contain any deficiencies.

That is why we need to take these bills seriously. That is why we cannot rubber stamp them. That is why we cannot treat the House, as the hon. member from Winnipeg said, as some kind of a board room. Every piece of legislation that comes before the House is coming before the highest chamber of democratic deliberation in the country. These debates must be taken seriously.

I know it may not matter to the members opposite because they, like I, do not have the time to read 138 pieces of legislation. Most of them, when they do get up to speak, read the speaking notes given to them by their departmental officials. But that does not change the fact that this place has a history hundreds of years old based on parliamentary responsibility. It is ultimately here that the buck stops. We cannot shirk that responsibility.

We are not standing up using these tactics out of some whimsy. I do not particularly want to be here at 8.30 p.m. debating technical bills, but I saw a flaw in this one. As I am the critic responsible for it I advised my colleagues that, because it was a major tax increase for the Canadian recipients of social security benefits, we ought to oppose it. We ought to take it to committee eventually and have

witnesses appear. We ought not to rush through committee of the whole without the people affected being able to have a voice in it. That is what taxation with representation is all about. That is what the democratic traditions of the House are all about.

I want to invite my colleagues, as I did earlier today, to look seriously at not just this bill but all similar technical tax amendments to see what they really say. Forget the advice you receive from finance department officials. It is our job as members to dig to the bottom of this, to debate these things and to look at the affect they are going to have on Canadians.

I want to correct one thing the members opposite have been saying. They have been suggesting that somehow the official opposition has been trying to stall the payment of retroactive tax payments to low income seniors who will benefit from the retroactive elimination of the huge mistake the Liberals made under the third tax protocol. That is not at all what we are proposing to do.

We would like to approve those retroactive payments as soon as possible, but within the context of a bill that treats all seniors fairly and does not increase taxes to any of them. That is a simple principle on which I was elected by 60% of the voters of my riding to come here and advocate. My colleagues and I have a prerogative. We have a privilege and indeed an obligation to do that.

On behalf of my constituents I want to put the government on notice. If it tries to pull fast ones like it did today we are going to play these games. Our role as opposition is to defend the privileges of this place, the traditions of democratic deliberation which this House represents. No amount of arrogance or abuse of parliamentary power by the government is going to stop us from taking that responsibility very seriously.

• (2025 )

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, it is with mixed feelings that I stand at this time of the day to debate this bill because we need to have an opportunity not only to debate it in this House, not only to have experts who look at the many ramifications of the hundred pages of legislative change, but we should also have an opportunity to take it to the people back home whom we have been elected to represent.

It is devastating for me to find that my role as a parliamentarian is being limited by a government that again thinks it knows everything and that it cannot make a mistake. That is what is presumed here. If it puts forward a motion and says that it wants it all finished today I would hope that what it is saying is that there is no error in this legislation, that there is nothing that can be made better for the people of Canada, that it is a perfect piece of legislation, so let us just get it on the way.

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I would have to concede that there would come occasions where there is a small technical change to be made where that may be the truth, but we do not know that. As my colleague from Calgary indicated, that was the assumption made a couple of years ago when the legislation was passed that we are now trying to undo.

How can the government carry on with this premise? I am insulted by it and I am hurt by it. Our respect for the parliamentary process and for this institution is being reduced. We have an obligation to maintain the integrity of it.

I feel so strongly that not only myself but also the members on the other side—we call them affectionately the Liberal or the government backbenchers, those who do not have a say in government—all have an obligation to provide scrutiny to these bills. These things have a tremendous impact on our society, on the citizens of this country, on the taxpayers of this country. For the backbenchers to go along with this charade and to say “No, we are willing to abdicate our responsibility and not provide that scrutiny” I think puts them also in dereliction of duty.

It is incredible to think that the ministers who sit in the front rows really do know everything. If that is really true then perhaps we ought to save the taxpayers a lot of money and just have a 20 seat Parliament and let them run it. We can just call it a cabinet and let them run the show. Let us call it what it is, an elected dictatorship between elections. That is what it boils down to.

I would like to see those backbenchers on the other side—what term do I use now. It was going to be a four letter word that starts with *g* and ends with *ts* but I cannot use that. I wish they had the internal fortitude to actually stand up and say “I’m sent here to represent the people who elected me” and to stand up against the front bench of their party when they pull these kinds of shenanigans. This is really despicable.

One of the greatest concerns we have in our ridings, at least I am hearing in my riding, is the concern of seniors with respect to their personal financial security. It is being eroded big time. They plan for their future and for their retirement given certain parameters. Now those parameters are being changed rapidly and they do not have an opportunity to make adjustments to their earnings, to their savings plans. Certainly they cannot anticipate all of the different and additional taxation rules that the government is giving to them.

It behoves us as members to show some genuine concern for the seniors in our society, those who are most affected by changes in these rules, those whose very continued livelihood depends on their financial security.

• (2030 )

We ought to show a great amount of scrutiny and care when we propose to change bills. This is an affront to us. I am ashamed members opposite are going along with this kind of a charade and

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still claiming they won the election and can do whatever they want. That is not good enough.

The people of Canada will rise up and revolt against this kind of a government. They will say "Enough of this. We want a true representational government. We want a government where MPs are sent to Ottawa to represent the people". They should take their voting orders from the people who elected them and not from their party bosses who think they know everything and will not even contemplate that perhaps one of their bills or motions should be subject to amendment, improvement or perhaps even defeat.

It is time that happens. I invite Canadians everywhere to wake up to what is happening in this place. It is a sham and it is a shame.

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, this should be a very peaceful and articulate presentation. It should be but maybe it will not be. At least it will be articulate.

Is there a quorum in the House?

*And the count having been taken:*

**The Acting Speaker (Mr. McClelland):** We have quorum.

**Mr. Randy White:** Mr. Speaker, with regard to Bill C-10—

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

**Mr. Randy White:** Mr. Speaker, listen to the rabble over there. The people at home should hear what is going on in the House. The process by which we have to debate the bill is bad enough. It is anti-democratic.

**An hon. member:** What are the Reformers doing behind the curtain? What are they hiding?

**Mr. Randy White:** I want to speak on a couple of issues before I address what is wrong with the process we saw tonight.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I rise on a point of order. It is inappropriate for members to refer to the fact that other members are not in the House. I heard a member from the government side talking on that basis. I would ask you to mention to him to refrain from doing so.

**The Acting Speaker (Mr. McClelland):** It is an established convention that members do not refer to the absence or presence of other members in the House.

**Mr. Randy White:** This afternoon I heard from one of my honourable colleagues in the Liberal government that a tax was an investment. Upon further questioning the member said that the pay back of these taxes is more taxes. It is no wonder we are limited on debate of this issue and the Canada pension. These folks across the way have some distorted understanding about taxes. They think tax is an investment. Tax is an appalling affront to Canadians. That is

what it is. It is not considered an investment. I want hon. members across the way to understand that.

Being the House leader of the official opposition I am usually involved in discussions about closure, about any technicalities in the House.

• (2035)

Today, as my colleagues have said, we have not been involved at all. I have not been asked. The problem is not just today. How will these folks operate for the next four years? They have to deal with people like me on an ongoing basis to get approval and to make the House run smoothly and quietly. An individual can only take so much. I think members across the way are running out of brownie points. This could be a pretty rough House of Commons for the next four years.

**An hon. member:** Sit down.

**Mr. Randy White:** One of the backbenchers as far back as one can get has asked me to sit down. That is just arrogance from the Liberal Party. I represent the people of Langley and Abbotsford in British Columbia who do not wish me to sit down. I am here to speak my piece.

I bring to the attention of the House a couple of other problems the government has. Recently the government bypassed the House of Commons and delivered bills directly to the Senate. Again it shows the arrogance of the government in its understanding of the House of Commons, its rights, privileges and responsibilities.

It is bad enough that closure is called in the House. It is bad enough that through other technical means debate on legislation such as Bill C-10 is limited. It is worse and it is appalling that already four bills have gone directly to the Senate and have not been initiated in the House of Commons.

There are more bills in the Senate than we have debated in the House of Commons. I wonder what the government is thinking.

**Mr. Jason Kenney:** It is not democracy.

**Mr. Randy White:** That is right. It is not democracy. Is it thinking that the people who were elected to the House of Commons to debate bills are not worthy enough to debate them? Is that what we are talking about? Why on earth does the government send legislation directly to an unelected, unaccountable body called the Senate or sleepy hollow, as I would call it.

Bill C-10 represents taxation to some Canadian people. My colleagues in the House have a right to debate it. They want to debate it as long as they feel it is necessary. It is not incumbent upon the government to limit such debate. It is not right the government should limit such debate.

The message is becoming very clear. The government whip should know it will take co-operation from all sides of the House

to work on legislation. The message is coming to us loud and clear. It is not just legislation that will have a problem in the House. There are all kinds of committees, bodies and other means whereby we work together.

Surely the government does not want to work like this for the next four years. If it does, I guess it will be a long, long time in here and it will not be very pleasant.

We have requests from the government to fly all over the world. We can cancel their votes in the House of Commons. The fact of the matter is that there is such a slim majority in the House of Commons the government will be in the House a lot more than it was before, and it had better get used to it.

• (2040)

It looks like with Bill C-10 some people are going to end up getting taxed in this country. They are going to wonder why they were not well informed. The answer is those members in opposition who critique these bills did not have an adequate opportunity. That is the real answer to all of this. It is really too bad because I think we all came here to present lively articulate debate on these issues. I guess the government just consists of a shameful group of people who have come here to push legislation because they have a majority. One of these days in this House they will neither have a majority nor a government. I am looking forward to that day.

**Mr. Gary Lunn (Saanich—Gulf Islands, Ref.):** Mr. Speaker, there is a part of me that wanted to go home but I could not leave without making a few comments.

I apologize to my colleagues on this side of the House for keeping them here but it is important for me to make these comments. I can talk about Bill C-10. I have read it. I can talk about the technicalities, what the bill really does, how it will really increase taxes and how it will really increase revenue for this government, but I want to talk about what the government is doing.

I admit that I am a new member in this House. I have been here only a few weeks. I had my maiden speech prepared on Bill C-2. My constituents asked me to speak on it. It is a huge concern in the riding where I come from. I come here and I am silenced. That is wrong because we live in a democracy.

I am saying this from my heart because I really do believe this. I followed Parliament and I was going to speak on Bill C-10 Wednesday but I have been silenced. The hon. member for Calgary Southeast said I am in the line-up. It may happen today or it will probably happen on the next speaking rotation. I read up on the bill and studied the effects of taxes being raised. However, I am being silenced and not given a true opportunity to debate this in the House because of the government's tactics.

We have been here only a few weeks. I say this very sincerely from my heart. They can laugh and they can make all the rhetoric

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they want, but on two occasions I have been silenced. That is a dictatorship. There is no other word for it.

Why are we even here if the government just does what it wants? On Bill C-10 we could go into the technicalities of it. We could talk about how this government has the figure 70% stuck and ingrained in its brain. That is the one thing I have come to learn from both of these bills that I was going to talk about. The government will have raised the premiums by over 70% in Bill C-2.

Now when I study Bill C-10, if you want to talk about it let us do that. Prior to 1995, 50% would be included in your taxable income. Now, guess what? It is going to be 85%. It is a simple case of arithmetic, a 70% increase. Imagine that. This is not rocket science.

We can debate this bill. I know the Minister of Finance is probably off smiling and padding the government coffers where all this money is coming into. I am sure the government knows how much extra revenue this will create. This is wrong.

The government stands up on the other side time after time and says there have been no tax increases but they are all sneaky hidden tax increases. What is even worse, it will not even allow debate in this House. It just rams them through and uses any tactics it can.

I could not leave without standing up and saying that I was prepared to speak on both these bills. What I see in this House is wrong, wrong, wrong. It is absolutely deplorable what this government is doing. It is silencing the opposition. It is trying to run a dictatorship and it is going to have to be accountable to the people of Canada whether it likes it or not.

The government members can stand there and laugh but I can remind them that the Tories once sat on that side of the House and laughed too and they paid a huge price and those guys are well on their way to going down that same path.

• (2045)

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

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

*Government Orders*

**The Acting Speaker (Mr. McClelland):** In my opinion the nays have it.

*And more than five members having risen:*

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

*And the bells having rung:*

**The Acting Speaker (Mr. McClelland):** The vote stands deferred until tomorrow at the end of Government Orders.

It being 8.45 p.m., this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 8.46 p.m.)

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