



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, February 3, 1998**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Tuesday, February 3, 1998

The House met at 10 a.m.

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*Prayers*

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• (1005)

[*English*]

**The Speaker:** Before we begin our session today I want to draw to your attention the wooden mace that is on the table. We put it here every February 3 in commemoration of when our House of Commons, that is to say all of our House of Commons for all Canadians, was destroyed in the fire. The wooden mace of course will still be our symbol. In case some of you are wondering, it is absolutely legal. I wanted you to notice it as it is a part of our tradition.

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## ROUTINE PROCEEDINGS

[*English*]

### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table in both official languages the government's response to five petitions.

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### COMMITTEES OF THE HOUSE

#### PROCEDURE AND HOUSE AFFAIRS

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I have the honour to present the 18th report of the Standing Committee on Procedure and House Affairs regarding the membership and associate membership of some standing and standing joint committees.

If the House gives its consent, I move that the 18th report be concurred in.

**The Deputy Speaker:** Does the hon. parliamentary secretary have the unanimous consent of the House to move the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

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### PETITIONS

#### NATURAL HERITAGE DAY

**Mr. Ovid L. Jackson (Bruce—Grey, Lib.):** Mr. Speaker, it is my pleasure today to table a petition on behalf of the residents of my riding of Bruce—Grey and in particular the Warton area.

The petition reads as follows: "We, the undersigned residents of Canada, draw attention to the following: That our nation honours our common legacies through national holidays. That our natural heritage is of paramount importance to all Canadians. That our long Canadian winter is in need of a mid-winter celebration. That in many of our composite cultures February 2, the midpoint between the solstice and the vernal equinox is a traditional mid-winter festival. Therefore, your petitioners call upon Parliament to enact legislation declaring February 2 as a national holiday, to be known as Natural Heritage Day".

• (1010)

#### STONE RESERVE

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, it gives me pleasure to table two petitions today from natives, grassroots people from the Stoney reserve in Morley, Alberta.

The petitioners are calling on Parliament to enact legislation to remove employees who are non-native being paid approximately \$300,000 from the tribal affairs. They feel that the financial mismanagement is contributing a great deal to the problems that are occurring on the reserve and their state of affairs. They feel that the removal of these individuals and a reduction in the cost of this thing would be of value to them.

In the second petition, the petitioners are calling on Parliament to conduct a thorough internal investigation including an extended forensic audit going back to the 1980s on the illegal, immoral and corrupt political practices and injustices which are being committed by some Nakoda Stony tribal leaders on the reserve population, especially those who have dominated since the 1960s.

*Routine Proceedings*

The petitioners state that this assistance would be appreciated and would help immensely in initiating remedial actions and measures into the dismal affairs that exist on the Stoney reserve in Morley.

I am pleased to table these petitions this morning on behalf of these grassroots people.

## PENSIONS

**Mr. Nelson Riis (Kamloops, NDP):** Mr. Speaker, the first petition I have the honour to present is from a number of petitioners from various communities throughout British Columbia who are concerned about their future retirement. These are people who are not yet at the retirement age but who are concerned about what they are hearing about the government's intention to change the pension system. They are simply asking that a thorough review is done which I understand is now basically in the works.

## TAXATION

**Mr. Nelson Riis (Kamloops, NDP):** Mr. Speaker, I have another petition signed by petitioners from various communities throughout Alberta and British Columbia who point out a whole variety of concerns with Canada's tax system. They have some specific recommendations which I will table. By and large the petitioners are calling for a complete examination of our tax system and are proposing a major overhaul.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, pursuant to Standing Order 36, I am pleased to present a petition signed by a number of Canadians including many Canadians from my own riding of Mississauga South.

The petitioners would like to draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession that has not been recognized for its value to our society. They also share the view that the gravest social injustice of all time has to be the abandonment of the political system and taxation system for parents who provide care in the home.

The petitioners also agree with the National Forum on Health report stating that the Income Tax Act does not take into account the real cost of raising children even when one does it at home by oneself.

The petitioners therefore pray and call on Parliament to pursue initiatives such as caregiver tax credits or income splitting to assist families who choose to provide care in the home to preschool children.

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## QUESTIONS ON THE ORDER PAPER

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, Question No. 61 will be answered today.

[Text]

Question No. 61—**Mr. Jean-Guy Chrétien:**

Regarding the recent relocation of the Lake Mégantic Human Resources Development Centre, can the government: (a) describe the bidding procedure; (b) specify the number of bidders; and (c) indicate the amounts covered in each of the bids, including the services offered and the costs involved in occupying the premises concerned?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services):** (a) For this requirement, a partnership with the Centre Travail Québec was considered as well as one with the Société d'aide au développement de la collectivité, SADC, of Lac-Mégantic, a partner of Human Resources Development Canada, HRDC. On October 24, 1997 it was decided that the Human Resource Centre of Canada would relocate with the SADC. Public Works and Government Services Canada, PWGSC, then began a direct negotiation with the lessor of the building at 5127 Frontenac Street, Lac-Mégantic, SADC offices.

On December 12, 1997 the Human Resource Centre of Canada moved to its new address, 5127 Frontenac Street, Lac-Mégantic, where the offices of the SADC-Lac-Mégantic are located.

No tender process was held in view of the client department's requirements and the short time delay for project delivery.

(b) See answer to (a).

(c) Once it had been decided that HRDC would co-locate with SADC fit-up plans were drawn up and the landlord was informed of its responsibilities for the lease as well as for the fit-up phase of the project. Rates were discussed. However no formal offer to lease has been remitted.

A meeting will take place between the landlord's representative for the Lac-Mégantic office and the PWGSC project manager to discuss the rental rate for the premises as well as the cost of the fit-up work. Once these negotiations are completed a recommendation with the final rental rate will be submitted for approval.

In the interim HRDC is occupying the premises based on an agreement with the landlord that once the lease negotiations are completed a formal lease agreement will be drawn up and all arrears for rental payments will be made at that time.

The lease start date was January 1, 1998 for a three year term for 75 rentable square metres, 65 square metres.

[English]

**Mr. Peter Adams:** I ask, Mr. Speaker, that the remaining questions be allowed to stand.

**The Deputy Speaker:** Is it agreed?

**Some hon. members:** Agreed.

## GOVERNMENT ORDERS

[Translation]

### INCOME TAX AMENDMENTS ACT, 1997

The House resumed from February 2 consideration of the motion that Bill C-28, an act to amend the Income Tax Act, the Income Tax Application Rules, the Bankruptcy and Insolvency Act, the Canada Pension Plan, the Children's Special Allowances Act, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act, the Customs Act, the Customs Tariff, the Employment Insurance Act, the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Conventions Interpretation Act, the Old Age Security Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act, the Western Grain Transition Payments Act and certain acts related to the Income Tax Act, be read the second time and referred to a committee.

**Mr. Mark Muise (West Nova, PC):** Mr. Speaker, I am pleased to have the opportunity to rise on this second day since our return to the House to speak on this bill which will, among other things, make changes to transfer payments to the provinces.

• (1015)

What I propose to do in this address to the House is to attempt to set out the facts relating to federal government support for health, social assistance and education.

The Liberals have made much of the announced new CHST cash floor, as it is called, the \$12.5 billion to be paid to the provinces for health, social assistance and education under the Canada Health and Social Transfer.

In a press release dated December 8, 1997, the Minister of Finance stated as follows: "Governing is about choices, priorities and values. Our choice is clear: health care is a priority for this Government".

Mr. Martin has said nothing about the fact that, since 1993, the Liberals have reduced the amount of cash transfers for health, education and social assistance by some \$6.3 billion, that is, from \$18.8 billion to \$12.5 billion.

He is also not mentioning the fact that the Liberals reduced cash transfers to 1984 levels. These transfers, which the Conservatives had increased by \$6 billion, have dropped by almost the same amount since the arrival of the Liberals.

Furthermore, Mr. Martin also neglected to say that, for seven of the ten provinces, cash transfers will continue to decrease over the next five years. Yes, you have understood correctly. Every prov-

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ince, except Ontario, British Columbia and Alberta, will be receiving less money under these changes.

Finally, the announcement of a new floor simply means that all cash transfers to the provinces will not be further reduced. As payments are proportional to a province's population, all provinces, except Ontario, British Columbia and Alberta, will be getting less over the years. In other words, the seven less well off provinces will be getting \$384 million less annually between now and 2002.

Let us look back for a moment at the context in which transfer payments are made. Prior to 1996, Ottawa helped the provinces pay for health care and education under the established programs financing or EPF arrangement. Payments were proportional to the population of a province less the tax point value.

The tax points were exchanged in 1977, when Ottawa agreed to reduce its tax rates to allow the provinces to increase theirs. This formula replaced part of the cash transfers.

The per capita payments under the EPF were frozen for a five-year period that was to end in 1995. Otherwise, these payments would have increased by an amount equal to the growth of the nominal gross domestic product, less 3%. Ottawa was also helping the provinces to fund social assistance programs, through the Canada Assistance Plan, or CAP. Payments made under the CAP program amounted to 50% of eligible provincial expenditures. The increase in payments made to the richest provinces, namely Ontario, British Columbia and Alberta, was capped at 5% per year, for a five-year period that was to end in 1995.

These restrictions curtailed the increase in payments, but they did not reduce their volume. Total transfers increased every year, without exception, while the Conservative Party was in office.

In 1993, the Liberals pledged to renegotiate the financial arrangements to improve funding stability. They never said anything about reducing payments by one-third before stabilizing them. In its 1994 budget, the Liberal government announced that, in 1996-97, total payments paid under the CAP and EPF programs would not exceed the 1993-94 level. This cut would replace the social reforms that were to be negotiated with the provinces.

• (1020)

The reforms in question never saw the light of day. The green paper was finally published after several delays and was quickly forgotten.

In the 1995 budget, the Liberal government announced that EPF and CAP would be replaced by the Canada Health and Social Transfer, or CHST, starting in 1996-97. By 1997, total payments under CHST would be cut by just under \$5 billion with respect to 1995 levels. The amount to be paid each province would be

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announced in the 1996 budget, following discussions with the provinces.

The 1996 budget contains funding levels by province up until 2002. The calculation formula irritates the poorer provinces, because it forces them to shoulder a greater share of cuts per inhabitant.

It was also announced in the budget that the cash portion of payments would not drop below the \$11 billion mark, which represents almost \$8 billion less than the cash payments in effect when the government tabled its green paper.

We believe there is a better solution. We believe that health care is one of Canadians' fundamental values. It is too important a part of our way of life to be held hostage to the political and budgetary imperatives of the hour. We must adopt an approach that will ensure the future of our health care system.

First, the federal government should relinquish part of its taxation power to the provinces and territories so that they can fund their own health systems.

Second, the federal government should recognize that it is quite possible to exercise leadership with respect to health care without being paternalistic. The federal government's role should never again be linked with taxation power. We need an approach that emphasizes co-ordination and co-operation. This can be done by replacing the \$12.5 billion the federal government now pays the provinces with tax points, which would be subject to equalization.

Transferring tax points simply means that the federal government will relinquish part of its taxation power to the provinces. This approach would not change the total taxes paid by Canadian taxpayers. Instead, the portion of taxes necessary to fund health care would be collected directly by the provinces and territories rather than by the federal government.

Since the value of tax points is tied to provincial economies, we would establish an equalization fund ensuring that all regions of the country are able to provide care and services of comparable quality.

We propose that there be a Canadian pact for the purpose of creating a new framework promoting health and education. As part of this pact, the federal and provincial governments would agree on common health care standards.

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the member may be aware of the National Forum on Health in which eminent Canadians in the health and other professional fields reviewed Canada's health care system.

The report delivered to parliament indicated that the \$11.5 billion level of funding was an adequate and appropriate amount for health care funding and that the issue was not so much the

amount of dollars but rather how we were spending our health care dollars. I would point that out to the member.

● (1025)

The member should also know or may be aware that in the province of Ontario the amount of reduction in transfers under the Canada health and social transfer was in the range of about \$1.2 billion. Also the government concurrently cut personal income taxes to the tune of about \$4.3 billion, a little more than three times the amount of reduction in health care funding.

Does the member believe that it is appropriate for the provinces to declare that the federal government has somehow impinged upon its ability to deliver on the health care system and at the same time reduce taxes or spend in other areas substantially more than the amounts we are talking about in terms of the reduction of transfers to the provinces?

**Mr. Mark Muike:** Mr. Speaker, to answer the hon. member's question, we visited constituents specifically in my riding who have faced the drastic cuts imposed because of the cuts in transfers.

People are on long extended waiting lists to get basic essential services, or people are dying because the health care system has been cut to a point where this type of problem exists. I have to say the cuts that have been made are drastic, are not acceptable and should not continue.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I appreciate the hon. member's comments this morning, but I have somewhat of a disagreement with respect to the approach he is taking.

The finance committee went across the country and consulted Canadians on what type of role the federal government should play specifically in health care and other such programs. Overwhelmingly Canadians said they wanted a strong role for the federal government.

The program being proposing to eliminate the cash component and go with tax points would remove the ability of the federal government to enforce the Canada Health Act. In fact we could use the word paternalistic. I would tend to disagree.

Canadians want to ensure levers are in place so that the federal government can ensure the Canada Health Act is enforced. I go back to the example of Alberta. When Alberta attempted to put in place user fees in private clinics the government held back those transfers.

The proposal the member is promoting would eliminate the role of the federal government. If the member were to put that to his constituents they would respond by saying "We want to ensure that there is a federal government to enforce the Canada Health Act". The program the member is proposing, as was the case in the last

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election campaign, does not resonate with Canadians. It really has no place with respect to the Canada Health Act.

**Mr. Mark Muise:** Mr. Speaker, I beg to differ with my hon. colleague across the floor.

We agree with cutting excesses to the system. The necessities should be kept there and certainly those necessities have not been kept. I cannot agree with the hon. member's comments.

**Mr. Tony Valeri:** Mr. Speaker, I hope the hon. member would agree with the fact that the finances of the country are now somewhat in order. We inherited a \$42 billion deficit from the last government.

Canadians said that we should put our house in order. That is what we did. Had we not taken the measures we did, perhaps we would have been here today asking the House for further cuts. In fact today we are hoping the House will support a bill that will reinvest in the priorities of Canadians.

The member's province along with the rest of the country will begin to receive additional moneys with respect to the Canada health transfer.

Surely the hon. member, for the sake of his constituents, would support the fact that there is a reinvestment in the Canada Health Act.

**Mr. Mark Muise:** Mr. Speaker, the hon. member across the way has a very selective memory when it comes to pointing out the last government's shortfall.

• (1030)

I would like to point out to him that the last government was the Liberal government. Come on, do not throw it back. The hon. member mentioned that now that we have a balanced budget or close to it, they are going to be reviewing. Is the hon. member saying that they will be spending more money to transfers?

**Mr. Nelson Riis (Kamloops, NDP):** Mr. Speaker, I listened with interest to my hon. colleague's presentation and I could not help but cast back my recollection to when the Conservatives were in government and introduced the massive transfer cuts. At that time it seemed to me that if the cuts were allowed to continue as the government had planned, we would reach a point soon where there would be actually no more transfers financially at all and there would be no opportunity for a federal government to request or expect any federal standards in health care whatsoever.

Can my hon. friend tell me if my memory is correct and that was the case and, if so, does he now stand by his previous government's decision to curtail transfers to the point where at one point in the

near future there would be no financial transfer of money from Ottawa to the provinces for health care at all?

**Mr. Mark Muise:** Mr. Speaker, the hon. member is totally incorrect. Cuts were needed. The hon. member from across the way just said that when the previous government was there spending was rampant. I think there is disagreement between both parties here and I am not sure where they are coming from. But I would like to ask the hon. member what the NDP stand would be. Excess spending seems to be the order of the day for the NDP.

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, I would like to comment on the transfer of tax points that was undertaken in massive form by the previous Conservative government. That is a singular erosion of national unity because when you give federal tax points to the provinces, you lose control. I think that the Conservatives played right into the hands of the separatist Bloc Quebecois and the Parti Quebecois when they transferred tax points to the provinces, and this is something this government stands firmly against.

**Mr. Mark Muise:** Mr. Speaker, we are just debating bill C-28 and health care, not the national unity issue. I will leave it at that.

**Mr. Nelson Riis:** Mr. Speaker, perhaps I will try another tack with my hon. friends. The Parliamentary Secretary to the Minister of Finance yesterday in his presentation went on at some length about the value of the transfer of tax points, which seems to be quite contradictory to the previous speaker's question. The parliamentary secretary went on to say this was good for enabling the provinces to fund health care.

Does my hon. friend acknowledge that when you look for funding health care through a transfer of tax points it benefits have provinces, those which obviously have a much better opportunity to generate wealth through their economies, and really penalizes have not provinces?

**Mr. Mark Muise:** Mr. Speaker, it is my belief that the hon. member does not fully understand the tax point system. It does not give the advantage to the provinces that have more. It gives the appropriate amount to the provinces and it gives them the control where, at the present time, basically they do not have that control.

• (1035)

**Mr. Jerry Pickard (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Mr. Speaker, it really is a pleasure to speak on Bill C-28. I can recall not very long ago that we were debating what we had to cut, how we had to cut these programs, where we were going in the future, and everything looked dim and abysmal.

We are in a very different position financially in this country today than we were eight years ago, seven years ago, six years ago.

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It has been a very difficult struggle for all Canadians, for everyone in this House and for the government. By putting the information that we had to work for Canadians and by working with our finances we have been able to change the direction of this country.

There is absolutely no question when we look at financial institutions around the world and we hear other countries comment on Canada's move forward, we know that we as Canadians have done a tremendous task. We have brought the fiscal order of this country into a much better condition.

Granted, we have a very large debt. That debt is the next major struggle that this government is going to have to handle. There is no question that we have to look at business operations in this country. We have to look at all social programs and social transfers as we are doing in this bill. We have to look at the whole operation of this country and monitor it on a very regular and steady basis.

It is very good though that we can stand here today and not argue about what is to be cut and what we have to do to alter the development of our programs. We can say yes, we are moving in the right direction and now we need adjustments to those directions. That is what this debate today is about.

We are talking about Canada social transfers, transfers for health payments and moneys that we are going to move from the federal coffers to support provincial programs which are most important for all Canadians.

I do not believe there is one person in this House who opposes that the federal government must do what it can to help provinces carry out their plans for social assistance and health. I believe every member of the House is consistent on that, but I guess we all have differences on how it should be done. The outline that has been placed here is clearly the government's position on how these transfers should occur.

We have set a floor for the cash transfers to the provinces by the federal government this year and for the next five years of \$12.5 billion. We have also suggested that there are going to be other transfers to the provinces of tax points. Those tax point transfers will be in the neighbourhood of \$12.7 billion. The total transfers from the federal government to provincial governments will be over \$25 billion.

People have to understand what tax point transfers are before they can understand how that money is sent to the provinces. When we talk about social programs we realize that those programs are supported by provincial and federal coffers. Provincial governments and the federal government have worked together on personal and corporate income taxes since this country was founded.

If the federal government decides that it will lower its tax revenue and allow the provinces to increase their tax revenue, at a percentage point, the provinces actually get more of our income tax, with the federal government getting less. A balance occurs to

the taxpayer, but the number of dollars going to the provincial governments is higher and the number of dollars going to the federal government is lower.

• (1040)

We have always maintained that we will support the provincial governments through tax point transfers, allowing an adjustment at income tax time for the provinces to get more dollars and the federal government to get a few less.

At the same time, we have looked on the cash transfers as an additional balance. We have suggested to the province that they are going to be guaranteed over the next few years \$25 billion in health and social transfers.

In the campaign we heard time after time from the Reform Party and from the Conservative Party that we have cut the cash transfers to the provinces. They never once talked about the tax point credits that were maintained, the tax point credits that the provincial government got.

They took one side of the story and one side only and did not deal with it in a fair and reasonable way, which I find has been the case by both those parties over the years. They take one part and dwell on it. They are very adamant about one part of the whole equation without dealing with the whole issue, the total number of dollars available to the provinces from the federal government.

Quite frankly, that total number of dollars is there to make sure that our health programs and our social transfers are there for Canadian citizens.

There is no question that in the last while one of the major issues in Ontario as well as in all the provinces of Canada has been what is happening to our health care system, where are we going with that health care system and where will we end up in the future.

What we need to do and what we have done with this legislation is make certain the provinces know what the funding will be for the future. The provinces can plan and look exactly at where they are going with that funding. They know the programs they can carry out and they know the dollars that will be flowing in for that program.

I have no question, when I start looking at making dollar amounts, base levels there, that we are following the recommendations that were brought forth by the national forum on health. We are following the recommendation of health care specialists across this country. We are following the recommendations brought forward to the federal government and the finance minister to make certain that the health care system stands well in this country and will stand well in the next several years.

We must also realize that when we come to looking at what we are doing with setting a balance of floor value of \$12.5 billion on the base, that does not mean those transfer payments may not increase.



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Quite different from that, it is saying that there will be a base level. There may well be increases to those programs as required. There may well be increased funding. We are projecting at this point in time a 2.5% per annum increase from present day until the year 2002.

When we look at transfer payments to the provinces, I think it is important to understand what I am talking about with regard to these tax points. I have an estimate of the transfers that would go to the provinces. The province of Ontario would receive tax credits under this legislation of \$5 billion. They would also receive cash transfers of \$4 billion which, to the province of Ontario, gives a total of just over \$9 billion for health and social programs.

• (1045)

That is quite a sum of money. It is there to make sure that those programs are maintained at the highest level. All Canadians can be assured we will have programs today and in the future that will meet the needs of each and every Canadian.

Our health care system, as it is administered today, does not make differences in Canadians. It does not act in the same way that we might find the system doing in the United States or in other countries where those with a lot of money are able to access the services and those who are less fortunate, less wealthy, are unable to access the services.

Our system is blind to wealth. It is blind to other factors outside the risk of the patient. The more the need of the patient for an operation, the more the need of the patient for service, those are the patients who are treated first. It is a priority list of the health needs of Canadians.

We certainly feel as a federal government that it is the only way to go about making certain that Canadians have services available to them.

There are other issues with regard to the bill which may have been neglected. Charitable donations is one area that has been included. There are amendments in the legislation to help with gifts and donations that will help more charitable organizations and other groups which need cash.

We can think about what just happened in this region of Canada when tremendous problems were caused by the ice storm of recent weeks. There are people who contributed gifts to those areas. The increase in support for those who make charitable donations is very important to the operation not only of disaster funds but of the heart association and all other groups that go to the public on a regular basis to support the people who need extra support in our communities. There is thought given to helping those individuals.

As well, proposals have been made in the area of registered educational savings plans to help the families who wish to send their children to school. They know the costs of education will be going up astronomically over the years. There is an opportunity for families to put more money into educational savings plans which will over time help society to better educate young people. It certainly will help families to send their children to school. It will help to finance education.

I have heard young people complain a great deal about the costs of education today and the future costs of education. In a small way the bill will help young people to cope.

There are key important points in the bill that will help the underprivileged and people requiring health care and that will improve our social programs. I would like to make certain that each and every Canadian understands that the bill is doing a great deal to bolster our funding to the provinces and to make certain the provinces are able to handle those most important costs, those most important programs of the future.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, the parliamentary secretary talked about how the government inherited such a problem and did such a good job at managing to bring down the deficit. I remind the parliamentary secretary that a good deal of the so-called good management was as a result of the growth in the economy.

He will recognize that over \$25 billion of new revenue came into the government per year over the last several years, largely due to exports and a very rapidly expanding economy in the United States, our major trading partner. When that is coupled with the \$6 billion in cuts to transfer payments to the provinces it goes a long way toward contributing to the difference between the current position we have financially and the deficit the Liberals inherited.

• (1050)

The parliamentary secretary talks about how they will restore funding in the areas of health care, advanced education and welfare, the so-called capped block funding to the provinces. They will restore funding from \$11.5 billion to \$12.5 billion. I remind him that it was his government that cut those transfers to the provinces from \$18.5 billion down to \$11.5 billion, a cut of some 35%. Now the Liberals will restore funding by \$1 billion, bringing the level up to \$12.5 billion. There is still a \$6 billion difference.

Many people blame the provinces for the difficulties they have had during the last few years with programs such as health care, in particular the cost of health care. They could not deliver services as adequately as they would have liked. Those problems have mostly been associated with the provinces balancing their own budgets. I remind people watching the debate today that a good portion of the pain suffered was due to cuts made by the federal government to transfer payments.

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Does the parliamentary secretary recognize there is still only one taxpayer in the country? Provinces have the job of administering health care but the federal government has been steadily reducing its commitment from the time the Canada Health Act came into effect some 30 years ago. The federal government commitment has gone from about 67% down to a low of 18%. The provinces administer the health care system largely on the basis of raising revenue themselves for funding. Several provinces like my home province of Alberta still have premiums.

How are the provinces to handle this problem if the federal government commitment continues to be less and less every year?

**Mr. Jerry Pickard:** Mr. Speaker, I appreciate the question. Many facets of it have been brought forward and need some response. I said we were getting our fiscal house in order. I talked about the direction we have taken as a Canadian government. Those remarks were well reflected in my colleague's comments. He suggested that the growth of the economy has been very good.

How did growth of the economy occur? We have to stop and think about the trade missions the prime minister put in place. He has involved the provincial premiers and the business community of Canada. He did whatever he could to make sure Canadian companies could expand, become stronger, make more profit and pay higher taxes. All these things were actual accomplishments of the direction of the government. For someone to complain about the growth of the economy bringing in more funding to the federal government seems a little ludicrous to me. It seems a little off base.

However, we all know we have not increased personal income tax. We have not made the increases that these folks thrived on year after year.

I sat here in 1988 and I watched taxes go up and up. We stopped that. I watched how they went about with programs they were putting in place. Now they are complaining that we have made the economy grow, that we have held interest rates down, and that we have done things that have principally put Canadian business in a very competitive position worldwide. We have increased our trade dramatically. There has been a one-third total increase in trade over the last few years, thanks to good government.

How does that affect taxes? Without increases we have increased the dollar flow coming in. Most Canadians would respect that is the best way to go about this issue.

• (1055)

He also mentioned that there were some cuts in dollar transfer payments to the provinces. Yes, that is true, but he did not mention the fact that the tax points the provincial governments were getting were increasing because of the increase in the economy. We cut some of the tax dollar transfers but we also increased our economic value which meant that more dollars were coming in to the provinces through tax points.

As a result I think everyone in this room has to fundamentally agree that we have taken a tremendous direction. It is a very positive step for Canadians. It is a positive step for Canadian businesses. It has been a positive step for governments and it will definitely be a positive step for the programs we are carrying out.

Had we followed the right wing agenda over there, the difficulty we would be in today would be further slash and burn policies and further increases in taxes.

I remember Michael Wilson saying year after year after year "We missed the target by \$10 billion this year. We missed it by \$8 billion last year".

The Reform Party is trying to say "Now that you guys have straightened out a lot of the economy in the country we are going to tell you how to spend your profits". All I have heard the leader of that party say in the last six months is how he would manage the new situation. That is pretty ludicrous.

I listened to where the Reform Party is going now and how it is going to give tax cuts. It is going to give this and it is going to give that. Giveaways do not work. Getting the basics right is the important thing to do. The Reform Party has missed the basis of getting the fundamentals right. It would love to take credit for it all. As a matter of fact its members say that because they have pushed us hard we have done a good job. That is kind of a sidestep.

**Mr. Charlie Penson:** Mr. Speaker, I rise on a point of order. I specifically asked the parliamentary secretary a question about transfers to provinces and what is their intent—

**The Deputy Speaker:** Order, please. The hon. member knows that is not a point of order.

If by asking a question he has set off a minefield, those are the breaks we take under questions and comments. It is clear that in this case he has stirred the parliamentary secretary to his depths. He is in the midst of an answer. Perhaps he is finished now and we can move on to another question. Or, does the parliamentary secretary still have something to say in answer to the question?

**Mr. Jerry Pickard:** Mr. Speaker, I will quickly wrap up. It was not a specific question. He went through the growth of the economy as a problem that we are putting more dollars into. He laid that whole agenda open to be questioned. Quite frankly this is a pretty bad approach to take.

The government has done a great job. I believe that is the basis under which my response came.

**The Deputy Speaker:** There is time for one more brief question. I caution that the answer as well as the question will have to be brief.

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**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, the hon. member in his remarks spoke about assistance to families to help with education through the changes to the RESPs. While this may be a laudable move, I remind the hon. member that many families cannot afford to have RESPs. There are many families in Canada who are living at a subsistence level, yet their children are worthy of education as well.

Has the government considered anything very substantial in terms of transfer payments to assist many young people who are in need of help with their education?

We heard earlier and it is well known that many young people are coming out of university with a debtload of \$25,000 or more before they even have the opportunity of obtaining a job. We are very concerned about this and we feel that the recent cuts in the transfer payments have seriously affected education and have caused a lot of problems for young people.

Is there anything more substantial that the government plans to assist with education other than helping those who are already able to help themselves?

• (1100)

**Mr. Jerry Pickard:** Mr. Speaker, that is a very serious question which has been raised by my colleague. It requires a proper response in light of the fact that he is correct.

When we talk about people putting money away, there are folks in this country who really do not have that extra capital to put away for educational funding. How do we deal with that?

We do have millennium funding that is being put in place to help those low income families pay for educational programs on the basis of need. I will have either the parliamentary secretary or someone from the department comment on that. That would be an important area for the member to raise.

When we look at student loans, there is no question that student loans are in place to help students. Some students are graduating with astronomical debts. I believe that we do have to look carefully at what we can do to help students in the best possible way to overcome the tremendous debt load they have.

One of the key issues is getting the fundamentals in place and keeping interest rates as low as we possibly can. Remember that interest on student loans does not start until a minimum of six months after the student graduates and if the student does not get a job, that time period can be extended. But with the large debt students have, it is important we make certain that we fundamentally handle this correctly. When people are young that is the time when they need a relatively good amount of income to purchase the

basics they have not been able to have as students. In the workforce they have to see those benefits come about.

I agree that the issues the member has raised are important. They are ones this government is looking at.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, it is a pleasure for me to rise to speak on Bill C-28, amendments to the Income Tax Act.

As I have said many times before, we have here a very complex income tax bill which is 464 pages in length. It deals with nine particular subjects according to the preamble. Is it any wonder that Canadians are losing faith with their tax system and the complexity of the Income Tax Act when it takes 464 pages of amendments to deal with some changes the Minister of Finance has announced to nine particular areas of the act.

These are the types of things that Canadians throw up their hands about and say "We have no idea how the Income Tax Act is administered, we do not understand it, all we know is we are getting taxed to death". This type of bill and the complexity of it add credence to their argument.

I have also quoted before some of the paragraphs in these amendments. Let me quote paragraph 196(1) which deals with subparagraph 181.3(3)(d)(i) of the act. This is how it reads:

Subparagraph 181.3(3)(d)(i) of the Act is replaced by the following:

(i) the amount that is the greater of

(A) the amount, if any, by which

(I) the corporation's surplus funds derived from operations (as defined in subsection 138(12)) as of the end of the year, computed as if no tax were payable under this part or part VI for the year.

It goes on and on. That kind of gobbledegook loses the taxpayer completely.

If we are ever to regain the confidence of the Canadian public when it comes to income tax and their faith in the system and that they are being treated fairly and properly, we have to realize that a complete rewrite of the Income Tax Act is long overdue. Its simplification and understanding by the ordinary person has to take precedence over this type of complexity that even challenges the best minds in the accounting and legal professions. This is why of course we have tax cases and tax courts wrangling over issues ad infinitum.

• (1105)

I remember too the famous case about two years ago where \$2 billion left this country without taxes. The Department of Finance and the Department of National Revenue flip-flopped on advance tax rulings. They gave out misleading information to one person and gave a favourable tax ruling to somebody else. Hundreds of

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millions of dollars escaped taxation. As a result, people again lost confidence in the system.

The Minister of Finance should seriously think about simplification rather than adding more and more complexity.

I was listening to the speech of the parliamentary secretary, the previous speaker. Not all of it was really focused on the details of the Income Tax Act. He got more on to the government's record and I would like to respond to the issues he raised.

He was taking great pride in the Team Canada approach whereby the federal government took trade missions around the world at great expense to the Canadian taxpayer. And sunscreen too. The premier of Alberta left his at home at great pain to himself. At great expense to the taxpayer, the trade missions went to different parts of the world to drum up business.

The Parliamentary Secretary to the Minister of Finance would have us believe that these trade missions added significantly to the economic growth of this country, to the well-being and to the fact that we have dug ourselves out of the fiscal mess by balancing the budget. He failed to tell us that the countries they visited with Team Canada, the total exports to those countries, not the ones that Team Canada generated, but the total exports to those countries represented only 5% of the exports of our country.

If we say that our exports represent only 40% of our gross domestic product, then the total exports to those countries would represent at best 2% of our gross domestic product. Team Canada may have increased that 2% to 2.1% or maybe 2.05%. However, for the parliamentary secretary to stand up here and claim that these trade missions were the formula for success and have caused this country to be able to dig itself out of the debt hole it was in and to balance the budget is absolutely false and misleading. The \$42 billion deficit which was number one in this country when the government took over in 1993 is significantly in excess of the exports we generated by these Team Canada junkets abroad.

I do hope that the government will evaluate the benefits of these Team Canada junkets, even if they do not take the sunscreen along with them. They will find that many of these junkets are not worth the effort when it comes to a return on taxpayers' dollars and investment. I do hope that the parliamentary secretary will refrain from the hype that carried him away to make these extraordinary claims about the benefits of the Team Canada junkets abroad.

I would also like to talk about health care. He talked about health care. He talked about how the Liberal government said that it was protecting health care with the cash transfers. He said the fact was that they were putting more money back into Health Canada and into health for Canadians by putting in a floor of \$12.5 billion in cash investments.

This floor, as my hon. colleague from Peace River pointed out, is 30% less than the cash that was going to the provinces when this government took over in 1993. They had intended to reduce it to \$11.5 billion. In the last election in order to counter the lack of faith Canadians had in what the government was saying, I remember not just the Minister of Health but the Prime Minister saying there was going to be an absolute guarantee that the government would put \$12.5 billion cash into health care. Unfortunately the Canadian public bought that line.

• (1110)

Late in the fall of 1997 the Liberal government tabled the supplementary estimates (A). On page 48 under "Statutory—Canada Health and Social Transfer" it states that it has been reduced from \$12.5 billion to \$12.328 billion. That is a reduction of \$172 million below the fundamental floor.

This Prime Minister and this government committed to Canadians that they would not under any circumstances transfer less than \$12.5 billion to the provinces to pay for health care. Within a few months in the supplementary estimates, where the government normally asks for more money, we find out it is taking money away from Health Canada, from the transfers to the provinces, and is using that money in other areas.

The Canadian public have been misled. The Canadian public have been sold down the drain. Obviously a commitment by the Prime Minister and the Liberal government to Canadians at election time is meaningless and worthless. We have the proof here. The \$12.5 billion was a commitment that Canadians could take to the bank. A very short few months later it was reduced by \$171 million as per the supplementary estimates (A) which were tabled in the fall. It is an absolute disgrace that this government should deceive the Canadian public in this way.

The Minister of Health and the Prime Minister should be standing in the House to explain to Canadians how their unconditional guarantee of \$12.5 billion has already been eroded. And we can expect to see it being eroded even more.

Health care is an important issue. As my colleague from Peace River has said, while Canadians have talked about the erosion of health care and blamed the provinces because they are in charge of delivering health care, it is a fact that the federal government has cut and cut and continues to cut the amount of money that is put into health care. That is the major cause of the crisis in health care today. It has to change.

That is what the Reform Party has said it would change. We said during the election campaign that we would put money back into health care and would not surreptitiously cut beyond the floor which we committed ourselves to.

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Let Canadians be warned that what they hear from this government is not necessarily what they get. There is proof in the pudding.

Bill C-28 in part deals with education by the fact that it allows for contributions to registered education savings plans to be increased from \$2,000 to \$4,000 per beneficiary. This is an acknowledgement that education is becoming more and more expensive.

Yes, education is expensive. Demonstrations were held across the country last week by students who told us they are being buried under a mountain of debt. By the time they get their degree and find a job they are mortgaged to the hilt. Their capacity to start building a life of their own by starting families, acquiring houses, cars and so on is seriously compromised by virtue of the fact that they have a mountain of debt. Some of them are \$20,000, \$30,000 and even \$40,000 in debt by the time they graduate from university.

The answer is not necessarily to just give another \$2,000 to those who can put money into an education fund for their children. Many families cannot afford to save that money in advance or in anticipation of their children going to university.

• (1115)

This government has to take a serious look at the cost of education in this country and the way money is being spent in this country. It needs to ensure we are getting some kind of value for the education dollars we spend. Surely when we spend money on education the concept is that an educated child will be produced, that when a child goes to school for grades one through twelve, by the end of twelve years we will have an educated child who meets a minimum standard. When that child goes on to university he should be capable of meeting the challenges of the university because the prior school education has provided him with the tools necessary to survive and to thrive at university rather than the opposite.

This past weekend I read an article in the *Globe and Mail* about the fact that one university in Ontario was having severe financial problems in paying its bills. Therefore it reduced the minimum standard for eligibility into the university. It accepted a large number of students who were guaranteed to fail, and they were failing. We were giving these people a false hope, we were wasting a year of their time, we were spending money on education they could not absorb because they had not acquired the skills from school. This was all because the university needed the bodies on the student roll in order to generate the funds to flow from the province and the federal government so it could pay its bills.

That is a funny methodology for ensuring you can balance your books. It guarantees waste of millions of dollars of university education because it accomplishes nothing except that it turns people away and shows they cannot be a success in this world. This

government can rethink the way education is done in this country. It is time we started to put the onus on the educational industry.

Surely the objective is to produce an educated child. If we start with that premise, then the focus for where the money should flow will surely improve. In the private sector it is only businesses that provide good quality products that will prosper and thrive. This is because they know they have a market that is prepared to buy their products. If they do not provide quality products they will not continue to be around. Yet we have universities and other schools that are not providing anything close to a quality product and we keep them afloat and continue to give them raises, increases, more money and bigger budgets while we get nothing in return. Much can be done to rethink how we spend education dollars in this country and universities are a good place to start.

Take a look at Bill C-28 in its complexity and the way we are trying to nickel and dime the Canadian taxpayer into paying more taxes. The thrust of most of Bill C-28 is to close little loopholes so we can get more tax from this person and more tax from that corporation and so on.

However, now we have a balanced budget. The November *Fiscal Monitor* showed that we have a fairly significant surplus so far this year. I know the Minister of Finance will add on his \$800 million extra accounting charge, which really is not an accounting charge but he will want to stick it on anyway as he did it last year. The auditor general pointed that out. He did that the year before with \$960 million while the auditor general said he could not. But the Minister of Finance said that he wanted to do it anyway. After this kind of smoke and mirrors I think the Minister of Finance will tell us that we have a balanced budget.

The question now before Canadians is what to do with this balanced budget or with any excess cash that is available.

• (1120)

We already know that our hon. friends on the other side of the House are just itching to get their hands on that money to spend it on their own little pet projects.

Surely after 30 years of deficit financing, where we have run our credit card up to \$600 billion, \$20,000 per Canadian, which includes newborns, we should try to resist the concept of saying my goodness, now it is my chance to buy some more goodies.

We have four simple choices for what to do with a balanced budget and any excess. First, we can pay down the debt. Many Canadians want to pay down the debt. Second, we can reduce taxation. We are grossly overtaxed in this country and we can reduce taxation. Third, there is a need for strategic reinvestment in some areas. I can think of health care as being one. Regardless of what the Minister of Health thinks about taking more money out of health care, we in the Reform Party think that health care needs

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some reinvestment. The fourth is to invest in more goodies. Unfortunately this government feels that buying more goodies, more things it can woo the voters with, is more important than tax relief, debt reduction and strategic reinvestment.

I do hope that in the next short little while this government will come to its senses and not flagrantly waste the wonderful opportunity that this country has to once and for all put ourselves in a sound fiscal situation where we can get our finances in order and ensure that this country continues to grow to become one of the great countries in the world. Unfortunately it will not be with this government at the helm.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I have a brief comment and then a couple of questions.

With respect to the point made by the hon. member pertaining to the supplementary estimates, the \$12.328 billion, that is what the transfers would be in 1997-98 if the floor were not established. With this floor and this bill going forward it will be \$12.5 billion. According to law we certainly must publish what the entitlements will be. Now the law is changing with Bill C-28 and the provinces know the amount will be topped up once the law is in place. Therefore the rhetoric we heard on the other side is nothing more than just that.

With respect to the comment about student debt and the importance of dealing with the plight of students and that RESPs are not good enough and that the cost of education is rising and that governments need to look at education and the cost of education, I find it somewhat ironic that the Reform Party, in particular this member, is now saying the federal government should be responsible for education and that we should control curriculum. That is the only way we would be able to control the outcome which is what the hon. member is talking about.

This is a party that puts forward the concept that we need to weaken the federation, that the federal government does not need to be in the face of Canadians or the provinces. Now we have the comment that we should be responsible for education. I find that somewhat ironic.

The member then talks about the tax aspect of this bill, that this is nothing more than a tax grab. Is this hon. member then saying he would support the practice going on out there by some corporations with respect to transfer pricing? Is he saying the legislation in front of us today would not allow corporations to manipulate the tax system by setting prices within their multinationals?

We are saying that the transfer price cannot be artificial or arbitrary with this bill and he calls that a tax grab. He calls a tax grab the fact that individuals will not be able to transfer losses between unaffiliated companies. Companies are not in the business

of transferring losses. Companies should be in the business of earning a profit and creating wealth, not manipulating the tax system.

The bill is merely reflecting what professionals have said in this country. Accounting professionals who have looked at these things have said this is what is going on and it should be tightened up, rules to apply when a corporation becomes or ceases to become exempt from income tax.

• (1125 )

I am sure the hon. member would support this. A tax exempt crown corporation is not able to store up tax deductions or credits it does not need. When it does become commercialized, if that be the case, it cannot use those tax credits and cannot store up those tax credits so it could circumvent the tax system. That is what this bill is all about. That is I think a reflection of what Canadians talk about when they say they want a fair tax system.

I find the comments that are made somewhat ironic, but I certainly hope the hon. member will answer the question with respect to education and those particular changes to the tax system.

**Mr. John Williams:** Mr. Speaker, the hon. member covered a lot of ground in those few minutes, just as the government has covered in 464 pages of this bill with complex wording that very few Canadians can understand.

Let us look at the issues. The complexity of the Income Tax Act makes it unintelligible to all but a few people. If the government feels that is what Canadians want in the tax act, I suggest that is not the case. Canadians cannot understand the Income Tax Act. If people cannot understand the basis on which they are being asked to pay taxes they lose confidence in the system and that is what has happened. Not only are they losing confidence in the system because they cannot understand it, they are losing confidence in the system because every time they turn around they are absolutely aghast at the amount of taxes they have to pay. That is the centre core of the issue.

The hon. member may talk about tax losses and transfer pricing and so on. He may have a legitimate point. But the fact that Canadians cannot understand their own Income Tax Act is a greater point and that is the point I am trying to make.

With regard to education yes, I said it is the responsibility of the educational institutions and the educational industry to produce educated people. That surely is not much to ask for. The private sector produces goods and services. We provide minimum regulations that say automobiles must meet safety requirements, otherwise a company cannot produce these automobiles. If it does not meet the safety requirements we shut the place down or we ask it to recall its product.

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We do not ask the educational industry to recall the defective products it produces, students who cannot do math and who cannot even read the certificate they are given in grade 12. The point is we can ask for accountability. We do not have to set the curriculum and so on, but surely we can ask for accountability.

That a university would bump up its student intake with people it knows right off the bat have no hope of graduating or even passing the exams just so it can fill its coffers with extra money because it is paid on the number of students it accepts surely is a false premise and false hope for the students and a total and absolute waste of taxpayer dollars. It knows and we know that many of these students who are accepted with less than minimum requirements will not graduate.

If the hon. member cannot understand that, he has a serious problem.

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, the hon. member mentioned hundreds of millions of dollars leaving our country, escaping taxes and not being available to our economy. I agree with him that it is happening. I think that points to the need for tax reform.

This bill is really only scratching the surface when we talk about tax reform. Although there are some good things in this bill, in reality this bill is an attempt to cover over the massive cuts that have been made affecting our social programs, our educational programs and our health programs.

We need tax reform to meet the education and training needs of our youth. When I say that I mean not just the youth in our affluent societies but I am talking about rural youth and youth in our small fishing villages. I am talking aboriginal youth who through historical wrongs have not been able to obtain the education required to compete in today's society.

Would the hon. member be in favour of tax reform that would incorporate for example an excess profit tax that would get at some of the astronomical profits that are being reaped by the huge bank mergers that we see today and by the large corporations, whereby some of that profit could be reinvested in our communities in a way that would help our young people obtain their education?

• (1130)

Would the member be in support of a true tax reform which would lessen the disparity that we see in society so that some of those tax dollars he talked about that are leaving the country could be reinvested in our youth?

**Mr. John Williams:** Mr. Speaker, in response to the hon. member's question, the NDP always seem to be envious of the successful. That envy tends to cloud its judgment.

He talked about the banks. I am not sure if the member is aware that banks actually earn money abroad. Over 50% of the profits of

some large Canadian banks are earned abroad and come to Canada. Therefore they pay Canadian tax. That money is distributed to Canadian shareholders. That money also reduces the cost of banking in Canada.

I am not arguing for the banks; I am just setting out the facts. To talk about an excess profits tax is a standard line of the NDP, which is envious of the successful. It feels that by taking from them and giving to the poor somehow we would resolve the problem. In thousands of years we have yet to resolve the problem and I do not think the NDP has the answer.

That does not absolve the education industry from its obligation to produce an educated child. Surely that is what it is in business to accomplish. If the industry cannot do it we should ask serious questions about why. Why is it still in business if it continues to produce children who cannot read or operate in a complex world, as the member has so readily admitted?

**The Deputy Speaker:** I regret to advise hon. members that the time for questions and comments has now expired. Also the time for 20 minute speeches has now expired. We are now into 10 minute speeches without questions or comments.

**Mr. Brent St. Denis (Algoma—Manitoulin, Lib.):** Mr. Speaker, inasmuch as this is my first opportunity to speak to the Chamber in 1998 I wish you and my colleagues in the House the very best for 1998. I look forward to a very productive year in parliament.

Bill C-28 is another example of a caring Liberal government. In the measures included we see numerous initiatives to make our tax system fairer. We agree we have a way to go, but it is under the leadership of the prime minister and the government that we are able to bring forward effective changes which little by little will bring us to a point where Canadians will feel their tax system is fair. All participants in the economy will be giving what they can and receiving what they need.

The bigger message in the legislation is that the government is prepared to show leadership despite some very mixed messages that we hear from the opposition.

I could not help but notice, in listening to the previous speaker, that on the one hand the Reform Party might want the federal government to get out of many areas of jurisdiction in which it has traditionally been involved.

For example, the social system, the health system and the post-secondary education system as Canadians know are funded partially by federal transfers to the provinces. The Reform Party would begrudge any involvement by the federal government in any of those areas.

It says that sometimes but I also hear that the federal government should be involved. I happen to be one who believes the federal government has a rightful place in the three great pillars which constitute the social aspect and the social democracy in which we

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live: education, the social welfare system and health. I would in fact rather see us more involved than less involved.

• (1135)

Bill C-28, in exhibiting our desire to be fairer with all Canadians, is an indication that we would like to be fairer in our relationship with the provinces and ideally with municipalities in delivering very important social programs.

Let us consider the announcement late last fall wherein the federal government offered to the provinces an increase in what is called the Canadian health and social transfer. The amount of funds to be transferred under the cash transfer to the provinces was to be increased to \$12.5 billion. In combination with the tax points the provinces have it would certainly give the provinces the flexibility and the funds they need to deliver effective health, education and social services.

I travel quite a bit across my large riding of Algoma—Manitowlin. I know, speaking for a moment about the health system, that great change is taking place in Ontario which is being felt very graphically in rural Ontario. Small rural hospitals of varying sizes in places like Elliot Lake, Thessalon, Wawa, Hornepayne and elsewhere certainly need the province of Ontario to come forward with a vision.

Without wanting to criticize any province, it is important that the vision at the provincial level be guided by a national vision so that Canadians from coast to coast can feel that they are indeed Canadian regardless of where they live. The services to which they have access should be the same regardless of income level or the region in which they live.

Recently I had a chance to travel in central and northern British Columbia. Some of the rural health issues there are almost identical to the health issues faced by smaller communities in rural northern Ontario.

Many of my colleagues and I believe the federal government should have a stronger place in the areas of education, health and social services.

I am not suggesting that we should take away any authority from the provinces, but initiatives such as the prime minister's millennium scholarship fund are examples of how the federal government can show leadership in partnership with students in this case and with the provinces.

Too many challenges are facing the country for us not to have a national vision in such important areas as health, education and social services. Citizens around the world look at Canada and wish their countries were like Canada. First they see how we have traditionally cared for each other.

We cannot stay still. We have to keep improving our nation. We have to keep improving the place that each of our citizens has in this great nation.

When any federal government in Canada looks to the future—and in this case it is the Liberal government—it has to be a future where the national vision is reflected appropriately throughout the regions and the provinces.

In some cases there must be special recognition of particular circumstances in a region. However no citizen, be they of Nova Scotia or British Columbia, should feel they do not have adequate and full access to the values and benefits of being Canadian.

• (1140)

When we talk about health we must first talk about the health of the economy. If it were not for the fact the government was capable of dealing with a massive deficit that it inherited when it was first elected in 1993, there would be no opportunity or reason today to be debating what we can do with our health, educational and social services systems.

We need to ground all these programs, all these values, in a strong and healthy economy. The federal government at all times must show leadership. In showing that leadership we have been able, in partnership with Canadians who have joined in the sacrifice, to turn an important corner in the history of our economy.

When interest rates remain at historic lows it is a benefit to citizens, to consumers. It is also a benefit to the provinces which in their own right are dealing with their deficits. As my colleague suggested, and rightly so, the best tax break we can provide to Canadians is low interest rates. Those who need it the most will benefit the most.

I emphasize the government has exhibited month in and month out that it is a caring government. It displayed that throughout the last parliament and will continue to do so throughout this parliament as we approach the next millennium. A caring government attempts to balance the needs of all citizens regardless of their station in life.

I encourage my colleagues on all sides of the House as we enter the first months of this new parliament to consider that Canadians want a strong central government. My constituents have told me that time and again. They do not want an overbearing federal government which dictates to the provinces and to others what it thinks is right. They want a strong central government which is willing to lead, willing to listen, and willing to act on a consensus when a consensus is reached. They do not want a government which sits around, dithers, hems and haws, and waits for something to happen.

Canada is the best country in the world because past governments, mostly Liberal governments, have responded to the best of what is Canada and to the very best of what it is to be Canadian.



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We will continue to do that. Certainly there will be a few bumps along the road. From time to time we will make mistakes. I am sure we would all agree with that. By and large the greatest thrust of our progress will be for the benefit of all Canadians.

I certainly support the prime minister in his initiative on the millennium scholarship fund. I believe we need to be directly involved more and more with Canadians when it comes to health, education and social services. I do not want to take anything away from the provinces, but I believe the provinces need a strong federal government that is willing to guide, lead and preserve from coast to coast to coast the best of what is Canada.

[*Translation*]

**The Deputy Speaker:** Resuming debate with the hon. member for Témiscouata et cetera.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, the name of my riding is indeed quite long. It is Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques. It is the name of an area in the lower St. Lawrence region.

I am pleased to speak on Bill C-28. Since it deals with measures announced in last year's budget, we are already in a position to assess how effective this budget has been. In Canada and Quebec today, I think that what matters most to taxpayers in assessing their governments' effectiveness is whether the government measures put in place to fight the pervasive spread of poverty in every province are working.

• (1145)

Because of some kind of arbitrary division, the gap is growing between the higher income earners and the people left on the scrap heap at the bottom of the income ladder, those who are affected by the measures contained in this budget, those who must face the so-called spring gap when EI benefits run out. Having decided that seasonal workers become unemployed by choice, this good government figured that cutting their benefits and benefit periods would automatically make them find work and increase their availability for work.

But that has nothing to do with real life. In Quebec and Canada, there are seasonal industries that will remain seasonal, and workers whose expertise is in these industries are not necessarily prepared to switch overnight.

In our society, if there is a way to fight poverty, it is through employment. To say that this is the key does not mean much. Everyone knows that it is the key. But to make things happen today, in our society where a rather significant number of jobs are created for people with the right education and training, who even take the

jobs of their less educated fellow citizens, we must admit that this creates a shortfall of jobs for individuals with much less formal education.

On this point, we can say that clearly the current government and its budgetary measures fail to meet people's needs. We have all seen in our riding offices an increase in the number of people coming to see us who have reached a point of desperation because of the federal government's restraint programs. People are not always aware that cuts to provincial programs are caused by provincial transfer payments. However, we members of Parliament all know that the fight against the deficit took place primarily on the backs of the unemployed, low income earners and people who need the services provided, such as health care.

The member preceding me cited the importance of respecting the five criteria in the Canada Health Act, but there is no need to be hypocritical about it. One cannot ask that certain criteria be respected while systematically cutting the funding available for such things.

The federal government had planned to cut over \$48 billion in all forms of transfer payments, from the early 1990s. Last year, they decided to make a big deal of the fact that they would be cutting only \$42 billion. However, \$42 billion in cuts is \$42 billion in cuts. It means that the people who benefit from the various forms of transfer payments will do so no longer. It means that provincial governments are forced to make do with less money and to make financial choices.

In judging the actions of the federal government, therefore, one can say that, yes, the deficit must be attacked. Perhaps it ought to have been done differently. Perhaps there are places cuts could have been made in a far more worthwhile way. Looking at decisions like the one on the helicopters, we how to wonder why, a few years down the road, we have come back to solutions very similar to the ones the Conservatives opted for. The taxpayers of Quebec and of Canada end up footing the bill.

Again, looking at what it cost to buy silence in the Pearson airport affair, we have expenses that could have been avoided if more effective policy decisions had been made. When money is spent like that to buy peace, for compensation, it means that less is available to put into the marketplace, less of the government's wealth is available to share around.

That function of our system is, unfortunately, very complicated. If there is one shortcoming in the Canadian federal system, this is it. Despite what may be said in Canada, the federal government has always been a kind of distributor of wealth. It has, particularly, been the one behind the deal giving Ontario most of the industrial and manufacturing sector, while the Atlantic provinces and Quebec had far more of the transfer payments. A few years ago, this sort of

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tacit agreement that had been maintained by the federal government for a number of years was no longer able to stand up to financial pressures, and a solution to the problem was found.

• (1150)

Rather than deciding to boost regional economies by means of transfer payments, they opted to simply pull the plug, leaving people in the regions with the most primary industries in a crisis situation.

Today, in the maritimes, people are wondering if they will have enough money to get through the fall. We have had to make representations, to the fisheries committee in particular, to extend the TAGS, because what had been set up by the federal government as a means to diversify the regional economy had become nothing more than a subsistence program. Nobody is saying that people do not need money to survive, but the federal government has not yet looked into the solution of diversifying the economy. The best way of doing so is for it to get out of areas of jurisdiction that do not concern it and allow the governments with responsibility in these sectors to take action.

I have one piece of advice to give the federal government for the next budget, as a result of the prebudget consultation I did in my riding. All told, 500 people responded to the survey I had conducted. A number of community groups representing various sectors came to see us. A spokesperson for the KRTB community development corporation said: "The danger after a period of economic restraint is that the government will start spending again to please the electorate".

In other words, we do not want the federal government to add new programs to those already in place, merely to raise its profile, to get exposure, or to look good. What we want is the money to be given back through transfer payments, so that the provinces, which have jurisdiction over education and health, can act efficiently.

We also heard the following comment from someone representing the unemployed: "We ask that the EI benefit period and amount no longer depend on the financial needs of the government but rather on those of the workers, who pay for insurance in case they lose their jobs".

People in our region clearly understood that the employment insurance program has become the federal government's most effective tool to collect money in order to reduce the deficit. This has nothing to do with the program's objective. It is merely a way to collect money through regular source deductions, which are great for raising funds. The government has not yet taken measures to set up a separate account, as asked by the Auditor General of Canada.

People who have to draw on employment insurance, who make contributions to entitle them to do so, are asking that the plan serve as it was intended. In this regard, the Bloc Québécois made a major contribution in the fall. It was very well received all round and

even received the support of the NDP, especially the NDP members from the Atlantic region, where people are affected by this problem.

We hope the Minister of Human Resources Development will consider the six bills we introduced so that the reform may be changed. It may have been appropriate to go from weeks to hours, under the reform, but there are a lot of negative elements to the reform, things that must be changed, including monitoring of the fund in order to ensure that the money is really being used as intended.

We are on the eve of a new budget, which will be presented at the end of February. The message from the people was clear during consultations. I asked my constituents the following question in the survey: What should the federal government do with the expected budget surplus? Here is how they responded: 12% wanted lower employment insurance premiums; 20% wanted improvement to the situation of seasonal workers and those starting to work; 28% wanted funds transferred to Quebec and the other provinces in Canada for health and education and 18% wanted reduced taxes.

My constituents recommend, and I will conclude on this point, that the budget surplus go primarily to those who contributed most to the fight against the deficit for their efforts and that we return as quickly and as best we can to fairness in the way government distributes wealth within Canada.

• (1155)

[English]

**Mr. Reg Alcock (Winnipeg South, Lib.):** Mr. Speaker, I was surprised by the comments of the previous speaker, my friend from Rivière-du-Loup. I know the member quite well. We served on several committees together and I know him to be very thoughtful on policy. But he may have been mistaken when he came into the House. The bill we are debating today is Bill C-28, an act to amend the Income Tax Act, not legislation referring to employment insurance.

I would like to reflect a bit on the all of the debate I have heard here. I was not necessarily going to speak on this bill when it first came forward because I assumed that it would slip through this House very quickly because of what it contains. I am surprised by the speeches that have been made by the Reform Party and the Bloc and the New Democrats when they look at this piece of legislation.

The member for Rivière-du-Loup has just taken some time to tell us about a series of other very important issues of concern to him and his constituents. But I would ask him and I would ask other members, when it comes to the substance of this piece of legislation, exactly what part of it they are against. Are they opposed to the increase in funding for health care and education and social programs? Are they opposed to the improvements in the registered education savings plan that allow people who can contribute to

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registered education savings plans to have greater ability and greater flexibility in the management of those plans?

It is not the only answer for education savings. There need to be other strategies and other supports brought to bear, because people in Canada have differing levels of ability or differing levels of economic capacity. But for those who can save, the registered education savings plan is a very legitimate strategy. To make that more reflective of today's costs and to make that a more efficient instrument strikes me as a very positive change.

Perhaps they are opposed to the changes in transfer pricing. This has been an argument that as the economy has globalized I have certainly heard raised by the New Democrats and others in this House, the concern about companies being able to shift their profits across borders by the way in which they price internal services within their corporation. We have changed that. Is that not an improvement? Is that not something that if the member for Riviere-du-Loup went back to his 500 constituents and asked them what they thought about it that they would support?

We have increased the tax credits for film and video production services. We have introduced a new refundable 11% tax credit to provide economic development assistance to film and video productions produced in Canada. For those of us who are concerned about our cultural industries in this country and for those of us who see those industries as extremely important in terms of job creation and skill development and in terms of the economic strength they bring to this country and our ability to celebrate our own culture, is that not a good thing? If the Reform Party were doing what it claims to do, representing its constituents, would the constituents who have asked about that not feel that was a pretty positive move? Certainly the strength of the film industry in British Columbia and Alberta is well known.

If we go down to the other major changes, they are all changes designed to do something I have heard people on the other side of the House talk about repeatedly: make the tax system more fair, take out some of the inequities, prevent people from manipulating the system to gain additional benefit they would not normally be entitled to. That is what this bill talks about.

I wanted to stand up today in the end to thank and to congratulate the Minister of Finance. I was part of the SSR committee that first looked at changes in social service, as was the member for Riviere-du-Loup. When the question of the CHST was first raised, a lot of us were extremely concerned.

• (1200)

We were concerned both about the cut and the reduction in support for important and necessary social programs in Canada. We were also concerned about the loss of control, the loss of

position, the loss of authority on the part of the Government of Canada to set a framework for social services across the country.

At that time it was pointed out to us by others, including the Minister of Finance, that we were in danger certainly in my province and the province of Quebec and some others of seeing the cash portions of our payments go to zero in health care and losing all of our ability to enforce the principles of health care. It was felt that by bringing all of these programs together under one legislative umbrella it would give us more strength to maintain a national presence and national standards in these important services.

After a long argument in our caucus the Minister of Finance agreed to set a floor of \$11 billion. I am delighted to be able to stand here today after four years of very, very tough decisions by this government, courageous decisions. It is easy to make the spending decisions but it is tough to make the decisions to cut and this government has done that. It has taken the tough decisions and tough action to get its spending under control. Finally we are beginning to see some modest benefit from that.

**Mr. Ken Epp:** You have got to be kidding.

**Mr. Reg Alcock:** The member across the floor says "you have to be kidding". Well of course he is not well known for his ability to do math.

The fact is we had a \$42 billion deficit. We are on the verge of no deficit. We are on the verge of a balanced budget. For the first time in more than two decades we are going to benefit from that. For the first time we are going to see an increase, an ability to put some strength back into our health care system and put it on a firmer foundation. That is a direct result of the actions of this government which was prepared to make the tough decisions.

The government will have to be very careful, very cautious and very judicious in the decisions that need to be made in this coming budget. Everybody in this House has a list of the things they would like to see the government spend on. My personal advice to the minister is to be cautious. We have not seen that surplus yet. We have not seen a balanced budget yet. We do not know how long it is going to be balanced for. We want to make sure that we have made that change absolutely solid. Then let us make some judicious investments in our collective future.

The member for Rivière-du-Loup and I worked on a committee that produced a report for the Minister of Finance on education financing, particularly on the support for students. We have a problem in this country that faces every student who attends university now. It has reached the point that the costs and the debt load students are having to take on in order to attend university have simply become so large that many of them have to contemplate postponing or not going ahead with post-secondary education.

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That situation certainly is not in our best interests. There are a number of programs like that.

I have concerns about research and development and the need to strengthen the councils that fund the essential research that builds the quality of life 20 years out. It is the core research that is done today which our quality of life is built on, as we reach the age of retirement in my case, or my children reach the age of majority. I would like to see some more investment in that. However they all have to be done in the context of fiscal responsibility, something that this government knows about better than any other party in this House.

I would simply like to close by thanking the Prime Minister and the finance minister after four years of very hard work for this first reinvestment in health and social programs.

**Mr. Ken Epp (Elk Island, Ref.):** Madam Speaker, it is really tough to follow that stand up comedy act by the member for Winnipeg South but I will try to do my best.

It is absolutely incredible. The Liberals have it down to an art how to communicate that they are wonderful when in fact they are doing exactly the opposite. They say "We are the defenders of health care", and at the same time they cut and burn and slash the transfers to provinces.

• (1205)

It is a simple strategy. I have to congratulate them. If we were fighting a war, they would be on my team because they know how to win a war by making everybody else take the hits. Their own soldiers stand up and don't get touched at all because they are somehow able to communicate that misinformation by saying "We are not responsible, it was not us. We cut \$7 billion out of health care and transfers to the provinces for education and welfare. We cut that but no, it was not us".

The provincial governments landed up taking the heat for it. Then the Liberals have the gall to stand up in this House and criticize governments like the Harris government in Ontario because of the cuts to health care and education that government has found it necessary to make as a result of the fact that the funds from the federal government have been drastically cut. Now gingerly a little bit is being put back in.

Somehow the Liberals have the ability to spin it in such a way that the Canadian people do not look to the real depth of the message. They buy into it and say "Let us send those Liberals back to Ottawa. They really know how to manage the economy".

Let us look at the facts. This government claims to be so wonderful and talks about having brought the deficit under control. That is only one part. I will put it this way, it is one leg of a

four-legged stool. The stool is tottering but they finally got that one leg and I will gingerly applaud them for that.

I am glad the Liberals are borrowing less than the Conservatives were borrowing. Had we still been borrowing at \$42 billion per year, our fiscal picture would be much more bleak than it is now. Yes, they have slowed down the rate of borrowing to the pace where they are now borrowing only about \$9 billion a year instead of \$40 billion a year. While these Liberals have been in power since 1993 our debt has gone up.

I started this political thing. I was one of those people who was not involved in politics at all. I never belonged to a political party until I joined Reform. But I got so cotton-picking upset about the mismanagement of the Government of Canada since Trudeau took power way back, spending more money than we were taking in, adding to the debt and transferring the taxpayers' hard earned dollars not into programs that were needed by Canadians but to lending institutions because of the debt and the interest payments on them.

I got involved. I remember when I first started. It was in the fall of 1991. When I was first thinking of running as a candidate I gave a speech and said that it was deplorable that our debt was \$420 billion. The Conservatives took it from the \$320 billion which the previous Liberals had left them to \$420 billion. In nine years they added \$100 billion to the debt.

The fact is that this government since 1993, in four and a half years, has added almost \$100 billion to the debt. The Liberals are twice as good as the Conservatives. While they stand up and say that they are wonderful, that they are not borrowing so much, the fact of the matter is that still, because of the accumulated debt and the large interest payments, the Government of Canada, on behalf of the hard working taxpayer of this country, has driven us into debt \$100 billion in round figures more than when the Liberals took office in 1993. And like I said, they have the gall to stand up in front of Canadians and say "Vote for us again because we are wonderful, we are really solving this problem". I find that unconscionable.

I am going to say something else about this whole system. We are talking today about a tax bill. What are taxes? In the olden days as we used to say, it was a king or a lord who had power over the subjects in his little kingdom. He could say "For me to have my castle, my gold and to run my armies and so on, you will each pay a certain portion of what you earned, a certain part of your crops, or whatever". They gave it as a law.

• (1210)

It was a bit of a symbiotic relationship. Those subjects benefited from the protection of the king or the lord. The armies were really

there to protect the king's or the lord's investment in those people since they were the source of his wealth.

In a democracy taxes are really a contribution made by hard working, risk-taking workers and entrepreneurs. They are saying that they will pay into a public purse the amount required to run their governments. The taxes in this country are killing families and poor people. It is incredible. The Liberal government says over and over that it is wonderful and cares for the poor people. There are people who make \$18,000 or \$20,000 a year, some of whom are single moms, and they still have a tax bill to pay.

During the last Parliament there was a big controversy over who should pay the taxes on the child support paid by a supporting spouse to a custodial parent. This government had the gall again to increase the taxes when it said that the person paying the money will pay the taxes instead of transferring the taxes to the spouse.

The government could have had the person pay a deduction in advance which the lower paying taxpayer could get back in the case of an overpayment. Instead the government said no, that it would just do it. The government ended up taking millions of dollars away from the poorest in our society. Yet they stand up and say "We are the Liberals who look after the needs of the needy in this country". Pardon me for being sarcastic but the truth and what the message is are on opposite sides of the spectrum.

I will be so bold as to suggest that taxation in this country has become a form of legalized theft. If someone came into my house and took half of everything I had in my house, including the left speaker of my stereo system which is worth \$20 and my old black and white television, I would phone the RCMP and ask them to get there tout de suite to arrest the guy who was taking half of my stuff. Yet I allow the federal, provincial and municipal governments to take from me by the coercion of taxation, which I call a form of theft, 50% of my earnings every year. If I do not co-operate with the system I am told by government bigwigs that I am not a good citizen. Why should I?

I am certainly willing to help those in need, absolutely. I do it voluntarily. On a number of occasions I have come across people with needs. Whenever I am able to with my after tax dollars I love to help people. But for me to send it to Ottawa, have this government twirl it around in its centrifuge, have 70% of the money I have contributed spill over in government waste and inefficiency, have some of it doled out to its political friends, and if there is some left over it may go to the poor, I am not content with that. That is theft and it is wrong.

This is what I would like to see in a taxation system. We should fix the tax system so Canadians get to keep some of their hard earned money and use it the way they see fit, which includes helping their neighbours and others who need help.

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It is absolutely absurd the way this and other governments impose tax upon tax upon tax. We get taxed with income tax and we pay our municipal taxes with the money left over. My municipal tax bill is around \$2,500 a year and I have to earn \$4,000 to pay it because the federal and provincial governments first take 35% or 40%. With the money I have left I write a cheque to my municipality and my \$4,000 is gone. It goes on and on and on.

• (1215 )

This government can tinker with taxes, like it is doing with this bill, for decades. We will never rest until it starts lowering taxes, making the tax system fair and making it less onerous.

**Mr. John McKay (Scarborough East, Lib.):** Madam Speaker, I rise in support of Bill C-28. It is an axiom in government that what you do right you do not sell to get credit for, yet when we are giving \$1.5 billion back to the system the opposition still criticizes us.

We are receiving this fiscal dividend today because of good fiscal management.

In the years 1993-94 the choice was to raise taxes or cut programs and transfers. It was apparent then, as it is now, that Canadians wanted a mature and balanced approach to government finances. Balance addresses program spending, provincial transfers, tax cuts and debt reduction.

In the fiscal year 1997-98 the Government of Canada reduced market debt by approximately \$16 billion. It also passed on a tax cut of \$1.4 billion with the reduction of EI payments, approximately 1% of government revenues.

In addition, it added \$850 million to a tax credit, which is about a half-point in government revenues. For the first time in 30 years it actually reduced the GDP to debt ratio.

There was a tax cut, a tax credit and a paydown on the debt all within one fiscal year. That is pretty good government which the people of this country saw fit to re-elect.

The bill addresses the issue of continuing devolution of authority under the CHST. It is clear that Canadians do not want their bureaucrats falling all over each other to administer programs. Surely we can agree that it is simply silly for a food processing plant to have a federal meat inspector, a federal health inspector and a federal fish inspector, not to mention the provincial health inspector, the provincial food inspector, et cetera, et cetera. Sometimes they even arrive on the same day.

What small business has not had the experience of the federal income tax auditor, followed by the federal sales tax auditor,

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followed by the retail sales tax auditor, et cetera, et cetera, all asking for the same material, only organized in a different way?

Canadians spoke about this sort of duplication and their message was loud and clear. By withdrawing from a number of these services in these overlapping jurisdictions the government put an end to this kind of waste. It was a clear message from Canadians to which this government responded.

In order to properly fund the devolution of authority and yet still see that government services are provided, the government entered into the CHST. Cash and tax points will approximate \$25 billion this year. They are roughly equal. All the provinces budgeted this year on the basis of \$11 billion in cash. However, with the passage of this legislation the provinces will anticipate an additional \$1.5 billion in cash. For the province of Ontario, the impact of raising the cash floor will be approximately \$2.5 billion over the course of the next five years.

In the fiscal year 1997-98 Ontario will receive about \$9.1 billion, or 19% of its operating budget. For each man, woman and child the federal government will send to the province of Ontario \$800.

However, the more sanguine question is can Canadians from Ontario truly trust that the Government of Ontario will apply this increased money to the needs of the vulnerable people in the province of Ontario? Will the CHST go to the 7,000 homeless people in the GTA? Will the money help those who need help and those who are being removed from their beds in mental institutions in the province?

• (1220)

Can refugees expect that the settlement moneys will arrive while they settle in our country? Or will we be surprised when the money goes to fund the \$5 billion deficit primarily created by the ill advised tax cut of the province?

Ontario will have a greater fiscal deficit this year than the entire federal government. Does this make sense? A tax cut for someone earning \$250,000 results in a \$15,000 cheque coming back from the province of Ontario. A tax cut for the average or medium taxpayer in the province, that is \$33,000, means \$250 in his or her pocket. In some respects this is a tail about how to govern and how not to govern.

Ontario's government under Premier Mike Harris and its hand maiden, the Reform Party in this House, would urge us to do a tax cut in priority to all else. Mr. Harris has increased Ontario's debt each year and I, if I were a member of the Reform Party, would not be too enthusiastic about claiming credit while the debt of Ontario goes up from \$88 billion to \$108 billion and is expected to increase by \$30 billion over the course of Mr. Harris' mandate. If this is

common sense, I for one would prefer that we absent ourselves from a common sense revolution.

Two-thirds of the \$30 billion debt increase will be attributed to this ill advised tax cut. Mr. Harris has turned homelessness into a growth industry in our province. Mayor Lastman has seen fit to create a task force on homelessness but the premier, feeling the political pressure no doubt, has also created his task force on homelessness, which will be funded by and created by parliamentary assistance. I will not be overly sanguine as to the report itself as those lapdogs report to the premier.

In my own riding of Scarborough East homelessness is such an exaggerated and exacerbated problem that we are now shipping people off to St. Catharines and Peterborough.

As I was saying, the tax cut for a person in the province of Ontario who earns \$250,000 is \$15,000. So Mr. Harris receives an A+ for that tax credit from that individual. Mr. Harris' perverse policies are putting Canada's largest province in the debt hole faster than the Canadian government can get the rest of the country out of it. Canada cuts debt and Ontario increases debt. Canada restores necessary program financing and Ontario turns program cutting into a fiscal mantra. Canada targets tax cuts and Ontario targets tax cuts for the wealthy. Ontario is trashing the best of times while this government struggles to include everyone in the rising prosperity of the country.

Canadians have given a very clear message: apply this money to health care and education. They are not asking for a tax cut. They want their health care systems and education systems restored to being the best in the world. They want to be confident that when they go to a doctor they will receive the service in a timely fashion, accessible, publicly administered and of the highest quality. They do not want to do a wallet biopsy every time they need a medical service. They want to know that their children will be the best educated children in the world.

Even when this government reduces transfers those reductions only represent 2% to 3% of provincial revenues. Even with these reductions a number of provinces have been able to balance their budgets. Sadly Ontario too would have had a balanced budget except for this ill advised and foolish tax cut.

• (1225)

Ontario does not have to be running a deficit. I am not at all confident that this \$1.5 billion increase, of which Ontario will receive a substantial proportion, will be directed to the most vulnerable in our society. Regrettably I believe this extra money will go directly to fund this tax cut.

Mr. Harris, Canada just wrote you a cheque for—

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**Mr. Ken Epp:** Madam Speaker, on a point of order, I regret to do this but I would like to plead the rule of relevancy. We are talking about the federal government and federal taxes. This member has spoken about nothing but provincial systems to this point. I would like to ask you to have him brought back on topic.

**The Acting Speaker (Ms. Thibeault):** I must remind the members that there is a rule of relevancy in our debate today, as always.

The hon. member's time has expired.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Madam Speaker, given the rule of relevance I will address the bill, but I would like to begin by commenting some of the remarks of the hon. member for Scarborough—Rouge River.

He and other members of his party seem to have taken the occasion of this debate on a technical tax bill to comment at length on the fiscal policies of the Government of Ontario. And well they should. The fiscal policies of the Government of Ontario have been deeply affected by the fiscal policies of the Government of Canada.

Many of the hon. members of the government have spoken about how the government is now offering a cash floor for transfers under the Canada health and social transfer to the provinces and what a wonderful commitment this is to our social programs, to health care, higher education, welfare and so forth. Rarely have I heard such duplicity in this place from a government which has just proceeded from four years of hacking and slashing those very same transfer payments.

The government ran in 1993 on a commitment to increase those transfers and proceeded to cut them from over \$18 billion to under \$12 billion in cumulative annual cash transfers to the provinces. These cuts had to be absorbed by the provinces without forewarning and without adequate consultation. It was the worst kind of downloading. For these Liberals to stand up in this debate in this place and proceed to criticize the very governments that had to absorb their cuts, the cuts they lied about in the 1993 election, I find really quite offensive.

Of course I would not suggest that any particular member mislead anybody. I am simply saying the Liberal party mislead Canadians in the 1993 election. It is a matter of record.

The Ontario government had to absorb those cuts, as did my province of Alberta. It is very interesting because this government is going to have to see the chiropractor, it has been slapping itself on the back so much about its fiscal policy, a fiscal policy which saw the government cut transfers to the provinces by nearly 35%, while cutting its Ottawa federal government program spending by only 9.3% .

The government did not balance the budget, taxpayers balanced the budget by working harder and paying more taxes while seeing federal revenues grow by \$26 billion in the last three fiscal years. At least \$8 billion or \$9 billion of those new dollars came about through tax increase imposed by this government in this Parliament.

That does not include the huge hidden tax burden of deindexation of the tax brackets which was imposed by the Mulroney government in 1986 and which has been a destructive economic policy continued by this government. The tax deindexation has sucked a cumulative \$13.4 billion out of taxpayers since 1993. It has pushed tens of thousands of low income people on to the tax rolls because we have not indexed the basic personal exemptions and the marginal rates. People who should not be paying any taxes are paying them today because of the callous tax policy of the Mulroney Tories and the Chrétien Liberals.

• (1230 )

I want to directly address the hon. member's assertions regarding the fiscal policy of the Government of Ontario. He criticized the Ontario government by saying that Canada was cutting debt while Ontario was increasing its debt.

I do not know if the hon. member has ever seen the public accounts of Canada or if he has read any of the budgets of his Minister of Finance. I have and what I see is that since the Liberal Party came to power in 1993 it has added nearly \$100 billion to the stock of the national debt. The scandalous \$500 billion left to us by the Tories is now nearly \$600 billion. That is not a subtraction but an addition.

Most Liberals should be assigned to a mandatory remedial math course because they think adding to the debt means subtracting from the debt. They added \$100 billion to it, taking our debt servicing cost up to \$47 billion a year. They pontificate about their commitment to social programs but they are spending more on the interest on the debt, the equivalent in tax revenues of \$6,000 per family of four. That is how much they spend on debt interest. That is the amount of money spent altogether in the government on health care, education and old age security combined. Just what the government is spending in interest on the national debt, which it has increased by \$100 billion, is almost equivalent to the entire annual budget of the Government of Ontario.

The greatest fraud in what we have heard in terms of the fiscal policy of Ontario is that it has made cruel, hard hearted cuts to social services for Ontarians to fund its tax giveaways to the rich. The tax cuts supported by Ontarians and laid out in the 1995 election in Ontario are steeply progressive. People at the bottom end of the tax brackets will feel the biggest proportional impact of the tax relief.

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I hope members will listen to me because this is the most important fiscal lesson of the Harris miracle. The revenues in the Government of Ontario have increased since 1995 faster than they were projected to. Yes, it is true, the Ontario government cut the tax rates but the revenues went up because more people are working and paying taxes. The government has not had to cut a dime from any program to finance the tax cuts because the tax cuts have financed themselves through increased economic growth.

It is a Tory government in Ontario but it is unfortunate that the Tory Party here, the red Tory Party here, has publicly criticized Mike Harris' fiscal policy. The hon. member for Markham has publicly said that if the Harris government continues with its hard hearted policies it could affect the federal Tory Party. Imagine a member whose party is at 12% in Ontario saying that the Mike Harris' party at 35% might negatively affect their electoral outcome.

The point is that Ontario government's revenues have gone up as the taxes have gone down. That is why the fiscal policy of the government is not working. As it pushes tax rates up it continues to stagnate economic growth. We continue to see nearly 9% unemployment, 16% youth unemployment and shrinking family incomes. Now we see that our GDP for the last quarter is down for each of the last three months. We now see that our standard of living has declined faster than that of any other country in the OECD over the past 20 years. The government may call that a fiscal record to be proud of but I call it a fiscal record to be ashamed of.

If the government wants to emulate a fiscal record it should look to the Government of Alberta which cut its own program spending not by 9% but by 20% and did not complain one whit about the transfer cuts, the hundreds of millions of dollars in transfer cuts imposed on it by the Liberal government.

• (1235)

It just absorbed those cuts and maintained what are by far the lowest tax rates in Canada, allowing it to create the lowest level of unemployment, the highest level of growth, a shrinking level of poverty and a growing level of family income.

The moral of the story is that lower taxes mean more growth, more revenues and better fiscal balances. That is a lesson that I do not think this government will learn any time soon.

**Mrs. Judi Longfield (Whitby—Ajax, Lib.):** Mr. Speaker, I am pleased to rise to speak in favour of Bill C-28 today because the bill is about the basic values of all Canadians. It is about people helping other people. It is about Canadians helping Canadians. It is about encouraging donations to registered charities. It is about encouraging and facilitating further investment in higher education. It is about the government's commitment to move forward together as a society without leaving anyone behind.

As Bill C-28 is a very lengthy and detailed bill touching many aspects of the Canadian economy, I will briefly summarize each of the major clauses of the bill before I focus my remarks on what I consider to be the more notable components of the legislation.

Touching most Canadians are the provisions of the bill to increase the cash floor for the Canada health and social transfer to the province from \$11 billion to \$12.5 billion. This would put close to \$7 billion more over five years into the hands of provincial governments that are tasked with administering key social programs.

Bill C-28 also provides greater incentives to contribute to registered charities, providing their donors with the same level of tax relief as those who contribute to federal organizations and crown corporations.

We are encouraging investment in education by increasing the annual RESP contribution limit from \$2,000 to \$4,000 per beneficiary. We are changing the rules to allow parents whose children do not eventually pursue higher education to transfer the money into RRSPs.

Also included in the bill is the introduction of a new 11% tax credit for Canadian film and video production services. This provision is designed to provide much needed assistance to the Canadian film makers with labour costs associated with producing a film or a video.

In the legislation the government is also providing a guarantee that there will be no change in the income tax treatment of recipients of disability benefits when the insurance company paying the benefits becomes insolvent and employers take responsibility for continuing the level of benefits.

Bill C-28 changes the rules regarding loss trading. It eliminates the double deduction of personal tax credits for bankrupt individuals in the year of bankruptcy. It provides rules that apply when a corporation ceases to be exempt from income tax. It implements earlier announced measures concerning inventory held as an adventure of trade and how they must be valued for income tax purposes.

I said at the beginning of my remarks that I was truly pleased to stand here in support of the bill today. The years of deficit cutting were not easy for Canadians and they were not easy for government.

We knew that we could not continue borrowing on the future of our younger generations by spending beyond our means. Canadians knew this well and supported our efforts to bring the deficit under control. They knew there would be sacrifices but they also knew that the deficit was destroying the future of the country and that it had to be eliminated.



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The NDP will argue that we gave up on the most vulnerable in our society, that we broke the deficit on the backs of the poor and the unemployed. The reality is that the deficit was destroying our ability and our capacity to care for the very people about whom the NDP says it is so concerned.

Today is a good day. Canadians are now beginning to see the rewards of making that commitment, which brings me to what I first considered to be the most important part of the bill.

As I noted earlier, Bill C-28 provides for an increase in the cash floor to Canada health and social transfer to the province to \$12.5 billion from the \$11 billion. The rise in the Canada health and social transfer cash floor will put close to \$7 billion in additional funding into the hands of the provinces over the next five years to support key programs. The CHST consists of a combination of cash and tax points. Tax points are simply a reduction of federal tax rates, allowing provinces to raise additional revenues without increasing the overall tax burden. The value of tax points increases as the economy grows. CHST transfers, a combination of cash transfers and tax points, will total more than \$25 billion in 1997-98. They will grow by at least 2.5% a year to reach more than \$28 billion in 2002-03.

• (1240)

The Canada health and social transfer was introduced in the 1995 budget to reform the system of federal transfers to the provinces and territories as part of the Liberal government's efforts to improve the effectiveness of the Canadian federation. The CHST replaced federal transfers for social assistance and social services under the Canada assistance plan and for health and post-secondary education under established programs financing.

The CHST provides provinces with greater flexibility to develop and administer programs of provincial responsibility. The end of cost sharing rules has opened the door for provincial innovation in service delivery. Provinces have the flexibility to tailor services to their populations, allowing for more innovation such as community health centres in Quebec, for extramural hospitals or hospital services provided in homes in New Brunswick, and for quick response medical teams in British Columbia.

Key protections remain. The federal government continues to uphold the principles of the Canada Health Act with the power to deduct from cash transfers if provinces fail to meet federal criteria. Social assistance must continue to be accessible without provincial residency requirements to ensure Canadians are free to move unrestricted within the country.

Another advantage for the provinces of the CHST over its predecessors is its stability and predictability. CHST levels have been legislated over a five year period so that provincial govern-

ments may plan their budgets accordingly. Cash transfers are guaranteed not to fall below the \$12.5 billion per year level.

The CHST is also fair. In the first year CHST levels are calculated based on provincial shares of former transfers. They are gradually being adjusted to more accurately reflect the population distribution among the provinces. By 2002-03 per capita disparities will be reduced by about half. Equalization transfers continue to be paid to provinces with greater need, to ensure that comparable services are available to Canadians no matter where they live.

In his last budget the Minister of Finance reminded us that a government relieved of the deficit burden is not a government relieved of its obligations. It is a government able to exercise its obligations. We have an obligation to encourage post-secondary education. Most business leaders will say that the key to success is to identify what we do best and then do it better than anyone else.

Canada has the capacity to turn out the world's most highly trained workforce. We are already doing so in the area of computer animation. Canada produces the best computer animators in the world. In particular the program at Sheridan College in Mississauga has been so successful that Walt Disney Studios has decided to build an animation studio in the greater Toronto area.

We can realize similar successes in other areas such as the high tech and telecommunications sectors, but we have to stress and continue to encourage post-secondary education with a focus on high technology areas.

The government recognizes this and I am pleased to see the increase in the registered education savings plan contributions contained in the bill. This is the second concrete move by the government toward securing a world class education system, with the creation of the millennium scholarship fund recently announced in the Speech from the Throne.

I have listened to Reform Party members criticize the bill over the course of the debate. It has been difficult to determine exactly where the Reform Party stands. One member criticizes the government for high taxes and high spending. Another Reform member will tell us that we have to spend more on health and education.

Because I wanted to know exactly where Her Majesty's Loyal Opposition stood on what I consider to be the general direction of the government, I paid a visit to the official Reform Party of Canada web site. I did not find anything there to help. In fact it became more confusing.

In one press release the member for Yellowhead criticized the government for not spending enough on education. In another the Leader of the Opposition called for 100% of any surplus to be spent on tax and debt reduction.

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• (1245)

Finally, in the Reform Party's "Beyond a Balanced Budget" the party across the way says it will reduce government spending to \$94 billion. That is a \$6 billion cut. The reality is the Reform Party has no clear vision for Canada.

The provision in the bill encouraging contributions to registered charities is further evidence of this government's commitment to the core values of Canadians. Canadians want to help others in times of need. It is, in fact, the sentiment which unites us as a country, which results in the moving scenes we witnessed when the Saguenay and Red River Valley were ravaged by flooding or when so many communities were devastated in the recent ice storms.

I know that the thousands of dollars and the many volunteers from the riding of Whitby—Ajax helped and continue to help the relief efforts in eastern Ontario and Quebec. I know that every member can say the same about his or her constituency.

I urge all members to join me in supporting this piece of legislation and in helping to continue to build a nation which is the envy of the world.

[Translation]

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, Bill C-28 is a rather large bill containing more than 300 clauses. It is a real grab bag of provisions dealing with a variety of topics from employment insurance to transfer payments to the Income Tax Act.

Regardless of what my government colleagues might think or say, it is obvious that the Minister of Finance is trying to pull a fast one on us.

During the 10 minutes allotted to me, I will focus on two main points: the measures relating to federal transfer payments and certain provisions regarding the Income Tax Act. Hon. members will see for themselves how bad Bill C-28 is.

First of all, let us look at transfer payments to the provinces. These past few years, the federal government saved huge amounts of money at the expense of the provinces and the workers, both employed and unemployed. Bill C-28 could have been an opportunity for the Liberals to alleviate the sacrifices it has asked of them so far and for the coming years.

By the end of its second mandate, the Liberal government will have cut \$42 billion in social transfers to the provinces. These transfers would normally be used to fund hospitals, postsecondary education and social assistance. These savings enable the federal government to play the knight in shining armour, while the provinces have to do the dirty job of implementing cutbacks.

The President of the Treasury Board spoke eloquently when he stated in the March 8, 1996, edition of *Le Soleil*: "When Bouchard

will have to cut, we in Ottawa will be able to show that we can afford to preserve social programs for the future".

In 1993, cash transfers for social programs totalled \$18.8 billion a year. This year, even after including the changes proposed in Bill C-28, they will amount to a mere \$12.5 billion. This is small consolation because the same calculation for Quebec alone shows a total cut of approximately \$13 billion instead of \$15 billion between 1993 and 2003.

Now, let us take a look at how the Liberals have been dipping into the EI fund. Besides making cuts, the federal government literally steals from workers and employers who make contributions to the employment insurance fund, claiming that the surpluses are used to absorb the deficit, while the unemployed must contend with reduced benefits.

In 1993, the unemployment insurance fund had a \$1.2 billion annual deficit, and a cumulative deficit of \$5.9 billion. In 1997, following the Liberal reforms, the fund posted a \$7 billion annual surplus and a cumulative surplus of close to \$13 billion. Let us keep in mind that there is not one cent of the government's money in this program.

Meanwhile, the unemployed have less and less access to the meagre benefits, even in a crisis situation, as was the case for thousands of people in recent weeks.

The Minister of Finance has also presented us with highly inflated deficit targets in order to dodge around the debates on the necessity for cuts in transfers for health, education and unemployment insurance.

• (1250)

Last March, the hon. member for Roberval asked the following question: "Today, after ten months, the cumulative deficit is reported to be \$7.3 billion, which could mean a real deficit of \$10 billion to \$12 billion in 1996-97 instead of the \$19 billion he announced—Is the Minister of Finance sneaky or incompetent?" The Minister of Finance's response to this: "But where does this \$12 billion figure come from? I do not know. I think it is a figure pulled out of the air".

Whether sneaky or incompetent, the question is a legitimate one and, in all honesty, both answers may be right. One thing is certain, he does not deserve any of the credit. The provincial finance ministers were the ones who had to do the dirty work for him. With Bill C-28, the minister is missing a great opportunity to show a bit of gratitude toward those who have really been the ones to make the sacrifices.

Let us speak of the taxation system. Honest citizens who pay their taxes to Ottawa are asking, demanding, of the government that everyone at least pay his fair share. That is the least that can be asked, but it seems to me that it is already too much for this government.

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In his May 1996 report, the Auditor General indicated his “serious concerns about the administration of the Income Tax Act involving the movement out of Canada of at least \$2 billion of assets held in family trusts”.

On October 2, 1996, the Minister of Finance tabled a ways and means motion intended, he said, to plug this loophole. Over a year later, even with Bill C-28, we are still waiting.

If he is going to amend the tax rules with Bill C-28, the Minister of Finance should have followed the lead of the Bloc Québécois, which, in the fall of 1996, introduced concrete proposals with respect to corporate taxation, two of them concerning the use of tax havens.

With respect to the deductibility of interest expenses—this is the first measure we suggested to the government—when a Canadian company has a subsidiary in a tax haven, first of all it benefits from very low tax rates on profits realized outside the country, but in addition it can deduct from its Canadian revenues the interest on loans used to invest in its subsidiary. We think that, in this particular case, the tax expenditure is too generous.

As for the deduction of intercorporate dividends, when a Canadian company has a subsidiary in a country with which Canada has a tax convention, the dividends paid by the subsidiary to head office are not taxed in Canada, under certain conditions. This Canadian rule is more generous than the practice in the United States. We are asking the federal government to amend the Income Tax Act so as to tax dividends from foreign subsidiaries in Canada and to grant a credit for tax already paid by a foreign subsidiary. These are proposals the government would do very well to bear in mind for its next budget.

But, although they say they want to put a stop to tax havens, the Liberals are in no hurry. Each year, the government loses billions of dollars because of loopholes in the present tax system. These shameless tax avoidance schemes deprive the government of huge amounts that could indirectly benefit Quebec and Canadian taxpayers. Bill C-28 raises once again, but in a negative way, the infamous issue of tax havens, particularly as regards the taxation of capital goods in the context of the foreign accrual property income, or FAPI.

We are talking here about subsidiaries or companies whose primary activity is to generate revenues from the ownership of goods or stocks. These non-active ventures must pay taxes to Canada on the revenues generated through their goods or stocks, unlike the companies that are actually involved in and making profits from shipping operations.

Clause 241 of Bill C-28 would amend subsection 250(6) of the Income Tax Act to allow a Canadian corporation that owns but does not operate shipping subsidiaries to have these treated as the equivalent of an actual shipping company.

• (1255)

So, instead of telling companies involved in shipping activities abroad that they will now have to pay taxes to Canada like any other corporation, the government is saying to those currently paying taxes that they will no longer have to do so. The minister has a rather strange notion of fairness.

One has to wonder what is in it for ordinary taxpayers. The federal government keeps asking them to tighten their belts and put up with the savage cuts in transfers for health, education and social assistance, but it makes it even easier to move capital abroad.

For these reasons, and for many others that will be raised by my colleagues, I cannot support Bill C-28.

[English]

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, I am pleased to rise to speak on behalf of the government in support of Bill C-28. This legislation has many components, but they are all tied together in a way which is consistent with a strong and dynamic economy and, by extension, a strong and dynamic society.

As a government we committed ourselves to a historic turnaround in Canada's federal finances because we understood that sustained deficit reduction was a key to lower interest rates and higher economic growth. We also understood and made it perfectly clear that lower rates and higher growth are not ends in themselves. Instead they are the best way to achieve the real bottom line benefits which Canadians deserve, more jobs and the national resources to make strategic social investments where and when needed.

As we move into 1998 Canadians are close to the threshold of a major change in our economic history, the day when the federal government is deficit free. This progress, coming much faster than we originally dared hope, is indeed delivering the benefits we always expected and always wanted. It has created the conditions for lower interest rates and sustained economic growth, growth unheard of since the 1950s and 1960s.

In 1997, 363,000 new jobs were created. That is the best record since 1994. In December the unemployment rate of 8.6% was the lowest in seven years.

The government is now in a position to make key social investments, investments which respond directly and concretely to the concerns of Canadians. Just as important, we can make these investments without jeopardizing our continued advance to a balanced budget. That is an important consideration in Bill C-28.

The most important and significant part of this legislation clearly is the measure to increase the cash floor of funding to the

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provinces under the Canada health and social transfer. Bill C-28 increases this guaranteed amount of federal cash funding for health care, post-secondary education and social assistance and services from \$11 billion to \$12.5 billion a year through to the year 2002-2003. It starts applying this higher cash floor one year earlier than was originally slated and planned.

This means the provinces will receive close to an extra \$7 billion over six years. That is by far the largest new spending commitment we have made since first coming to office.

The Canada health and social transfer measure represents by far the most financially substantive measure in Bill C-28 and the one ultimately which affects a great many, indeed most, Canadians.

The cash floor of \$12.5 billion is the precise amount recommended by the national forum on health and it is important to note that.

There is another aspect to the Canada health and social transfer which demonstrates our commitment to fairness and to positive partnership with the provinces. In response to the provinces' request for flexibility, we restructured the previous system with its separate targeted components into a single Canada health and social transfer. This addressed longstanding provincial concerns that the inflexible conditions associated with the previous transfer system did not allow them to meet specific regional needs and opportunities. We instituted the Canada health and social transfer to deliver greater flexibility, while still firmly upholding the principles of the Canada Health Act.

This is legislation which guarantees that the future growth in the tax point component of the Canada health and social transfer will not see the cash portion decline below \$12.5 billion over the next five years.

• (1300)

In other words at least \$12.5 billion in federal funds will be there each year every year. It will be there to help provinces provide the national health care systems that Canadians cherish. It will be there to support the post-secondary education that gives young Canadians new opportunities in the future. It will also be there to support social assistance so that Canadians in need are not abandoned or betrayed.

There are two tax expenditure measures that reflect our government's commitment to strengthening Canadian society.

First, C-28 follows through on our 1997 budget pledge to help and encourage Canadians to save for the post-secondary education of their children. Under this legislation we are increasing the amount that Canadians can invest in a registered educational savings plan from \$2,000 to \$4,000 a year for each student beneficiary.

This is an important change because this government wants to continue the task of improving access to post-secondary education for our youth. Our youth need this access and they deserve this access. This will help young Canadians to compete in a fast paced economy as we move into the 21st century.

As well, C-28 will allow someone who has contributed to an RESP but who then sees the intended student not go on to post-secondary education to transfer the income from that plan into an RRSP. This will reduce the risk and the disincentive that parents may face that in fact the benefits of their RESP investment could be completely forfeited if their child chooses not to pursue higher education.

Using the resources of a strong economy to ensure a secure and compassionate society is a key obligation of government. However, we must not put aside our work to maintain and expand that economic strength. We need to work harder all the time in that area.

One of the foundations of a well-functioning economy is an effective, fair and transparent tax system, a system that allows companies and individuals to focus on the work of building and growing their companies or personal endeavours through real value added and not through the manipulation of tax rules. That is why C-28 includes a range of technical tax measures to reflect that reality.

The government did what it had to do and it did this when it had to be done. We have now been able to help achieve the federal fiscal success that is beginning to pay real dividends, dividends of solid benefit to each province and to all Canadian citizens. This seems to be something that the Reform Party either does not understand or chooses to ignore.

Remember that it was a strong majority of Canadians who demanded that the deficit problem had to be solved. They have supported our action plan indeed in many, many numbers and it is gratifying to see that. In fact without their support our success would not have been possible.

Canada's solid fiscal and economic progress has been won by the hard work and shared commitment of all Canadians. This progress makes possible a renewed investment and commitment in key social areas. It is necessary therefore to support Bill C-28. It deserves the support of all members.

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Mr. Speaker, I will explain today why I am opposed to Bill C-28.

This bill is an insult to the Canadian people. It consists of nothing but rhetoric and serves only as a band-aid solution for the mess that the Liberal government has created in this country. It is so complex that even Canada's most respected taxation experts have difficulty in understanding what it is the government is trying to do. How insulting to Canadians.

This bill allocates \$1.5 billion extra to the Canada health and social transfer. The CHST goes from \$11 billion to \$12.5 billion

when in fact since September 1993 the Liberals have done nothing but cut. There is a lot more needed in order to restore funding to post-1993 levels.

What the Liberals have actually done, if I look at the rural riding which I represent, they have created a mess. The unemployment rate is extremely high and there have been no job creation targets. We have hard working farmers who put in long hours to make ends meet and fishing communities that once thrived off their traditional trade. We also have a forestry industry in this riding. Nothing has been created to help these regions. My riding is full of tiny communities that are homes to many small businesses. All of the cuts over the past several years have directly affected mostly the rural communities.

• (1305)

Liberals seem to think this is a gift. They are trying to portray themselves as the saviours of all Canadians when in actuality they are the bandits who took the money out of the hands of the people who needed it the most. This little increase in spending proposed by the Liberals will do little to offset the hardship faced each and every day by the people in my riding.

I call upon the government to increase funding in health care and education, to put an end to poverty, to reinvest in social programs and to carry through with the recommendations regarding pay equity and the seasonal workers exemption.

What about the gentleman in St-Louis-de-Kent who had to undergo a second triple bypass surgery because he could not afford his medicine? What was the cost to keep that person four weeks in hospital? What about the two students who are reported to have student debts of \$32,000 and \$51,000? How can the Liberals be proud of that? I am ashamed and so should they be. That is not what Canada is all about. How will Bill C-28 help out those individuals?

The federal government has been preoccupied with economic development in foreign countries and with bailing out southeast Asian markets with billions of Canadian tax dollars. Yet the Liberals continue to neglect their own people, the very same people who sent them a very clear message in June 1997 in case they have forgotten. I am living proof.

What about economic development in Atlantic Canada? People are not looking for handouts from the federal government. They are looking for jobs, real jobs with results in real paycheques so the people of Atlantic Canada can live real lives.

[Translation]

Let me say a few words about the reality in Atlantic Canada. There were the cuts to employment insurance. Now we have people who no longer qualify for employment insurance benefits. Only 37% of the unemployed are eligible. Was the program really

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designed to help the unemployed? I think not. Job creation is a major challenge and we must start setting goals in this area.

The small and medium size businesses in our communities are in trouble. That is the reality.

[English]

Creating opportunities for youth and preventing the brain drain that is on the rise in Atlantic Canada. Sixteen thousand people left Newfoundland in 1996. Let us think about it. I do not think we can all move to the western part of the country.

It is also important to remember what the Reform Party wants in terms of taxation. Reformers talk about how low income families will pay less tax. It is very important for the low income family to realize that, God forbid, if we did have a Reform government not only would the low income family maybe pay a little bit of tax but it would also pay for its children's primary education and for health care.

Reformers do not talk about the tax breaks they would be giving to their wealthy friends. Under a Reform government you would not have a pension unless you were very wealthy. If you could not work enough to save in the form of RRSPs, you would not have a pension. It is very important to remember that.

Atlantic Canadians are very hard workers. They are not lazy.

[Translation]

My constituents are not lazy. They are proud people who work very hard. However, in recent years, the Liberals have only taken advantage of them, and this is not fair.

[English]

Until this government makes jobs its number one priority and tackles the crisis in Atlantic Canada, the federal government will not get my vote. I would not be representing my people if I supported this bill.

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, I have to agree with the comments of the previous speaker certainly as they apply to the Reform Party. We have been listening to a lot of innuendo about tax reform and how the Reform members are the defenders of the poor and the downtrodden. However most of their tax policies are to cover up the real issue which is trying to give tax breaks to their buddies and friends, the wealthy people of this country.

• (1310)

This bill is very complex. It involves many sections of the Income Tax Act, charitable donations, along with registered education savings plans which I will touch on a little later, transfer

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pricing and so on. It is a very large bill and affects many aspects of the Income Tax Act.

I would like to talk about one aspect the member for Saint-Hyacinthe—Bagot mentioned yesterday. He talked about how this bill changes the Canada Shipping Act. He then alluded that somehow the Minister of Finance would have some kind of conflict of interest. I would just like to refer to a number of issues showing the history of these sections of the Canada Shipping Act through the income tax system.

Since at least 1927 Canada has had special tax rules for non-resident companies that earn income from international shipping. The rule is that Canada will not tax that income provided their home country does the same for Canadian companies. Each country taxes its own residents, a fair application of international trade and agreements I would think.

To apply this rule, it has to be known whether the company is a non-resident or not. That was sometimes a problem because under Canadian tax rule, residence is not always easy to decide in advance. Canada was losing business because of this uncertainty.

In 1991 the previous government added a rule to clarify the residency rules for foreign shippers. Basically a foreign company that earns its income from international shipping is not a resident in Canada.

The amendment in today's bill responds to the suggestion from the non-profit International Marine Centre in Vancouver. It simply improved the 1991 clarification rule. It says that it does not matter whether a foreign company carries on its shipping business directly or through subsidiaries.

Another amendment brings the 1927 exemption up to date, including capital gains which were not taxable when the exemption was introduced and so may not have been covered.

Again these are technical amendments. They are not new. They were released in 1995 and were again released with some modifications in 1996.

Through the office of the ethics commissioner, the government has been informed by Canada Steamship Lines that it does not use section 250 of the Income Tax Act for the purposes of offshore operations. Consequently, the proposed amendment does not benefit Canada Steamship Lines and the company has no intention of utilizing this provision.

I would like to carry on with a very specific aspect of these amendments which talk about the registered education savings plan.

The Conference Board of Canada has stated so many times that Canada's education system has somewhat fallen behind in the

world. Even though we invest many, many dollars in our education system, it would seem that some of our proficiencies, certainly in science and technology skills, have somewhat fallen behind the norm. That is why this government set up a millennium fund. It is also why we made this amendment to the income tax system.

The registered education savings plan is much like a registered retirement savings plan. The difference is that it allows parents to put money in a separate fund to get a tax deduction to save for their children's future education.

The registered education savings plan has been around for a good number of years but it has never been very effective. The reason it has not been effective is that what happened in these plans is that if your child did not attend a post-secondary education institution, you forfeited your deposit. In other words, you always ran the risk that if Johnny does not go on to university or to college, the money is lost. Of course, most people thought this was not a particularly good investment. This government realized that it was important for families to save for the education of their children and also to get young people access to our educational institutions.

• (1315)

We talk a lot in this House about the importance of access to post-secondary education. This is a place where the government is positively trying to accomplish that with partnerships and with private families.

In addition it eliminates to a large extent the liability that they are going to lose those deposits if Johnny or Mary does not go on to post-secondary education. More important, it raises the limits from \$2,000 a year to \$4,000 a year. It allows a tax deduction so we can save for the education of children. As a parent who has three children in post-secondary education, it is an expensive proposition. I wish this program had been in place 20 or 30 years ago. I would be utilizing it.

Many families live in the fear that they will not be able to provide for their children when it is time to go to school. This is an excellent opportunity for them. It is a positive way that governments can, together with the private sector, ensure there is education for our young people.

I just came back from the National Research Institute. We talk about brain drain. The member talked about people leaving her province. Memorial University in Newfoundland is one of the premier educators in Canada. These are the roots and the avenues to the future for us. We talk in Canada about having tremendous resources. We usually talk in terms of natural resources. We talk about our petroleum industries. We talk about our metallurgical industries and our forests and aluminium products, but in reality the biggest resource we have in Canada is between our own two ears. We have to do more to ensure that young people have an

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adequate education and that they are going to engage in those industries that will evolve and be the industries of the future.

I am happy to support this bill and this specific aspect of it. A very important aspect of it is what we are doing to make a positive contribution for those children who may find it difficult to get to school. It gives their parents planning horizons to do that.

I have sat through this debate and I have listened to members of the Reform Party get up and defend the province of Ontario. I guess they are all part of the same material. It seems strange to me that the province of Ontario came in with a program of reducing taxes. At the same time it was going to cut expenditures and do all kinds of wonderful things. Some of the members of the Reform Party keep saying this government did this and that government did that. The reality is most people know their only one taxpayer. Everybody in Canada has to try to get their books to balance, whether it is the federal government or the provinces.

One of the big things we do is transfer money to the provinces in support of health care. We have created a base level of funding there. Some of it had to be cut and the provinces had to adjust to that.

It is amazing to me that at the same time that cuts to health care and other aspects of our social structure in Ontario were going on, the province of Ontario cut indirectly or reduced taxes by \$5 billion. When it made the announcement of the \$5 billion, it was running something like \$8 billion deficits per year. In other words, the province continued to run deficits on annual rated basis, even though it was also in a program of tax reductions. I heard the minister of finance of the province of Ontario saying they cannot make their budget reductions by the year 2000. They were to balance the books but now they cannot do it. The difference or shortfall was \$5 billion.

• (1320)

I ask whether this is in the best interests of Canadians. My constituents are telling me to continue with our deficit and debt reduction targets, enhance our health care system but they do not need tax cuts today because they think there are more important things to do. I think most of the people in Ontario have come to realize that.

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, I am pleased to speak to this bill today. It is nice to be back in the House and fighting Liberals once again.

After listening to the previous Liberal speaker all of a sudden we have had some good ammunition given to us. It was indicative of the Liberal short term vision that the member just talked about the tax cuts, the economy and the budget shortfall in Ontario.

Statistics will show that the economy, because of the tax cuts put in by the provincial government in Ontario, is undergoing tremen-

dous growth. On a long term basis that will be of immense benefit to the province of Ontario, as it was for the province of Alberta which is now leading all the provinces in economic growth and it certainly has some lessons for the federal Liberals.

This tax bill, Bill C-28, is all about a tax system that is patently unfair to the Canadian people. The Liberals instead of wanting to fix it are simply making changes that will make it more confusing for Canadians to figure out this Canadian tax system and how the Liberal government is able to wrench billions of dollars out of their pockets, decreasing dramatically their disposable income for their families, increasing dramatically the tax levels on Canadian small businesses, the backbone of our economy which are providing more jobs in this country than any other sector, including the government sector.

This Liberal government likes to say it is creating all the jobs. That is absolutely false. It is the private sector and primarily the small business sector, but the Liberals do not recognize that. In their tax system they seek only to penalize small business.

Bill C-28 can best be described as a smoke and mirrors bill designed to cover up the fiscal mismanagement of the Liberal government. Some people have compared the Parliament of Canada to a circus at times. Trickery, smoke and mirrors and sleight of hand do belong in a circus. We are getting a good example of it in Bill C-28. It does nothing but confuse Canadians about how the tax system is working.

We are talking about the lack of substance in Bill C-28. The government has managed to put together some 500 pages talking about changing 20 different acts and regulations in the income tax system. The Liberals certainly do not know how to make anything simple. I think their motto is make it complicated, convoluted and confusing and no one will see what they are actually doing.

**Mr. Jake E. Hoepfner:** On a point of order, Mr. Speaker, I think we are short of a quorum, so I would appreciate if some of the Liberals would come back and listen to this good debate.

**The Deputy Speaker:** Perhaps the bells could be rung. I do not see a quorum.

• (1325)

*And the bells having rung:*

**The Deputy Speaker:** I see a quorum. The hon. member for Prince George—Bulkley Valley may resume his remarks.

**Mr. Dick Harris:** Mr. Speaker, I appreciate seeing so many Liberals rush back into the House so they can take part in the debate today. It will be a refreshing experience to hear some real facts and substance coming from the official opposition party rather than listening to the spin doctors and the backroom boys

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who came up with Bill C-28. I thank the Liberals for returning to the House.

One thing missing from the bill is any kind of tax relief for Canadians. As we know, Canadians are the most overtaxed people in the entire world. Mr. Speaker, every year when you fill out your income tax form I am sure you must shed a few crocodile tears over what this Liberal government has done to people just like you.

There is nothing in the bill—zip, as my son would say—about tax relief. There is no mention of the 73% CPP tax hike, the payroll tax which will be applied to Canadian businesses and individuals. There is no mention of the more than \$5 billion in extra EI premiums Canadians are paying and that is considered a tax.

Every think tank in the country has concluded that high taxes kill jobs. It is as simple as that, but the government just does not get it. It refuses to look at the high tax regime of this country and it continues its reckless spending.

We have in our party, Her Majesty's Loyal Opposition, the hon. member for St. Albert. On a regular basis he puts out the waste report. We have sent \$2 million off to Brazil to promote electrical energy. I believe they have had electricity down there for quite some time and they realize the benefit of it, but we sent them \$2 million.

We have sent \$450,000 to Lebanon for the Lebanese Parliamentary Institute. I hope that \$450,000 is not to teach it how to spend money in a Liberal fashion. I do not think the people of Lebanon would appreciate that.

Bill C-28 does not even consider the \$600 billion debt hole that this country is in, which this government and the Tories and Liberals before it helped to create. It does not even mention the \$45 billion in service charges and interest payments every year. Those service charges could pay the entire health care bill in Canada for one year, plus educate every student in the country for one or two years. This bill does not even talk about that crisis.

Do the Liberals have a plan for this crushing debt? Not in this housekeeping bill. They wanted to start off slow and maybe work up to something.

Do the Liberals have a plan for tax relief to put more money in the pockets of Canadians to give them the option of spending or saving it? Not in this bill.

The minuscule changes to the bill are designed to make us forget for a little while just how high the taxes are in this country.

Things could be so much simpler if the Liberals would just listen to the Reform Party, the official opposition, which has brought to this House a plan called "Securing Your Future", a plan which economists all across the country have said is right on the mark. It

is on the right track. But no, it clouds the vision, the philosophy and the legacy of these tax and spend Liberals. They have scales over their eyes. They cannot see the truth.

• (1330)

While the Reformers are calling for less taxes, less debt and less interest charges on our \$600 billion debt, the Liberals are calling for more program spending in areas of little need, forgetting the areas of great need that they gutted like health care and education payments to the tune of \$7 billion since they came to power. They are now throwing back a paltry \$1 billion and saying they have fixed it. No, the arithmetic tells me that they are \$6 billion short.

We want the government for once to consider the average working Canadian, to consider the students who are struggling to get through university and college and ending up with huge student loans, to consider the people who are living below the poverty line, and to consider the people who are trying to raise families and are having their pockets picked by the Liberal government through high taxes.

If the government would for once consider all those people instead of its own political tax and spend philosophy, maybe some day we would get a bill in the House that our party could support.

**Mr. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, I am pleased to speak on Bill C-28, an act which will allow our government to implement the tax policies and provisions introduced in the 1997 budget.

I cannot help but be continually amazed by the Reform Party's flavour of the month. It was some time ago that it argued that what the government should be doing was tackling the deficit. When we tackled the deficit and started to win the fight and have won the fight against the deficit, it switched to tax reductions. Very recently it moved from tax reductions to eliminating the federal debt. We will have to stay tuned to see what the next flavour of the month will be.

As I said, Bill C-28 allows the government to implement the tax changes that we brought in, in the 1997 budget. There are a number of important provisions in the bill which facilitate a number of detailed changes to the Income Tax Act. I will not go into them today but I would like to address a few key areas. The first area is the Canada health and social transfer, a critical part of the bill.

We as a government have said that we will limit or put a floor on the cash transfers to the provinces at \$12.5 billion. This responds directly to the recommendations of the National Forum on Health which stated that we should increase the cash floor from \$11 billion to \$12.5 billion. It would have triggered in, in 1997-98. It responds to the concerns expressed by Canadians about the delicate nature of our health care system.



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It is important for Canadians to understand the amount of funding we are providing through the CHST. In addition to cash payments there are tax points. In total in 1997-98 it will amount to some \$25 billion that we will be transferring to the provinces to deal with health care, education and welfare.

Under the old system the funds and the tax points were transferred under established programs financing or EPF and through CAP which was the Canada assistance plan. Established programs financing was meant to cover health care and education and CAP was a cost shared program with the provinces to cover welfare.

CAP was not a very efficient program at either the provincial or federal level. For the provinces it was really using 50 cent dollars. For every dollar the provinces spent they recovered 50 cents from the federal government. As a federal government we did not have the kinds of controls that we desired in a program where we were spending Canadian taxpayers' money. At the provincial level CAP was sometimes not managed in a fiscally prudent way, so moving away from CAP is a wise decision.

• (1335)

As far as established programs financing is concerned, it has always been a challenge in Canada to ascertain where the funding is going directly, whether it is going to health or education. Essentially it goes into the consolidated revenues of the provinces and it is very difficult to establish that trail.

What we as a government are doing and will be doing more of is ensuring that we set standards and guidelines in terms of the delivery of health care, education and welfare. Some of those are already enshrined in the Canada Health Act in terms of accessibility of programs, the affordability of programs and implicitly the quality of programs.

We need to do a better job of establishing those criteria notwithstanding how difficult the task is. To measure outputs in a health care system, an education system or a welfare system is a challenge at the best of times because these systems are changing constantly.

First we have health care, from acute care to community based care. How is wellness measured? How do we measure whether people are getting quality care? How do we measure whether people have access to an affordable system?

It is these areas we need to focus on because the block funding is transferring en bloc to the provinces not much differently what than we did under EPF. We need to do a better job as provinces begin to grapple with their fiscal positions.

Many of my colleagues and I are concerned that we do not erode these very important programs within Canada. That is a very important part of the bill. I am sure that most members will support it.

I would like to touch on another key area of the bill, that is the registered education savings plan where we increased the limits from \$2,000 to \$4,000. This begins to make education more affordable, more approachable for middle income or low income Canadians. Money can be put away for the future education of their children and they will be able to afford quality education when they get to either school age, university age, or both. That is a very progressive part of this undertaking. I am sure it will be supported by members of the House.

There is another area I would like to touch on briefly. I will come back to comments made yesterday in the House by the Bloc finance critic, the member for Saint-Hyacinthe—Bagot. He made some assertions to which I am sure the finance minister will be responding in much more detail as the days and hours ensue.

I would like to comment on them briefly because I think the member has his facts in error. Before doing that I would like to talk about another provision in the bill that is very important, the provision to deal with transfer pricing.

As organizations become multinational and have companies and subsidiaries around the world, they start to move products and services within their own subsidiaries across national boundaries. Corporations have the ability to transfer the profits from high tax jurisdictions to low tax jurisdictions. This happens all the time.

If a company, for example, is incorporated in the United Kingdom and is selling products worldwide, it might set up a wholly owned subsidiary and tax haven and move product through that tax haven to companies around the world. It will essentially change and adjust its pricing to ensure that most of the profit margin is transferred to the low tax jurisdiction.

We have always had rules. Canada has had rules about transfer pricing and fair market value pricing so that if a Canadian company sets up a similar subsidiary in a place like Bermuda it has to sell that product to the Bermudian subsidiary at a price that approximates fair market value. We do not want the profit margin sitting in a tax free jurisdiction based on some transfer pricing decisions that are made at head office.

The difficulty has been that quite a range determines fair market value. Tax authorities worldwide have been struggling with this. It needs co-ordinated effort so that if companies in the United Kingdom, Germany or in South America are selling products through intermediaries in low tax jurisdictions they are selling them at fair market value. This is a very positive aspect of Bill C-28.

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I turn very briefly to comments made yesterday in the House by the Bloc member for Saint-Hyacinthe—Bagot about international shipping because I think he misrepresented the facts.

• (1340)

The changes reflected in Bill C-28 are not creating any new situation. They are basically reinforcing the fact that if a company is shipping 90% internationally and 10% in Canada the same rules would apply that have been agreed to countries around the world.

Shipping really knows no boundaries. It is not like a mine in Chile or an oil and gas pipeline in Russia. There is really no national boundary for airlines and shipping. The rules have always been that if a company is conducting 90% of its business outside the country it is not considered to be a resident of the country in which the head office might be. That facilitates the fair taxation of shipping companies around the world.

Over the past few years companies have set up individual corporations for individual ships not driven necessarily by tax but by liability issues. The holding company would fail to qualify for these agreed to international rules if it held 100% of these subsidiary corporations. It would be perceived as an investment company and would not qualify under the rules as being an international shipping company in the primary business of international shipping.

These rules had to be changed to maintain that level playing field. Otherwise we could create a competitive disadvantage for shipping companies that happen to be located in Canada.

**Mr. Grant McNally (Dewdney—Alouette, Ref.):** Mr. Speaker, I have been listening with great interest to the debate on the tax amendments contained in Bill C-28. I have listened to government members heap praise upon themselves for all their great accomplishments. I will focus my comments on the reality and the truth of the matter regarding the government's direction.

A member from the other side earlier mentioned three great pillars of Canada: health, education and social services. There is no disagreement from members on this side, but the truth of the matter and the facts are that the government cut funding to all three of these areas. It cut transfers from \$18 billion to \$11.5 billion per year and is now about to raise it and pat itself on the back.

Members opposite keep talking about a stable floor of funding. It is obviously doublespeak. They have cut drastically and now they are adding a bit more funding which is significantly lower than the amount of funding in existence before they took power. The reality and the truth is that the government continues to extract more money from hardworking Canadians. Its guiding principle seems to be take a dollar and give a nickel.

Another member from the other side seemed to lack the understanding that taxes can be reduced by making government smaller and reinvesting money back into the priority areas of health, education and social programs. She thinks the two are mutually exclusive. Liberals cannot envision ever decreasing their hold on Canadian tax dollars without taking from some other area.

Let us talk about the \$47 billion interest payment that Canadians pay to service the \$600 billion debt. That is eating the heart out of social programs. The Liberals are directly responsible for this situation. Let us make no mistake about that.

The fact is that we have high debt and high taxes. Interest rates are also on the increase. Foreign investors are concerned about our economic climate. The Liberals fail to mention the number of businesses and young professionals who are being driven south by high taxes. The fact is all is not well with the economy. The Liberals continue to spend more than they take in, which is in many ways unbelievable given the amount of taxes paid by hardworking Canadians.

We hear about numbers and statistics. The reality for Canadians is that they are working harder and harder to see less and less take home pay to care for their own families. There is less money for mortgage payments and rent, less money for clothes for their kids, less money to put food on the table, less money for them to spend wisely in the areas they deem most important for themselves and the well-being of their families.

• (1345)

I would like to focus on the situation of one family in particular, on one individual who decided to go public with her struggles. Kim Hicks' life became a bit of a case study of Reform's tax reduction plan. Her case was first mentioned in a speech delivered by the Leader of the Opposition in this House in the prebudget debate. I will take a brief moment to summarize his story.

Kim Hicks is a mother from New Brunswick who wrote to the leaders of all parties seeking a bright light of encouragement regarding her life, her situation. She and her husband worked extremely hard to make ends meet and to provide for their children. There was always more month left at the end of the money. This letter struck a chord with the Leader of the Opposition. He undertook a project and hired Mrs. Hicks and her family to be a case study to implement Reform's economic plan.

Mrs. Hicks was paid the same amount of money she would save in taxes under the Reform plan. She was to report what she would do with the money for her family. Did she squander the money? No. She paid off debts, first priority. She paid for medical procedures her children needed. She put a portion of the money in a savings account. The remainder was used on a modest outing for some family entertainment.

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There are thousands of families across Canada suffering under this Liberal government. This exercise is one of the most valuable case studies on Canadian taxation because it was run by real Canadians making real life decisions. StatsCanada and the finance department can run all the scenarios they want. However, they cannot recreate the real human story that Kim Hicks provided.

One would think that the finance minister would have taken a keen interest in such a study. Then again, what does the finance minister know about paying taxes? Instead of emphasizing with the plight of average Canadians, the finance minister dismissed this exercise as a publicity stunt. I would like to tell the Hicks family, whose lives were made that much more bearable, that their happiness is not a media stunt.

What we are opposed to, the underlying principles of this bill, is that there are more and more complicated, convoluted and confusing tax amendments being made which fly in the face of commitment to a fair, simple and visible form of taxation, something we have long called for on behalf of Canadians across this country. It is high time that the Prime Minister, the Minister of Finance and the rest of the Liberal caucus leave cloud nine and take a hard look at the financial state of Canadian families. Our we the best country in the world in which to live because of this government or in spite of it? It is definitely the later.

Canadian families want to see a reduction in their taxes. That is what they are calling on from this government.

[*Translation*]

**Mr. Gilles-A. Perron (Saint-Eustache—Sainte-Thérèse, BQ):** Mr. Speaker, I welcome this opportunity to participate in the debate on Bill C-28.

This is a bill to amend multiple acts. One really has to be a tax expert or have a great deal of common sense to speak on such a complex piece of legislation. Since I consider myself to have common sense, I will make my remarks on that basis.

Last Monday, on the television program *Salut, bonjour*, Claude Picher from *La Presse* had these wise words: "The Minister of Finance should use the projected budget surplus as much as possible to reduce" the debt and personal income tax, not to fund new or existing programs. That is a statement that makes a great deal of sense. It is also good advice for the Minister of Finance.

Like me, he could have raised the issue of the GST and said that the GST was originally introduced to dip in the pockets of taxpayers to reduce the huge deficit the central government had at the time. The deficit having been eliminated, common sense would dictate that the government lower if not completely eliminate this tax, thereby making good on an election promise made in their

famous red book of 1993. Like me, he could also have raised the issue of transfer payments.

• (1350)

Everyone knows that, in an attempt to achieve zero deficit and even surpluses, the government shamelessly cut billions of dollars in transfer payments to the provinces. These cuts hurt the provinces, which, in turn, had to manage crises in education, health and social programs.

So, common sense would dictate that this government restore transfer payments to their original level instead of talking about implementing new programs that would allow them once again to interfere in provincial jurisdictions. What is the logic in this government implementing new post-secondary education programs when, as we know, the cream of our young achievers trained at public expense in our universities leave Canada for the United States or another country because the tax system is better than in Canada? What would common sense dictate, given that in this exodus of scientists, computer specialists and other professionals, we are losing a large part of our capacity to innovate and, ultimately, the capacity to create jobs in the future?

This is a worrisome situation on which no one, not even the Minister of National Revenue, the Minister of Finance or the Prime Minister of Canada, can put an exact figure. In economic terms, the loss of the most dynamic, the most talented future members of our society is a disaster, an impoverishment of our society. Where is the sense in that?

This brain drain is what has led to the need for taxation reform. It is high time our governments seriously addressed an in-depth reform of personal and small business income tax. If we are to believe Canada's taxation statistics for the 1950s, individuals and corporations accounted for the same percentage of federal income tax revenues. In the decades since, fiscal policy has changed increasingly in favour of big business, so much so that in recent years individuals' contributions have increased eight fold. Where is the sense in that?

It is worthwhile pointing out that the corporate share of federal tax revenues dropped from about 43% in 1961 to a meagre 10% in 1995. The main explanation for this is the proliferation of tax expenditures available to business, the major corporations in particular. Where is the sense in that?

Is the Minister of National Revenue in agreement with the Minister of Finance, his colleague, who claims to be able to solve the deficit without increasing corporate income tax? Why do the corporations manage to shelter income from tax by influencing taxation legislation? Why are they allowed this legal strategy, while the strategy of individuals who decide to do work under the table without paying tax is deemed illegal? This situation repre-

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sents a serious threat to social equilibrium, Where is the sense in that?

It is easy to understand why the disadvantaged, the people with little or no income, try to get out of paying taxes by every imaginable means. The Bloc Quebecois has long been calling for a job-oriented Canadian corporate tax reform. The Bloc Quebecois is keeping a close eye on the government and will continue to do so in the area of taxation, particularly as concerns the GST, tax shelters, and so on, to be sure that the tax system becomes just and fair for all.

Let us talk about family trusts. There is a flaw in federal legislation in this regard. The report of the auditor general and pressure from the Bloc Quebecois have only partly succeeded in eliciting a reaction from the Minister of Finance on the subject. It is still possible to leave the country without paying taxes owing to Revenue Canada, since an acceptable financial guarantee need only be left. Furthermore, no deferral limit nor method of interest collection is provided for this guarantee.

• (1355)

Since the October 2 amendment to the Income Tax Act, the minister has been unable to report the tax plans this change has occasioned. Where is the sense in that?

The Liberal government should use Bill C-28, an omnibus bill, to make the necessary changes to employment insurance contributions. It is vital the government reform the current employment insurance system in order to put an end to the inequities it gives rise to and to better protect workers, including the seasonally employed.

The Bloc Quebecois also wants the Minister of Finance to substantially reduce the levels of contribution to the employment insurance plan, conditional on the job creation performance of business. The reduction in contributions could be 40 cents per \$100 of insurable payroll.

The Minister of Finance must also create an employment insurance fund separate from the federal government's consolidated fund, as the Auditor General of Canada proposed, to prevent money belonging to workers and employers being used as a discretionary fund of the federal government. That makes sense.

It would be a good idea for the government to move quickly to pass anti-deficit legislation as did the Quebec National Assembly. That makes good sense.

Instead of reaching into people's pockets, the government should cut unnecessary expenditures and useless programs within its own departments. One example is the \$30 million to change the Canada Post logo.

As my time is running out, I will move on a bit faster to other examples.

It should also cut unnecessary expenditures, the tens of millions of dollars spent by the Department of Canadian Heritage to

brainwash Canadians. We are entitled to ask whether this government is acting wisely, whether the way it manages makes sense. No, it does not make sense, because this government's policies are widening the gap between the rich and the poor, and adding to the tax burden of the middle class and our small businesses.

A tax system that drives a nation to poverty definitely makes no sense. For this reason, and in solidarity with members of the Bloc Quebecois, I will energetically oppose passage of this bill. My common sense tells me that it is urgent that the people of Quebec stick together as they move towards sovereignty.

**The Speaker:** My dear colleagues, our time is up. We will now proceed to statements by members. The hon. member for Timiskaming—Cochrane.

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## STATEMENTS BY MEMBERS

[English]

### MEMBER FOR LABRADOR

**Mr. Benoît Serré (Timiskaming—Cochrane, Lib.):** Mr. Speaker, I rise today to speak about my wonderful friend and colleague, the member for Labrador.

It was with great sadness that I learned he was diagnosed with a serious illness. I know that his determination, stamina and tremendous Labrador spirit will lead him to a speedy recovery.

His friends and colleagues miss him in the House. Rest assured that our thoughts and prayers remain with him during this most difficult time for him and his family.

On behalf of all of us in Ottawa, I wish to extend to him our heartfelt and sincere wishes. We hope to see him among us very soon. Good luck, Lawrence.

\* \* \*

### DAIRY INDUSTRY

**Mr. Reed Elley (Nanaimo—Cowichan, Ref.):** Mr. Speaker, on behalf of dairy farmers in my riding of Nanaimo—Cowichan and indeed dairy farmers all across Canada, I call on the ministers of revenue, agriculture and international trade to get their act together.

They have the power to put a halt to the importing of butteroil-sugar blends which are replacing the use of domestic ingredients in the production of Canadian dairy products.

Since 1995 the import of butteroil-sugar blends into Canada from the United States, Europe and Mexico has doubled every year, resulting in the loss of tens of millions of dollars to Canadian farmers.

• (1400)

The ministers of international trade and revenue will know that the butteroil-sugar blend is created in a manner intended to circumvent tariff agreements covering the importing of most dairy products, yet this \$50 million a year assault on the pockets of Canadian dairy farmers is allowed to continue because the ministers in question will not reclassify the butteroil-sugar blend.

It is time the government ended its foot dragging and stepped forward to protect the interests of Canadian dairy farmers.

\* \* \*

### NUNAVUT

**Mrs. Nancy Karetak-Lindell (Nunavut, Lib.):** Mr. Speaker, I rise to inform the House that on January 12, 13 and 14, I participated in the Nunavut leaders summit with the Minister of Indian Affairs and Northern Development. This meeting was held in Iqaluit, the future capital of Nunavut.

All parties involved in the Nunavut political accord left the meeting confident that a great deal of work was accomplished.

Tough decisions were made, including the number of seats in the legislative assembly, the number of education and health boards, the creation of a single trial court and staffing of headquarter positions for the new Nunavut government.

I congratulate the participants of that summit, particularly the interim commissioner and his staff and the Nunavut implementation commission for a productive and positive meeting.

\* \* \*

[Translation]

### ICE STORM

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Mr. Speaker, during the ice storm that hit the provinces of Ontario, New Brunswick and primarily Quebec, Canadians the country over again demonstrated their generosity and solidarity with their unfortunate fellow citizens.

In addition to the untiring efforts of volunteers responsible for emergency measures in my riding of Pierrefonds-Dollard, I would also like to mention the invaluable contribution of our neighbours to the south, particularly those of Connecticut Light and Power. These people temporarily left their families, their state and their country to come to our assistance.

John. D. Siclari, an engineer with the company, came to my riding office in search of Canadian flags to put on their vehicles, in order to demonstrate their pride in helping us, and in particular to

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reaffirm the ties between our two countries. Having gone through this ordeal, I can state that these ties are all the stronger.

I would like, once again, to thank these linesmen, all these workers whom we do not know by name but who are dear to our hearts.

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### ICE STORM

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, the ice storm brought out the best in people.

On Monday, January 12, just a few minutes after hearing an announcement on the radio, a woman stopped by my constituency office to donate some extra blankets she was carrying in the trunk of her car.

After watching on television the damage caused by the storm, a Quebec City grandmother decided to do something. She sent her granddaughter, who lives in Ottawa, a cheque to buy baby food and items for a shelter in eastern Ontario.

These are but two examples of the generosity displayed by Canadians. In this difficult period, Canadians showed total and absolute dedication toward one another. This is why Canada is said to be the best country in the world.

On behalf of my colleagues, I would like to thank the residents of Ottawa-Carleton for supporting their neighbours, and I congratulate people from all over the country for demonstrating what it really means to be Canadian.

\* \* \*

[English]

### THE SENATE

**Mr. Bill Gilmour (Nanaimo—Alberni, Ref.):** Mr. Speaker, I would like to revisit a statement made by our Prime Minister: "I, on the other hand, support Senate reform. If it is done properly, a restructured and revitalized upper chamber can give Albertans a voice in the governance of Canada. If elected Liberal leader, I pledge to work for a Senate that is elected, that has legislative powers of its own and contains strong representation from all regions of Canada".

These are the words and promises of our Prime Minister spoken at the Liberal leadership convention on June 23, 1990. It would appear the Prime Minister has forgotten his pledge to work for an elected, representative Senate. Fortunately we in the official opposition are delighted to assist the Prime Minister in honouring his promise.

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[Translation]

**ICE STORM**

**Mr. Nick Discepola (Vaudreuil—Soulanges, Lib.):** Mr. Speaker, the recent ice storm gave the federal government an opportunity to show to the whole country the know-how of the Canadian Armed Forces.

Justifiably so, the Quebec government recognized the ceaseless co-operation between the Prime Minister and the Premier of Quebec, who both worked effectively to meet the needs of affected regions.

I must point out the excellent job done by the Canadian government. Let us also not forget all those who worked very hard and who showed great courage to make it through this most difficult period for over one million people.

● (1405)

The crisis will have made us realize how vulnerable we are in a society as modern as ours, and how there is strength in unity.

I also want to congratulate the 24 mayors and the municipal authorities in my riding, and particularly the hundreds of volunteers who gave time, energy and support. You are an inspiration to all of us.

\* \* \*

**ICE STORM**

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, the recent ice storm quickly turned into a nightmare for thousands of us.

It did however make us realize how incredibly courageous and dedicated the mayors of the affected municipalities could be. Isolated and with makeshift means, they kept their communities afloat for days on end while relief efforts were being organized.

It also gave us an opportunity to witness the extraordinary generosity of hundreds of volunteers and donors, who did all they could and spared no effort to help alleviate the effects of the crisis on the victims.

This large scale show of solidarity deserves the highest praise. On my own behalf and that of all my fellow citizens who were affected by this crisis, thank you.

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[English]

**ICE STORM**

**Mrs. Claudette Bradshaw (Moncton, Lib.):** Mr. Speaker, I rise in the House today to pay tribute to the people of the greater Moncton area for donating over 5,000 tonnes of supplies destined

for St. Hubert, Quebec, a town badly hit by the devastating ice storm.

[Translation]

Many people in the area came together to collect these donations. They also contacted the Quebec volunteer bureau to let them know that thirty or so people from the greater Moncton area were prepared to travel to the areas affected by the storm.

[English]

I would also like to thank Radio Canada/CBC, the *Times and Transcript*, Geldart Warehouse and Cartage Ltd. and the Moncton Headstart for helping gather and deliver supplies to St. Hubert.

I am very proud that the people of the greater Moncton area came together to help a community in need. Private enterprise, the media, individuals and school children banded together and demonstrated the strong commitment to community that exists in our area.

Once again, thank you very much. Un gros merci à tous.

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**PORT MOODY—COQUITLAM BYELECTION**

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, we have uncovered the top 10 reasons why the Liberals have delayed calling the byelection in Port Moody—Coquitlam.

Reason No. 10, they cannot find Port Moody—Coquitlam on the map.

Reason No. 9, they cannot even find British Columbia on the map.

Reason No. 8, they think that the tri-cities are a place where Liberals put in a token effort but they just cannot win.

Reason No. 7, the Liberal Party is \$3 million in the hole and even to a Liberal a million here, a million there and pretty soon you're talking real change.

Reason No. 6, it is difficult to schedule a byelection that does not interfere with the Prime Minister's golf game.

Reason No. 5, the Liberals pinned their hopes on Anna Terrana and then mistakenly appointed her to the immigration board.

Reason No. 4, anything the fisheries minister is involved with.

Reason No. 3, current Liberal MPs realize that a byelection means they need to talk about B.C. issues.

Reason No. 2, the Liberals are unsure about how to campaign in British Columbia because they cannot be bought with their own money.

And the No. 1 reason the Liberals have delayed calling the Port Moody—Coquitlam byelection: the Liberals have not yet figured out how to tax byelections.

[Translation]

### INTERNATIONAL DEVELOPMENT WEEK

**Mrs. Monique Guay (Laurentides, BQ):** Mr. Speaker, the week of February 1 to 7 has been declared International Development Week.

The Bloc Québécois would like to take advantage of this opportunity to draw grateful attention to the exceptional contribution of the non-governmental organizations to improving the living conditions of more than 250 million people in the developing countries.

Unfortunately, the Minister of International Co-operation seems to turn a blind and indifferent eye to the extraordinary work being done by Canada's and Quebec's NGOs. In fact, the government has slashed more than \$617 million from the international aid budget since 1993, thus compromising the future of a number of NGOs.

I am calling upon the government to honour its commitment to the UN to devote a minimum of 0.7% of its gross national product to assisting development, in addition to cancelling the \$150 million in cuts planned for the 1998-99 fiscal year.

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### ICE STORM

**Mr. Mark Assad (Gatineau, Lib.):** Mr. Speaker, here in the Outaouais region, while the devastation of the ice storm was no doubt less severe than in some parts of Quebec, some people still went several weeks without power.

My colleagues in the region and I would like to thank the personnel of the Canadian Armed Forces, who worked unceasingly to help all those who were hit hard by the disaster, supplying them with the equipment needed for their safety and well-being.

• (1410)

We would also like to draw attention to the contribution of large numbers of volunteers, who helped the municipal authorities in my riding and the neighbouring ones. Their concerted efforts are evidence of their good citizenship and generosity.

Finally, a very special thank you to all those who helped, each in his or her own way.

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[English]

### GOOSE BAY

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, today is a day of mourning in Goose Bay, Labrador. Everything is shut down

*S. O. 31*

to bring attention to the fact that 119 workers will lose their jobs at the Canadian forces base due to a government decision to contract out non-military operations to a British firm.

Kitchen workers making \$13.50 an hour have been cut to \$7.50. Senior clerical workers making over \$20 an hour were offered jobs as cleaners at \$8 an hour.

In a community where a pound of potatoes costs \$1.50, the impact of these cuts is terrifying.

The people of Goose Bay now have to reconsider their future. Fifty houses have gone up for sale in a week. Some people are in hospital suffering from stress. Low paying jobs, zero security, foreign control, fear for the future, this is the legacy facing the young people of Goose Bay. There will be more communities facing the same fate.

Is this the Liberal government's new world order?

We want the Minister of National Defence to go to Goose Bay, tear up the deal with his British buddies and start making decisions that will help communities, not destroy them.

\* \* \*

[Translation]

### ICE STORM

**Mr. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, the use the Bloc is making of the ice storm is scandalous. Clearly, the Bloc has some political catching up to do and it is trying deliberately to score political points on the back of workers.

Either the Bloc does not know what it is talking about or it is putting on an act with the obvious aim of muddling everyone up in the matter of compensation to storm victims who were without work for a number of days.

The conduct of the Government of Canada and the Minister of Human Resources Development in the matter is beyond reproach. We have put resources at Quebec's disposal which were appreciated by both the people in the regions affected and by the Government of Quebec. And the premier himself, Lucien Bouchard, noted the excellent co-operation between the two levels of government.

Consequently, rather than make political hay on the backs of the victims, rather than be nothing more than a vulgar source of propaganda for the mother house in Quebec City in a sad and blatant preprovincial election strategy, the Bloc should acknowledge and pay tribute to the extraordinary contribution of the people and the Government of Canada.

*Oral Questions*

[English]

**THE LATE SENATOR GERALD OTTENHEIMER**

**Mr. Norman Doyle (St. John's East, PC):** Mr. Speaker, I rise today to pay tribute to the late Senator Gerald Ottenheimer, a proud Newfoundlander and a great Canadian.

In 1966 a Cambridge educated young lawyer named Gerald Ottenheimer was one of three PCs elected to the Newfoundland House of Assembly during the Joey Smallwood electoral sweep. He went on to become party leader. He later served with distinction in the cabinets of Premiers Frank Moores and Brian Peckford. He served as Speaker of the Newfoundland House of Assembly. He was elected Chairman of the Commonwealth Parliamentary Association and was a member of the Francophone Parliamentary Association.

Appointed to the Senate of Canada in January of 1988, Gerry went on to become Deputy Speaker of the Senate. Unfortunately he succumbed to cancer in January of this year.

My colleagues, the hon. members for Burin—St. George's and St. John's West, and I who served with him in cabinet salute the late Gerry Ottenheimer, scholar, lawyer, linguistic and, above all, a parliamentarian who will be sadly missed.

\* \* \*

**ICE STORM**

**Mr. Ian Murray (Lanark—Carleton, Lib.):** Mr. Speaker, the great ice storm of 1998 affected millions of Canadians in eastern Ontario and Quebec. For many of us it was an inconvenience that demonstrated how greatly we rely on electricity just to function in our homes. For others it meant real hardship and, tragically, in some cases death.

Any time human beings are faced with a major crisis we learn something about ourselves. As someone who witnessed firsthand the reaction of people in the communities of my riding of Lanark—Carleton, I can assure everyone that Canadians do care about their neighbours.

While images of devastation will remain with me, I will, more important, remember the selfless actions of people who rallied to help those whose health, property and even lives were threatened.

Before the Canadian armed forces arrived and before we knew the extent of the emergency, volunteer firefighters in every community, on their own initiative, swung into action.

Mayors, reeves and councillors from each municipality reacted swiftly.

The devastated townships around Carleton Place, Smiths Falls and Perth will long remember how those small towns came to their aid.

We all owe a great debt to the soldiers—over 800 in Lanark County alone—who demonstrated why Canadians can be justly proud of our armed forces.

It will take years before the physical damage caused by the storm is repaired.

● (1415)

**The Speaker:** Colleagues, before we begin question period today I would like to draw your attention to the Mace on the table. I made a brief announcement this morning. It is the wooden Mace which commemorates the fire of 1916 on this date, February 3. This is part of the traditions of the House.

We will now go to question period.

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**ORAL QUESTION PERIOD**

[English]

**THE ECONOMY**

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, if only we could light a fire under this government.

Yesterday the prime minister tried to ignore the fact of the federal debt. Unfortunately Canadian families cannot ignore the debt. A third of their taxes go to pay the interest on it. In addition to the mortgages on their homes every Canadian family is carrying a second \$77,000 mortgage which represents their portion of this government's debt.

Will the prime minister please tell Canadians when and how he plans to pay down this Martin mortgage.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, last year for the first time in a very long time the government paid back \$1 billion or \$2 billion of the debt. This was the first time in a long time in the history of market debt. This year when the Minister of Finance communicates his budget to the Canadian people, they will realize that this year the government will pay more of the market debt.

As I said yesterday, the leader of the Reform Party has changed his position many times. Sometimes it is tax reduction, sometimes the debt. We had a clear position in our program.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, if that statement had been made by the chairman of a public company the prime minister would be sued. This government is paying down market debt by borrowing from the federal



*Oral Questions*

public service superannuation fund and from the Canada pension plan. It is paying off its Visa card charges with its Mastercard.

Does the prime minister believe that paying off your Visa card charges with your Mastercard is a responsible federal debt reduction strategy?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, in national accounting there is the national account and there is the public account. We are one of only two nations in the world that have all the contingent liabilities included in the government's debt system. We are the only ones.

On national accounts we had a surplus last year. Even the provincial governments do not include contingent liabilities in their debts. Only the federal government is doing that.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, the lights may be on in Montreal but they are not yet on in the government benches.

The prime minister ignores the need to reduce the debt. He also ignores the need to reduce high taxes. This government starts taxing Canadians when they make \$6,500 a year. The Americans do not even start until you make \$9,500. Our top tax rate cuts in when people make \$60,000 a year. The American top rate does not cut in until you make \$270,000.

Why does this Liberal government tax poor and middle income Canadians more harshly than even the Americans do?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, there is one reality. In the United States if you are a blue collar worker with two children you have to pay \$5,000 to an insurance company for your health care. In Canada it is paid for by the Government of Canada.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, the industry department has confirmed what Canadians have long suspected. They are worse off than when the Liberals came to power. We know that incomes are down, taxes are up. We know that productivity is down. Debt is up. We are falling behind in our standard of living relative to other countries around the world.

• (1420)

My question is for the finance minister. When will the government admit that its policy of spending more, of high debt and of high taxes is causing Canadians tremendous difficulty? When will it set some real targets for debt and tax relief?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the study the hon. member refers to is a study that found its antecedence in the policies of the previous government.

What the hon. member wants to take a look at is pretty clear. Four years ago the country had its back against the wall. Now we are talking about paying down debt.

Four years ago the country was talking about how high the taxes were going to go, and now we are talking about how low they are going to go.

Four years ago the country was in a state of despair, and now there is optimism throughout the land. That is because of this government.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, the fact is that Canada's per capita income has fallen from third in the world to twelfth in the world in the last decade. It has fallen behind such economic powerhouses as Iceland, which is built on the side of a volcano.

It is not good. It is time for the government over there to wake up. Canadians are feeling tremendous pain and the government is somehow consoling itself with the fact that we have a balanced budget on the backs of Canadians.

My question is again for the finance minister. When will they start to reduce debt and reduce taxes in real terms? When will they start to help Canadians?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, in previous budgets we already began to reduce taxes. Let me say let us not engage ourselves in the kind of shell game the Reform would play.

The Reform Party at the federal level says "Let us cut taxes". How would it do that? It would be by cutting equalization payments.

What is the answer? The member for Selkirk said "Let the province of Manitoba increase its taxes to compensate". That is a shell game. It is dishonest and we will not do it.

\* \* \*

[Translation]

**QUEBEC'S FUTURE**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Liberal Party of Quebec has just adopted the position of Claude Ryan, the former leader of the No camp in 1980, and is stating beyond any doubt that the question of Quebec's future is a political, not a legal, one.

Does the Prime Minister understand that the trap he has set up to force the Supreme Court, in spite of itself, to rule on the question of Quebec's future is an unacceptable strategy, and that he must backtrack immediately?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we are convinced, and have said so repeatedly, that democracy works very well within a respected legal framework. It is the Parti Québécois that said it would respect the Constitution only when it suited it to do so.

In a democracy, the Constitution is the principal law of the land. But if he wants to quote Mr. Ryan, I would point out to him that that gentleman also said that the question would have to be a clear one,

*Oral Questions*

acceptable to the federal and provincial governments. I would like the member to tell us whether he thinks they will agree to a debate on the question here in the Parliament of Canada.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Prime Minister should have listened to all of what Mr. Ryan said. Mr. Ryan specifically said that it is not up to the court to impose its conditions on the government, that governments must assume their responsibilities, and that, in politics and in a democracy, it is ultimately up to the people to decide. It is not up to judges appointed by Ottawa to decide for the people of Quebec.

And federalists working in Quebec, who are responsible people, democrats, think that the federal government's approach is unacceptable and that it will result in an impasse.

Does the Prime Minister realize that he is in the process of cutting himself off completely from Quebec, even from his main allies?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, Quebecers have twice decided they wished to remain in Canada, despite a question purposely designed to confuse. If the Bloc Québécois and the Parti Québécois have any respect for the people of Quebec, they will agree to have a question that is clear and acceptable to Quebecers and to the rest of the country.

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, my question is for the Prime Minister.

Quebec federalists are strongly condemning the federal strategy calling on the Supreme Court of Canada to debate Quebec's future. According to them, this is an essentially political issue.

• (1425)

How can the Prime Minister convince all Quebecers that his strategy is legitimate, given that his own political and federalist allies feel that this approach is dangerous and unacceptable and that it will lead to an impasse?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, it is recognized in a democracy that major decisions must be made within a legal framework.

I would ask the hon. member to give me one example of a major collective decision made in a democracy outside a legal framework.

Since we are referring to Mr. Ryan, here is what he wrote on May 27 of last year: "The federal government will feel compelled, as it did in 1980 and 1995—even though this was not sufficiently pointed out—to refuse to promise ahead of time to recognize a result obtained through an equivocal question. It would be useless to try to deny the federal government this power to reserve comment". I could not agree more.

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, my question is for the Prime Minister and I hope he will rise to reply.

Does the Prime Minister realize that even his federalist allies in Quebec feel that he is headed straight for a political impasse that will have even more serious consequences than the mess he created in 1982?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, I indicated the points on which we agree with Mr. Ryan. He, however, believes the reference to the Supreme Court is ill-advised.

**Some hon. members:** Yes.

**Hon. Stéphane Dion:** That is his view, but we agree on the format. It is normal for a political family to hold different views.

If the hon. member needs a course on international law, he should ask his colleague, the member for Beauharnois—Salaberry, provided the latter is prepared to say the same things he wrote not so long ago.

\* \* \*

[English]

**BANKING**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, my question is for the Minister of Finance.

When the bank monster merger was unleashed the finance minister actually talked tough. He even found the courage to challenge the banks to guarantee no job loss. The banks' response was "No, Mr. Minister, 9,000 jobs have got to go, maybe more".

What can we do to help the minister find the courage to say no to the monster merger?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the government has set out a process involving a task force and ultimately public debate. We will not allow anybody to jump the queue.

The real issue is why the NDP is playing the banks' game? Why is it trying to hijack the process? Why will it not let Canadians look at the total future of financial institutions? Why does it want to focus on this merger and nothing else?

The NDP may be prepared to dance to the banks' music, but we are going to let Canadians call the tune.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, we have the minister once again hiding behind the task force.

The fact is the banks have already defied the minister's challenge. This is no time for the minister to wimp out. It is time for the minister to provide some leadership. Ten thousand jobs are on the line.

*Oral Questions*

Why does the minister not show some courage and say no thanks to mbanx?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the government began to deal with this issue in the beginning of the last mandate. We have set up a task force. We have task forces within our party.

The only thing that the NDP has been able to do is engage in excessive rhetoric. What it is unable to do is to deal with the fundamental issues. We will match the action of the government against the verbal diarrhoea of the leader of the NDP any time.

**The Speaker:** Nice and easy. We are just getting back into shape.

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**TRANS-CANADA HIGHWAY**

**Hon. Jean J. Charest (Sherbrooke, PC):** Mr. Speaker, my question is for the prime minister.

In 1995 the federal transport minister of the day, Doug Young, signed on behalf of the Liberal government a \$50 million cost shared agreement with New Brunswick to provide funding to improve the Trans-Canada Highway between Moncton and Riverglade. Since then the New Brunswick government has sold this highway to the same Doug Young to put in a toll.

• (1430)

Could the prime minister tell us whether or not this sale is consistent with the cost shared agreement his government signed in 1995?

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, the federal government contributed \$32 million to this highway. Under the auspices of that agreement it certainly did not envisage that tolls would be put on that road.

The hon. member for the Conservative Party from Colchester raised some very valid points about the need, now that we are going into private sector partnerships in highway building, to make sure that this kind of situation is planned for in future agreements.

As far as the government is concerned the agreement has been executed faithfully and there is no particular problem in the way it has been set up.

**Hon. Jean J. Charest (Sherbrooke, PC):** Mr. Speaker, I am glad the government acknowledges today that something is terribly wrong about this deal.

We now know that a previous minister of transport who signed over the money himself is now partly in charge of a highway that he is going to toll.

I would like to know from the prime minister directly whether he agrees with this highway robbery now put on by Doug Young.

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, I think the hon. leader of the Conservative Party should choose his words rather carefully.

The former minister of transport exercised his duties to the best of his ability. The former minister of transport is now in the private sector and has complied with all of the ethical guidelines set out by the prime minister.

This agreement certainly raises questions with respect to the general policy as to whether we should ensure if tolls are to be put into agreements that other arrangements are made, but there is nothing wrong with this agreement.

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**HELICOPTERS**

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, the people of the country have heard nothing but Liberal flim-flam about the helicopter contract ever since the prime minister made his cynical 1993 election promise.

The fact of the matter is that if we compare the bare bones search and rescue helicopter of 1992 with the bare bones Liberal chopper, the numbers speak for themselves. The government spent \$200 million more than it should have.

What possible excuse could the prime minister give for buying the same choppers for \$200 million more?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** I am afraid, Mr. Speaker, the bare bones are over in the opposition because its research is not very good at all.

Its members are trying to compare a developmental helicopter that was ordered by the Conservative government to be in an incomplete form turned over to another company for further development. They are taking the price to EH Industries at that time which was not for a complete helicopter. What we are buying today is a complete helicopter so there is absolutely no comparison between the two.

We are still saving some 40% in costs from what the Conservative government would have put us through.

**Mr. Art Hanger (Calgary Northeast, Ref.):** The list of excuses, Mr. Speaker, grows on and on and on.

This minister and the prime minister have used every excuse in the book. They have played politics with public safety and now they are trying to weasel out of it.

The government documents, the original EH-101 contract, clearly show that the government squandered \$200 million more than it had to. We know it. They know it.

What is the Prime Minister going to do about it?

*Oral Questions*

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Again, Mr. Speaker, those figures are absolutely wrong.

When we talk about this kind of service to Canadians let us bear in mind we are talking about saving lives. We wanted to make sure that we had a helicopter that was going to meet operational needs and do it at a price that Canadians could afford.

We could not afford the \$5.8 billion boondoggle the Conservative government wanted to put us through. We had a heavy deficit at that time. We could not afford it.

Today we are getting a helicopter that meets our needs and it is a lot cheaper.

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[Translation]

**QUEBEC'S FUTURE**

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

The minister stated this morning that, in a democracy, politics are conducted within a legal framework.

Does the minister not realize that the Constitution comes from and belongs to the people and that, through its reference to the Supreme Court, the government is trying to reverse the situation, in that the Constitution would have precedence over the will of the people?

• (1435)

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, I will repeat once again what I wrote to just about every PQ minister without ever hearing back from them, and that is that the Government of Canada readily agrees and recognizes that it cannot force a people to stay in Canada against its will, as this would make Canada into something it is not.

The problem for the Bloc is that Quebeckers want to be Canadians as well. That is why Bloc members reject what Claude Ryan has been asking for since day one, and that is a simple, straightforward, clear, unequivocal question without any catches.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, on the night before the referendum, the Prime Minister said he understood the question. If he understood, a great many Quebeckers did too.

Two weeks from now, the Supreme Court will fall against its will into the political trap laid by the government. Time is running out. Does the minister realize that he should see reason and bow to the arguments of his federalist allies in Quebec, who cannot allow the

Supreme Court to take precedence over the will of the Quebec people?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, we never asked the judges to rule on the appropriateness of secession. It is up to the people to decide if they want to remain united or to break away.

Whatever they decide, the people are entitled to legal protection. They have the right to know how extensive their rights are, which is what the Supreme Court has been asked to determine, without playing politics as the hon. member has just done.

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[English]

**HELICOPTERS**

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, the minister of defence just said that in 1992 they were looking at an incomplete helicopter and now in 1998 the Liberals have bought a complete helicopter. This may be a case of dumb and dumber, but even the Tories when they signed that contract, I am sure, were not dealing with billions of dollars on an incomplete helicopter.

My question is for the minister of defence. For the incredible expense that was incurred with buying these new helicopters when our Canadian Armed Forces deserve excellent equipment, why the flip-flop and why on earth is this based on politics rather than on good equipment for our armed forces?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, this is based on good equipment for our Canadian forces. We went through a very fair and rigorous process. This is the helicopter that best meets our needs at an affordable price.

What the hon. member's colleague was trying to do earlier in his \$200 million calculation or miscalculation was to compare apples and oranges, to compare a contract with a company that was for an incomplete helicopter versus the contract with that company today which is for more of a complete, operational and certified helicopter that meets our search and rescue needs.

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, we are talking about helicopters here, not fruit. This whole thing has been a total mess from the start and the government knows it. The search and rescue helicopter saga from the beginning has been an absolute nightmare. Today the government tells us "Trust us. Now we are going shopping for shipbornes". Nobody in the country can trust the government.

I want the prime minister to stand right now and explain one of the biggest botch-ups since he took office in 1993.

*Oral Questions*

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, the botch-up clearly comes from the previous Conservative government.

This government inherited a \$5.8 billion contract that the Canadian people could not afford. It was much more than we could afford and much more than we needed.

We have reviewed the needs and have come back with 15 search and rescue helicopters at a lot cheaper price and at a time when we can better afford it.

With a \$42 billion deficit we could not afford that \$5.8 billion boondoggle. The government has taken its position on this matter in a very responsible fashion.

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[Translation]

**THE ENVIRONMENT**

**Mr. Bernard Bigras (Rosemont, BQ):** Mr. Speaker, last November an Environment Canada study on climatic change predicted more natural catastrophes, such as the Saguenay flood and the flooding of the Red River in Saskatchewan, as well as the ice storm that has just affected almost half the population of Quebec.

My question is for the prime minister. What concrete action has the government taken to follow up on this study, whose predictions were unfortunately accurate?

• (1440)

[English]

**Hon. Christine Stewart (Minister of the Environment, Lib.):** Mr. Speaker, the federal government considers the issue of climate change to be very serious. Since our meeting in Kyoto, Japan, I and the Minister of Natural Resources have spoken on several occasions with our colleagues.

Last Friday in St. John's, Newfoundland I met with my environmental counterparts from the provinces and territories. We are working with them to develop a national plan to mitigate the very worst effects of climate change. We believe that the measures we can take together co-operatively will be good for Canada, for our environment and for our economy.

[Translation]

**Mr. Bernard Bigras (Rosemont, BQ):** Mr. Speaker, if this government is so concerned about recent events that have affected Quebec and Ontario, how does it explain that it is devoting ten times less per capita to renewable energies than the amount announced by the President of the United States on the weekend?

[English]

**Hon. Christine Stewart (Minister of the Environment, Lib.):** Mr. Speaker, the federal government is looking into investing more

in renewable energies both in research and development and in our own energy consumption.

My own department, Environment Canada, has invested in renewable energy for our facilities in Alberta. We will do more. We are working very aggressively not only with our government counterparts but with municipalities, business and industry.

We will have to do a lot of work to inform the Canadian public about the measures we must take to mitigate the worst effects of climate change.

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**BANKING**

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, the events of the last 10 days have given us the impression that it is the finance minister's billionaire buddies at the banks who are pushing the financial sector policy of this country, so we would like to let him clear the air. We are going to give him a chance.

Will the finance minister guarantee today to Canadians who are concerned about less competition that not one bank merger will take place until the government has changed the Bank Act to allow an open skies, open competition policy in the banking business in this country?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, we have already opened up Canadian borders to foreign banking. We have done more in the last couple of years on this issue than any government. We will continue to do that, precisely because what we want is a great deal more competition. In rural Canada we want competition for small and medium size business. We have already made that very clear.

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, the finance minister knows very well the amendments that are required to the act to create completely open competition in the banking industry. He knows very well what I am talking about.

Yes or no, will he guarantee that there will not be one bank merger until we have a complete open skies competition type banking industry in this country?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, what in heaven's name does the member think the purpose was in setting up the task force on financial institutions? What does he think the purpose was in having a great public debate? What does he think the purpose was in negotiating at the WTO all the changes in financial services?

Very clearly if there are going to be any changes in the financial structure of this country, they are going to be ones which will ensure that there are adequate services, low charges and full competition available to Canadians. That is what it is all about.

*Oral Questions*

[Translation]

**ICE STORM**

**Mr. Stéphane Bergeron (Verchères, BQ):** Mr. Speaker, last week, Bloc Québécois and Progressive-Conservative MPs from the Montérégie and regions of central Quebec that were affected by the ice storm sought an emergency meeting with the Minister of Human Resources Development in order to discuss the qualifying period and overpayment of unemployed workers who were victims of the storm.

Does the Minister of Human Resources Development intend to follow up on this request as early as possible in order to meet the glaring needs of storm victims?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, I had the opportunity to speak with a great number of MPs in the Liberal caucus. I spoke with several members of the Bloc Québécois and with all the Conservative MPs who asked to speak with me. I was extremely available.

The Department of Human Resources Development did an exceptional job on the ground and I can say that I would still be very pleased to meet with all members. But confusion must not be spread about the issue of qualifying period. We were able to put cheques directly into the hands of the unemployed in affected regions two weeks ahead of time.

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• (1445)

[English]

**CANADIAN ARMED FORCES**

**Mrs. Judi Longfield (Whitby—Ajax, Lib.):** Mr. Speaker, my question is for the Minister of National Defence.

On last week's tour of military bases in western Canada, the defence committee heard shocking testimony about many of our military personnel living in substandard housing, unable to properly provide for their families.

To the sea of families who fear that the committee's report will be shelved and forgotten, what assurances can the minister give that the report will be taken seriously and acted upon in a timely fashion?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, this study that the committee is conducting is a very high priority for me. I believe that our armed forces personnel and their families are entitled to a decent standard of living. Their social and economic needs should be met.

They are people who put their lives on the line, people who gave such exceptional service to their fellow Canadians in the ice storm. We should ensure that they in fact have a standard of living and a

quality of life that is no different from the people they serve in this country.

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**ABORIGINAL AFFAIRS**

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, less than a year ago, the minister of Indian affairs invited aboriginal Canadians to write her with their concerns. Bruce Starlight of the Tsuu T'ina Nation took her at her word and wrote her a letter. Within days that letter was in the hands of Chief Roy Whitney, the very person Mr. Starlight had written to complain about.

Mr. Whitney just happens to be a former Liberal candidate, a well connected Liberal and a golfing buddy of the Prime Minister. How in the name of all that is just and fair can this minister justify this betrayal of Bruce Starlight?

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, as I have made clear, it is of great concern to me that this letter has been written and is in the hands of Mr. Whitney. I made it clear that the letter was not conveyed through any official means and that in fact we have identified and I have requested that an investigation be done to follow this letter through my department.

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, all we get from this government is investigation after investigation and excuse after excuse.

Can the minister tell aboriginal Canadians who have been betrayed by this action why they should ever trust her or this government again after this action has been taken against them?

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, certainly I would hope that aboriginal people in this country do feel that they can trust this government.

I have been very proud on behalf of this government to offer to aboriginal people in Canada a statement of reconciliation, a very broad response to the work of the Royal Commission on Aboriginal Peoples and to say to individual aboriginal people that for once their voices are being heard. We are going to build a new beginning together.

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[Translation]

**BANKS**

**Mr. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, my question is for the Minister of Finance.

This afternoon in the House in response to questions on bank mergers, the minister played hide-and-seek behind his task force, which studied the financial sector.

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Is he now prepared to ask the task force and a parliamentary committee as well to look specifically at the proposed merger between the Royal Bank of Canada and the Bank of Montreal right away before it becomes a fait accompli?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, first of all, there will be no fait accompli.

We asked a task force to look at the future of the financial institutions and it intends to do so. Only after the task force has made its recommendations and a debate is held here in the House, a public debate with Canadians, will the government be prepared to consider the merger.

[*English*]

**Mr. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, the task force has not had a specific mandate to look at this merger. I believe that this merger would be a first step toward the sellout of Canadian financial institutions. The one thing that keeps the institutions Canadian is that the banks now are limited. There is a proposition where shareholders can only hold about 10% of every chartered bank. I want to know if the minister will guarantee to the House today that he will not give away the 10% provision that prevents a complete surrender of Canadian banks to foreign owners.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, we have made it clear on I do not know how many occasions that the task force has been asked to look at all these questions. When the task force reports, we will debate it.

The real issue is why is the NDP joining with the banks in attempting to jump the queue? Why is the NDP attempting to hijack the process? Why does the NDP refuse to let Canadians deal with the broad issues?

• (1450)

Mr. Speaker, I will tell you. We are not kowtowed by the banks and we are not kowtowed by this merger. We are going to do our job. We are going to set policy for all Canadians.

\* \* \*

**HIGHWAYS**

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, my question is for the Minister of Transport.

In September 1995 Doug Young as Minister of Transport signed a government cheque for \$25 million to pay for the cost of a highway from Moncton to River Glade. Now Doug Young has switched sides and runs a company that will be charging tolls on the very same stretch of highway. The minister has stated in the media that he is upset with this and he has instructed his deputy minister to make sure it does not happen again. If it will be wrong

in the future, it is wrong now. Will the minister act now to stop this deal?

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, the hon. member and the report in the newspaper took great licence with what I said. I congratulate the hon. member for bringing forward a genuine concern which is how we should adapt our future highway agreements to take into account the possibilities of partnerships with the private sector.

When this agreement was signed there were no such restrictions. I have been assured by the Government of New Brunswick that the federal contribution of \$32 million will not be taken into account with the toll pricing mechanism. All of the conditions of the original agreement have faithfully been met.

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, I appreciate the answer and the minister's concern that he knows that something is wrong. By allowing the \$32 million to stay in the deal just reduces the capital cost to Doug Young's company, Maritime Road Development Corporation. It makes it even worse. We know this is wrong. He knows it is wrong. The people know it is wrong. The minister has the power to stop this ongoing multimillion dollar highway robbery. Will he act now and cancel this deal?

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, we have entered into an agreement with the province of New Brunswick and that agreement will be respected.

There is a federal-provincial task force of deputy transport ministers that is looking into the very question of the application of tolls in private-public partnerships in our highway rebuilding. I have asked that task force to examine this very carefully to ensure that all of the concerns of the hon. member and anyone else about tolls and these arrangements are addressed.

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[*Translation*]

**ICE STORM**

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, in my riding of Laval West, I have heard nothing but praise for the work of the military personnel who came from all parts of Canada to work unflinchingly to assist the victims of the ice storm.

Can the Minister of National Defence give us a status report on the situation in Quebec, and the role of the armed forces personnel who will remain in place until the last light is back on?

[*English*]

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, at the peak of this storm over three million Canadians were affected by it. Life is returning to normal for most of them. However there still are some 11,000 customers in Quebec, some 25,000 people without power. There are some 600 Canadian forces members still there and they will stay there until the lights

*Oral Questions*

come on to assist people who are still suffering from this devastation.

At the peak of this storm, 15,800 military personnel were in service to their fellow Canadians. I am sure everybody in this House will agree with me when I say that they did an exceptional job and we are very proud of them.

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

\* \* \*

**JUSTICE**

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, last week in Alberta a man was sentenced to 60 days for killing his dog. At the same time two men in Montreal who were convicted of raping a teenage girl were sentenced to 18 months to be served at home. They are walking free all because of a loophole called conditional sentencing which the Minister of Justice and Attorney General of Canada supports.

• (1455)

How does the justice minister explain to the rape victim that her life has less worth than that of a dog?

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as I pointed out in response to a question yesterday from one of the member's colleagues, it is a very tragic and difficult circumstance. I have also indicated it is a case of specifics of which I cannot address. This is a matter that my colleague the attorney general of Quebec has chosen to appeal. We must await the outcome of the appeal.

\* \* \*

[Translation]

**HELICOPTERS**

**Mrs. Pierrette Venne (Saint-Bruno—Saint-Hubert, BQ):** Mr. Speaker, part of the saga of the helicopters ended this past January 5, when the Minister of National Defence had the embarrassing task of revealing his government's choice to us: the Cormorant, a perfect clone of the Conservatives' EH-101.

Does the prime minister not acknowledge that it would be advantageous, for the next helicopter contract for replacements to the Sea Kings, for a House committee to be mandated to hold public hearings in order to ensure that the process is clear and transparent?

[English]

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, this was a very open, very transparent, very fair process. It was based upon what our search and rescue needs are. We looked over five years of experience. We asked the very people

who operate the equipment, who operate our services as to what their needs were. It was a very open process. This government has taken its responsibility in a proper fashion.

When we get to the next phase, when we deal with the navy helicopters, once again we will look at that in a very responsible fashion. I believe we will be saving the taxpayers a lot more money in that particular case as well.

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**BANKING**

**Mr. Nelson Riis (Kamloops, NDP):** Mr. Speaker, my question is directed to the Minister of Finance. Considering what his next job is possibly to be, he is very concerned about what Canadians are likely thinking of him these days.

I was going to suggest that the Minister of Finance will know that banking, bankers and the banking business touch the lives of virtually every Canadian in this country. Would he do the right thing, not necessarily wait for the task force to bring down a report some months from now, but provide an opportunity for the people of Canada to tell the Minister of Finance through the finance committee hearings across the country what they think of this proposed merger?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I as a minister of this government and in fact this government are certainly open to hear from Canadians on any topic at any time. We are certainly prepared to do so.

The fundamental point that we have made is that we are not going to allow this process to be hijacked by anybody. We are going to insist that the task force complete its schedule on time and that there be a public debate. Only after that will we consider this merger or any other similar merger.

As far as we are concerned, public policy will be made by the government for the benefit and the interests of all Canadians, not any particular institution.

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**HIGHWAYS**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, my question is for the Minister of Transport.

The people of Canada want to know if the Trans-Canada Highway is now up for sale from Victoria, B.C. to St. John's, Newfoundland or is the recently announced toll highway in New Brunswick just another attempt to barricade the maritimes from the rest of Canada?

The recent Doug Young toll highway deal in New Brunswick is highway robbery. Will the minister assure Canadians that this deal will be opened up for debate in this House and if not, why not?



**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, once we cut through the hyperbole of the hon. member for Saint John there is at least a decent question, which is what is the future way to finance Canada's highways. There was a report before the House of Commons a year or so ago. That report is being looked at as to how the private sector can become involved in the rebuilding of Canada's highway system.

\* \* \*

### BANKING

**Mr. John Nunziata (York South—Weston, Ind.):** Mr. Speaker, my question is for the Minister of Finance and it regards the proposed bank merger.

The minister has given his assurance that a final decision will not be taken until the task force reports and that there are full parliamentary hearings on the matter. That means a final decision might not be taken for at least a year.

• (1500)

In view of that delay and in view of the fact that delay and uncertainty is not in anyone's best interest, will the minister refer the specific issue of the proposed bank merger to a parliamentary committee immediately so that the committee can commence immediate hearings?

**Hon. Paul Martin (Minister of Finance, Lib.):** No, Mr. Speaker, and the reason is very clear. We are not going to give these two institutions a leg up on any other institutions. Nor are we going to allow public policy to be determined by the particular interests of these two institutions. Public policy is going to be set by the public interest of Canadians as a whole.

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### YEAR 2000 PROBLEM

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, my question is for the Minister of Industry.

Statistics Canada, his own agency, has found that SMEs, small and medium size businesses, are unprepared to meet the challenge of the year 2000 problem. What is the minister doing to ensure that we do not have chaos in our small business sector in slightly over 600 days from now?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, earlier today the task force on year 2000 issued its report entitled "A Call For Action". It has highlighted the importance of this pressing issue as a national issue for Canadian business, as an international issue as it affects transactions across the border, and indeed as a global issue. It has given a number of recommendations for business to follow.

### Privilege

I am going to ensure that this report is considered by the Standing Committee on Industry at its earliest possible convenience. I am making it available to my counterparts both federally and provincially. Together we need to see that Canadian industry is ready for January 1, 2000.

**The Speaker:** That would bring to a close our question period for today.

I have notice of two points of privilege which I will hear now. The first is from the hon. member for Wentworth—Burlington and the second one is from the hon. member for Prince George—Peace River.

\* \* \*

• (1505)

### PRIVILEGE

MR. JUSTICE LOUIS MARCEL JOYAL

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, I rise on a question of privilege pertaining to what I believe are circumstances or words leading to an act of contempt of Parliament. My remarks relate to that.

Contempt of Parliament as you know, Mr. Speaker, is very analogous to contempt of court. If you consult any authority you will find that the definitions for contempt of Parliament and contempt of court are very similar.

Just to give a very quick example, contempt of Parliament is an offence against the authority and dignity of the House or an act which offends against the authority and dignity of Parliament or against its officers or members.

A contempt of court is any act calculated to embarrass the court or lessens its authority or dignity. Contempt is that which is expressly aimed against the dignity and authority of the court itself in the person of its judges and its officers.

We take contempt of court and contempt of Parliament very seriously and provision is made for severe penalties on those who are found in contempt of court or contempt of Parliament. The reason is that the courts and Parliament are two institutions that must maintain the confidence of the people. The people must believe that the judges act with integrity and that parliamentarians act with integrity and honesty at all times. Contempt provisions exist to make sure that the courts and Parliament are not attacked in a malicious or unfounded fashion.

Indeed, severe penalties are available to judges when for example a newspaper were to accuse a judge of being a hanging judge because it did not agree with the findings of that court. Indeed, jail terms are possible in this case.

So you may be very surprised to learn in that context, Mr. Speaker, that my complaint of contempt of Parliament is aimed at a justice, Mr. Justice Louis Marcel Joyal.

*Privilege*

The context of that contempt of Parliament occurred because on December 2 the Minister of Labour rose in this House and announced that he was taking legal steps to fire the chairman of the Canada Labour Relations Board. This entire House rose in unanimous support, including the Prime Minister and the Leader of the Opposition, indeed all members.

The chairman of the Canada Labour Relations Board took his situation to federal court. He was trying to get an injunction to prevent the legal proceedings that would lead to his firing. His case was heard in federal court before Mr. Justice Joyal.

The next day the Ottawa *Citizen* came out with a newspaper headline across the front page. It was at the very top, a banner headline. The headline read "Judge slams Weatherill firing". More interestingly the subheading read "Parliamentarians compared to 'people around guillotine' in French Revolution".

The remarks that I complain about in my address to you as a contempt of Parliament are contained in two paragraphs in this story. I will read them as quickly as I can: "Yesterday, in the Federal Court of Canada, Mr. Justice Louis Marcel Joyal compared such behaviour"—that is the applauding of the decision to take legal action against the chairman of the Canada Labour Relations Board—"to the bloody actions of the French Revolution and said it worried him".

"I'm concerned as a citizen," Judge Joyal said from the bench, "that with immunity, a minister of the Crown can get up in the House—on the basis of I don't know what—and say, 'I'm going to fire this guy,' and everybody is up and cheering. I was thinking of these people around the guillotine. I don't know if I have a right to intervene. But it left a bad taste in my mouth".

This was not said in evidence. This was a justice musing from the bench. For example, by suggesting that the Minister of Labour uses parliamentary immunity to take an unfair action against a person, he is implying that if he spoke outside the House of Commons the Minister of Labour would be subject to some kind of civil suit, so he is imputing motives to the Minister of Labour. Not only that, he is comparing all of us, not one side or the other side, not backbenchers or frontbenchers, but all of us to the rabble of the French revolution, to people who are not in control of our ability to make good judgments in this House, people who are not in fact representatives of the people.

• (1510)

Mr. Speaker, I feel there is a prima facie case of contempt of Parliament in the judge's remarks. There seems to be three possible courses of action in a situation like this. One is that the House could decide to move a motion of censure. Second, the House could decide to send the issue to committee where it could be debated and appropriate action determined. Finally, the judge could be called to the bar to explain the context and the intention of his remarks. There is something to be said for that.

I did apply to the federal court to get the transcript of his remarks so I could see the context of what he said and so I could see what else he said. Unfortunately the transcripts are not available. Apparently it is a case where the judge has control over the transcripts and a parliamentarian like myself cannot obtain them.

I do not want to suggest that we should be unfair to the judge but I think we should look very seriously at this third option of bringing him to the bar to explain himself. But Mr. Speaker, this is subject to whether you feel there is a prima facie case of contempt of Parliament in the circumstances I have just described.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, I welcome the concern of the hon. member who has read as we all have the very disturbing comments in the paper. I agree with his conclusions that something should be done. It should be sent to committee or somehow investigated by this House, since this House has been accused by a high court official while sitting on the bench.

I also bring to your attention, Mr. Speaker, that the genesis of this and just a bit of the background is that another independent officer of this House, a representative of the auditor general was the person who originally brought this situation forward. That person too was not openly criticized by the judge but I suppose by inference is part of the rabble the judge refers to since he is also highlighted.

I would also bring to your attention, Mr. Speaker, that members of the official opposition asked questions during question period which brought this to a head and highlighted this question. I think it was the member for St. Albert who brought this question forward. The Minister of Labour responded after a certain number of questions with the solution that this man must be dismissed.

When motive is impugned, as has already been mentioned, not only to the government but by inference to all of us including the official opposition, including the auditor general who brought forward the case of how ridiculous this situation was and how it needed to be remedied and when the remedy was brought to bear on it we have all been smeared with the comments that we are acting somehow inappropriately.

I think the actions of the minister were appropriate, as were the actions of the official opposition and the auditor general. Certainly I concur with the member's conclusion that this must be investigated and I believe a censure will be forthcoming following that investigation.

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Very briefly I would urge you, Mr. Speaker, to take this question of privilege very seriously. I am sure if the reverse obtained and members of Parliament were reflecting on the decisions of a judge with a similar looseness of lips, many people would have been very quick

to criticize us for blurring the line between the judiciary and the legislative function, and properly so.

I think an equal requirement is laid upon the judiciary not to make comments which express contempt for members of Parliament or for this House. I would urge you to examine the record in this case. Perhaps, Mr. Speaker, you will be able to obtain what the hon. member who raised the point of privilege was not able to obtain.

• (1515)

In any event, we already know enough of what was said for there to be significant concern. I urge the Chair to reflect on this and come back to the House with a ruling that enables Parliament to protect itself against this kind of comment.

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, I am generally supportive of the remarks of my friend from Winnipeg—Transcona. However, I would not agree that the same rules apply to parliamentarians in this place as apply to judges.

I do not think there is a reciprocal rule at all. I think we in this House are very free to comment on matters in front of the bench as we see fit. We in this House have a historic immunity that is there for the people of this country. It is there for a reason. It may be correct that judges are restricted. I will get into that in just a moment, but I do not agree we in the House are.

In terms of the matter at hand, I suggest there are at least two perspectives on this event on the remarks of the judge. The first one is that the judge, in making his remarks, appears to have embraced the role or mantle of a citizen and felt that it was in order for him to pass comment.

Any citizen in this country is free to pass comment in words such as those used by the judge outside the courtroom on this House. We are a nation that embraces our freedom. Comments about how we do our business in this place are most appropriate. We love to hear it. Keep those cards and letters coming.

That is one perspective. The judge apparently, in my view, respectfully forgot that he was on the bench. As a judge, he is not free to meddle in the politics of this place. As I understand it, he is not free to meddle in any of the politics of the nation. He is there to do a job on the bench interpreting the law and fact.

Others in here may stand corrected if the facts turn out to be other than those reported. That meddling is worthy of rebuke and I regret the apparently profound ignorance that judge has of the purpose of this place and the role we fill as members of Parliament.

That ignorance is reflected only in his remarks made perhaps by the seat of the pants while on the bench, I do not know. However,

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those limited back of the envelope comments were a disappointment to me and certainly worthy of note on the record in the House here.

In terms of how the House should respond, I realize this is a matter of privilege. I realize before anything can go further we have an obligation here to put in place a prima facie case that a privilege of the House has been breached, in this case an alleged contempt.

I regret this House would have to take the step of finding a prima facie contempt on the part of a judge. If that were to be the case, I am sure the judge would perhaps want to have looked back and done it differently.

As an alternative to placing on Mr. Speaker the burden of finding there was perhaps a contempt, perhaps it would be appropriate—I offer this to colleagues in the House in the hope that it may be viable—to unanimously agree that the issue is one that has been brought to the attention of the House, is of concern to members of the House, and we would ask the Clerk to refer the matter to the Canadian Judicial Council for comment, if any.

Should the matter be responded to by the council, that the Clerk make the House aware through Mr. Speaker and, if so advised after that, the House deal with the matter, if it is a matter of contempt or otherwise as you may give us your advice on.

• (1520)

I offer as an alternative to invite through the Canadian Judicial Council the judge in question to clarify. If it is not to be viewed as a matter of contempt, we will at least have taken note of it and moved on to other important issues.

**The Speaker:** As always, a matter of privilege is taken very seriously by me. I have some facts placed before me now. Surely one of the alternatives that has been placed here for my consideration, that this matter be brought before the House, has been fulfilled in the sense that members have brought it up and we have discussed it here.

I have been asked to judge whether or not there has been a contempt of this parliament on which we should take some type of action. This is the first time in my memory, having been here some 20-odd years, that such a case has ever arisen.

I would like to get more information for myself. I appreciate the advice and opinions that have been given to me by members from all sides. Perhaps you would permit me to reflect on the whole situation, considering the alternative brought up by the hon. member for Scarborough—Rouge River and considering what has been asked of us by the hon. member who moved the question of privilege a little earlier. I said the member for Hamilton—Wentworth and I stand corrected on that.

*Privilege*

I will come back to the House after due deliberation and after I have satisfied myself as to the pertinent facts about this issue. I will take it under advisement and I will return to the House if necessary.

MINISTER RESPONSIBLE FOR THE CANADIAN WHEAT BOARD

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, at the outset I would like to add my words of appreciation that the member for Wentworth—Burlington raised that question. Since he quite clearly described what constitutes a contempt of the House I will not repeat what he has already said.

I rise on a question of privilege with regard to the actions of the Minister responsible for the Canadian Wheat Board and his officials which I believe constitute a contempt of the House and a contempt of the office and authority of the Speaker. First I will address the issue of contempt of the House.

On January 21, 1998 the minister met in Regina to discuss the rules for the election of directors to the Canadian Wheat Board's board of directors as proposed in Bill C-4, an act to amend the Canadian Wheat Board Act. Substantial amendments to Bill C-4 tabled at report stage by opposition members had yet to be debated in the House. While the House is still debating how many directors should be farmer elected versus government appointees, the minister was holding meetings as though his bill were already law.

This sort of thing has been complained about in the House a number of times in the past. Each time it is brought to the Speaker's attention, the Speaker has declined to rule in favour of a prima facie question of privilege. However he did leave the door open since these actions are clearly insulting and offensive to this institution and may constitute a contempt in the future.

On October 29, 1997 the member for Fraser Valley brought to the Chair's attention a similar case regarding the Department of Finance. The Chair ruled on the matter on November 6, 1997 and made this statement:

—the Chair acknowledges that this matter is a matter of potential importance since it touches the role of members as legislators, a role which should not be trivialized. It is from this perspective that the actions of the Department are of some concern. The dismissive view of the legislative process, repeated often enough, makes a mockery of our parliamentary conventions and practices.

I agree with the Speaker that these actions repeated often enough make a mockery of our parliamentary conventions and practices. I suggest that making a mockery of parliament diminishes the respect due to parliament.

On page 250 of the second edition of Joseph Maingot's

*Parliamentary Privilege in Canada* the following is stated:

—there are actions that, while not directly in a physical way obstructing the House of Commons or the Member, nevertheless obstruct the House in the performance of its functions by diminishing the respect due it.

• (1525)

Accordingly, the actions of the minister and his officials distinctly constitute a contempt of this House.

Further to my argument is the issue of the minister and his officials knowingly and deliberately ignoring a warning from the Speaker. In the ruling of November 6, 1997 the Speaker said: "I trust that today's decision at this early stage of the 36th Parliament will not be forgotten by the minister and his officials and that the departments and agencies will be guided by it".

I believe that these recent actions have reached a new level of indignity, since a minister is no longer just snubbing his nose at backbench members of Parliament but now is also snubbing the Speaker's direction.

On March 21, 1978, at page 3978 of *Hansard*, the Speaker ruled that in the final analysis, in the areas of doubt, the Speaker asks simply: "Does the act complained of appear at first sight to be a breach of privilege?—to put it shortly, has the member an arguable point? If the Speaker feels any doubt on the question, he should—leave it to the House".

The previous complaints against the government in these matters were legitimate complaints. The question as to whether or not they constituted a prima facie question of privilege may have given the Speaker some doubt in the past. However, even if doubt existed, there are precedents to support the Speaker's putting the question to the House. You should also consider that this time it is not just a matter of doubt. There has been an additional complaint against a department and the department has acted, despite the warning issued by the Speaker. The Speaker's warning was direct, clear and deliberate. It could not have been any clearer.

On page 225 of Joseph Maingot's *Parliamentary Privilege in Canada* contempt is described as an offence against the authority or dignity of the House. The minister and his officials have gone further and brought the authority and dignity of the Speaker into question.

I ask that you take the advice from the Speaker's ruling of March 21, 1978 and leave this matter to the House because, at a minimum, there must at least be doubt in your mind regarding this issue.

If you rule this matter to be a prima facie question of privilege I am prepared to move the appropriate motion. I think it is high time that this House demonstrate to the ministers and their departments a little democracy over bureaucracy.

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, I want to support the arguments put forward by my colleague and

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remind you that while there may not be any precedents for this offence there is no reason why you cannot allow the member's motion to be put to the House.

Erskine May's 21st edition at page 115 states that an offence for contempt "may be treated as contempt even though there is no precedent for the offence".

Page 221 of Joseph Maingot's *Parliamentary Privilege in Canada* describes a prima facie case of privilege in the parliamentary sense as one where the evidence on its face, as outlined by the member, is sufficiently strong for the House to be asked to debate the matter and to send it to a committee to investigate whether the privileges of the House have been breached or a contempt has even occurred.

The member has demonstrated that the evidence in this case is sufficiently strong.

It may be of help and interest to this House to understand what led to this particular question of privilege.

The Speaker was asked to rule on a similar complaint on March 9, 1990 regarding a pamphlet put out by the government concerning the GST. Again on March 25, 1991 another complaint was launched on a similar matter. These complaints, while worthy of discussion, were not ruled to be prima facie questions of privilege.

A stronger case was made on October 28, 1997 by the hon. member for Fraser Valley. In that instance the Department of Finance went much further and actually started to take action before the bill authorizing the department to act was passed by the House. The member argued that these actions undercut the authority of Parliament.

This led to the Speaker's ruling which contained what I believed to be a strong statement and a strong warning. At that point the Speaker made it clear that the tolerance for such actions was wearing thin.

I argue that the case put forward by the hon. member for Prince George—Peace River represents another incremental affront to the House and a case for a prima facie contempt of Parliament against the ministers and their departments has reached the flashpoint.

• (1530)

I do not want to question past rulings regarding complaints of this nature. I recognize that Speakers must always be prudent in determining a prima facie question of privilege. The seriousness of the complaint brought to your attention by my colleague concerns offences that have escalated to the point where inaction will only serve to question the legitimacy of the House, its members and the Speaker.

It is not a time to be prudent because this continued disrespect has already cast a cloud of doubt over the role of this institution. It

is time, Mr. Speaker, that we settle this matter once and for all, and I urge you to allow the member to propose his motion.

**Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.):** Mr. Speaker, as you know I have been one of the people driving the issue of making the wheat board accountable. When we were interviewing witnesses before the standing committee on Bill C-4 they tried to rule me in conflict of interest because I was part of a group of farmers holding the wheat board accountable before the courts in Manitoba.

There was no court action at that time. I removed myself and asked them to get a ruling whether I would be in conflict because my lawyers had said that I was not in conflict. I was never given a ruling on that and I did not mind that too much. I will accept mistakes and things said in the heat of debate.

Shortly after I picked up the *Western Producer* and I was astounded that the member for Simcoe—Grey at that time indicated outside the House that "if he tries to get involved in a debate when this bill is brought back before the full House this week, I will demand that the Speaker remove him from that debate".

I was elected to uphold the laws of the country. I had to take the action of a civil route in the courts to try to get the wheat board accountable. When as a member of Parliament I am not allowed or threatened not to be allowed to participate in the debate of something that is important to every resident of my constituency, there is something wrong.

When the hon. member for Prince George—Peace River raises this question of privilege I think he is dead right. You should be looking into this matter, Mr. Speaker. I would appreciate that.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, I would like to add my voice to those parliamentarians who feel their job here has been jeopardized by the minister of agriculture presupposing that the legislation would pass.

There are 40 some amendments to Bill C-4, all of which have not had the opportunity of debate in the House of Commons at report stage. I represent an agricultural riding. There is significant resistance to the whole move to change the Canadian Wheat Board under Bill C-4. Many of the amendments proposed are a direct result of farmers in my riding asking that these changes not be made.

I submit that I have been unable to do my job as a result of the minister publicly stating that he wants the board of directors in place before the legislation has been debated properly on the floor of the House of Commons and passed.

Therefore it makes a mockery of our system. I believe, Mr. Speaker, that you should investigate this matter because I think there is still ample opportunity to defeat the legislation or have

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amendments made that would significantly change the legislation. What the minister is doing presupposes what the House will do.

**The Speaker:** It is important that I know if members either support or do not support, but it is more important for me to have additional information if it is at all possible about the particular case. I would ask hon. members—I presume if you stand that you are in support—after we are past that to offer me some concrete evidence which will help in my decision.

• (1535)

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, you asked for some concrete evidence. I will be very brief. The day after this meeting was held in Regina on January 21, I held a meeting in Yorkton with 300 farmers present.

Some of those farmers came up to me afterward and asked me this direct question: “In light of what the minister is doing, he has already assumed that the bill is passed. Why are we even discussing these amendments?”

I will give a little background information. The 300 farmers who assembled in Yorkton on January 22, the day after that, came there with the intent of discussing three major amendments that I had proposed. They asked me what the point was of even discussing them if the minister had already assumed that the legislation passed.

That shows the seriousness of this discussion. They see parliament as being a useless exercise because of what the minister has done. The amendments I put forward were viewed with disdain, with being a useless exercise because they said that he was already talking about putting in place the board of directors as if the bill were passed.

As a member of Parliament I am wasting my time. That is how serious the matter is. We really have been undermined by the actions of the minister because they see us as not having any effect in this place. I think it is very serious and I offer that concrete evidence to you, Mr. Speaker.

**Mr. Charlie Penson:** I want to make a correction.

**The Speaker:** I will allow a correction.

**Mr. Charlie Penson:** Mr. Speaker, in my question of privilege I referred to the minister as the minister of agriculture. It is not the minister of agriculture but the Minister responsible for the Canadian Wheat Board to whom I refer. He was formerly the minister of agriculture.

**The Speaker:** Again I thank members for bringing up this question of privilege as fair minded people, all of you. We have heard from five interveners. I for one would like to get more information if we could.

The Minister of Natural Resources and Minister responsible for the Canadian Wheat Board was named by all five interveners. I would like to hear from him, if it is at all possible, just what

transpired on the other side. In fairness, I am sure the House would agree that the least we will do is hear from the minister.

He is the one who was directly named. I will withhold a decision on this matter until I get more information from the minister, at which time I will make my decision.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, I agree you are limited in your ability to make a decision until the Minister responsible for the Canadian Wheat Board reports to you. Would the Speaker ask the minister to make that report in parliament so that we could hear it as well? It would be nice to hear his side of the story in a public forum.

**The Speaker:** It would be my intention to ask the minister to speak here. This is our forum. I will ask the minister or his representative. I would hope we would have a response at the earliest possible time. I will make that request, yes.

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## GOVERNMENT ORDERS

[English]

### INCOME TAX AMENDMENTS ACT, 1997

The House resumed consideration of the motion that Bill C-28, an act to amend the Income Tax Act, the Income Tax Application Rules, the Bankruptcy and Insolvency Act, the Canada Pension Plan, the Children's Special Allowances Act, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act, the Customs Act, the Customs Tariff, the Employment Insurance Act, the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Conventions Interpretation Act, the Old Age Security Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act, the Western Grain Transition Payments Act and certain acts related to the Income Tax Act, be read the second time and referred to a committee.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, I am pleased to speak to Bill C-28 today. It is a rather lengthy bill as are a lot of finance bills. Its intent is to amend the Income Tax Act and other acts. It goes on for some 400 pages to explain why that will be done.

I am sure we will hear from the government side that it will encourage charitable donations, that it will help people put a little more money away or get some more money out of registered retirement, and that some tax shelter abuses might be shut down.

• (1540)

This reminds me a little bit of when British Columbia had a long serving premier by the name of W. A. C. Bennett. What was said of Mr. Bennett during his heyday was that he would fill your shoes full of rocks. Then every once in a while he would take one of the rocks out and expect you to say “Thank you for the relief. Thank

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you for taking away all the pain". In many cases he had shoved the rocks in the shoes to begin with. I see exactly the same thing happening with the Income Tax Act.

We have a glossing over of the political and economic reality of the country. We are the most highly taxed group of people in the industrialized world. Tax freedom day comes later and later each year. Now we work a full six months of the year to pay our different taxes.

It reminds me again of another famous quote. I wish the Liberals would read it. It is from Winston Churchill who said that the idea a nation could tax itself into prosperity was one of the cruelest delusions which had ever befuddled the human mind. That is exactly what has happened with the bill.

The government has filled our boots full of rocks. It is going to take out a couple of little pebbles and say "Now don't you feel better for this?" I do not feel any better for this, not a bit better. The idea that all these taxes will make me a prosperous person and that the constituents I represent will suddenly be rolling in the dough is one of the cruelest delusions that has ever befuddled the human mind.

Let us just think of a few of these facts. The Liberal tax policies mean that a single mother with one child and an income of 15,000 lousy dollars will pay \$1,364 in income tax. The bill reinforces that by stating it is a good idea.

This lady is trying to raise a child on \$15,000 a year. Imagine trying to live on \$15,000. I cannot even imagine it. Imagine a single mom being forced to live on this amount. She has pressures and stress, and the government comes along and says "You know you were going to buy some winter coats for your kids. I will take that \$1,364 right off the top". That is cruel.

What about those who are almost middle class, not quite but almost? What if they make \$30,000 a year? The bill states that it is a good idea to take \$11.2 billion from people who make \$30,000 a year and less. Indications in Bill C-28 are that this is a good idea and people should be grateful.

As a matter of fact they will probably stand in their place over there and say that the bill allows people to give more to charity. People making \$15,000 a year are charity cases themselves. They do not have any money to give to charity. Any money they might have had has been taken off the top by the finance minister who slurped the top off this bit of money the woman in my example has and said "If you had ever thought of giving to charity I am going to make sure you cannot. Thank you very much, that is mine".

Churchill was right. It is a cruel delusion Liberals seem to hold to that high taxes will bring prosperity for all. I do not know why they do not just get right at it. Why do they not just make the tax

100%? We would all be so fabulously wealthy we would not know what to do with all the extra money. They could just take it all.

Everyone knows the old story. I am surprised it is not in here. The new income tax form would a very short form. On one line it would say: "How much money did you make?" On the second line: "Just send it all to me". It would be signed by the Minister of Finance. It would be much simpler and maybe we would be all richer.

Imagine the gall over there with them saying that the Income Tax Act and the tax system in Canada are for the benefit of all Canadians. The Liberals have raised taxes 37 times since they took office. I would be happy to table the list, but what is the point? I do not imagine Liberals would read it. Every time we turn around in income taxes they have failed to index basic deductions. Imagine what that means.

It means that the average family in Canada has seen its income drop by \$3,000 since the Liberals took office. Real spending money has dropped by \$3,000. We now spend more to service the debt which the Liberals seem happy with than we spend on food, clothing and shelter.

• (1545)

Why do they not take it all? We can all go over to the finance minister's house and enjoy the wealth together, except those who are rich enough to divert the funds somewhere where they do not have to pay the taxes. The lady who is making \$15,000 is not one of those people, but there are plenty over there. That is a shame.

What should be done? To begin with, there should not be 450 some pages of gobbledegook in Bill C-28 that we have to try to wade through to find some meat and potatoes for the average family. We should be saying to these people, the single mother trying to raise a child, a family trying to make \$30,000, hardly wealthy, we can offer you some help and here is how we are going to do it.

If I could only get the government to listen I would read it something like this. Why not reduce the GST when it gets a chance to help the family that has to pay GST on every little thing it buys for its home? Why not increase the basic personal amount?

In question period today the Leader of the Opposition pointed out that in Canada we start paying taxes at \$6,500 a year. Unbelievable. The government asks people who make \$6,500 to support the national debt that it has run up. That is less than \$600 a month. I do not say I am going to emulate the United States, but imagine if we could have \$9,500 before the tax rate cut in. What would you do with the extra \$3,000 that is untaxed? You might be able to buy shoes for your kids. That would be the basics. You might be able to start to invest. You might be able save for the future. You might do all kinds of good things.

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What would happen if you raised the spousal amount equivalent to the basic personal amount? What about the family making \$30,000 who says just let me take home a little more of my money and I will look after my kids. If you would just leave me some money, I will look after quite a bit. But if you are going to take it away you will have to replace it with massive national government programs, where they take all your money, you send it to Ottawa, they deduct 50% for handling and they send it back to you in services you never asked for. They deduct a chunk all along the way. Why not just leave the money with the people? What an advantage that would be.

What if you eliminated the surtax the Tories brought in? What if you said to somebody if you do manage to make \$50,000 to \$60,000 a year, although that is not exactly rolling in the Cayman Islands, we will not surtax you anymore? We will let you invest in businesses. We will let you invest in your pension plan. We will let you invest in your children's education and their future. We will let you build prosperity in your home town. Instead, if you happen to be a farmer, you happen to have a good year, you make \$60,000, you pay a surtax because you are considered a bad asset for Canada and they take the money the money away. That is a shame.

What if you reduced capital gains taxes? Capital gains taxes kill initiative. What if they allowed students, people who we saw protesting in the streets the other day, to claim a tax deduction for interest payments on student loans? What if they reduced job killing payroll taxes like CPP and EI? What if they passed a taxpayer bill of rights so they could not hog the money to finance the future and borrow on our children's future?

If they did all of that they would have adopted the Reform Party's plan "Securing Your Future". That is what they would have done. Instead of a hopeless 455 page document that says the future is ours because we are the government, it would have been the future is yours and we are going to help you secure it. What a difference if securing future were the aim of this document instead of lining the bank vaults in Ottawa.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Madam Speaker, today we are debating Bill C-28. As we come back from our break newly minted, rested and enthusiastic, what red meat does the government throw in front of Parliament to really do something on behalf of the Canadian people?

• (1550)

It throws in front of us a 464 page bill that was introduced just before Parliament broke last time. To help us understand this bill there are 578 pages of explanation that say things like the individual is not entitled to deduct any amount under division c, computation of taxable income over the year except under section 111 of the act, lost carryovers. You get the picture, Madam Speaker.

Here we are with the country facing some pretty major problems: a falling dollar, unemployment, low incomes for Canadians, problems with education, declining health care services. What do we discuss here? Our first few days back with all the energy and enthusiasm that we brought from meeting with our constituents and talking to the people of Canada, we talk about changes to the Income Tax Act, the Bankruptcy and Insolvency Act, the Canada pension plan, Children's Special Allowances Act, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act and at least 12 other acts and sets of regulations.

I challenge the government to get real about what is important to Canadians. As many of my colleagues have said, it is not house-keeping that we should be dealing with, it is the real meat of Canadian life, and that is what this government is trying to avoid.

Canadians care deeply about taxes because that is what eats in to the resources they have available to build a life for themselves and their families, to meet their needs and those of their children and seniors in their families, and yet those resources are being depleted.

What this act really says to Canadians is that the government can decide how you should spend your money better than you can. It gives a little here, it takes a little here, it adjusts a little there, it nudges there, it puts up a carrot here, it puts up a stick over there and whacks us and says do this, do that. We will support this with your money. That is what this government has done for so many years. It knows better. It can tell the rest of us peasants who just earn the money how it should be spent.

I was just astounded with the government speakers, as this bill was introduced into second reading, just praising this bill, saying things like it is going to encourage charitable donations. Out of what? We have families in this country whose income has been steadily decreased because of Liberal taxes and bracket creep and hidden tax measures. What are they going to do to have charitable donations?

Yet here is the government saying it is going to encourage charitable donations. It is the same government that cut back on transfers to the provinces by 40% for social services to help the needy and vulnerable in our society. Now it says it will encourage charitable donations. Perhaps it does not know the meaning of the word hypocrisy but it sure does demonstrate it in its legislation.

Then the speakers opposite said we are going to increase the contribution limit for registered education savings plans. Aren't we wonderful? You can save more for your children's education. Feel good about this.

The same government has cut funding for post-secondary education by billions of dollars and now says but feel good, you can now



save a little more for your children's education. They are going to have to because this government has cut funding for that important resource, the training and education of our children in the future workforce.

What are Canadians going to save with when family incomes are declining and being eroded not only by taxes but by increased service charges and every aspect of government is costing us more and more?

Then speakers opposite said we are going to get rid of tax shelter abuse. Goodness sake, it would be terrible if Canadians tried to shelter some of their income from the tax man or the finance minister, who of course knows nothing about sheltering income.

Again, here we have a government just intent on getting every single nickel out of Canadians possible, taxing everything that moves through the grass. Do members know why? So the finance minister can get up in three weeks and say aren't I great? We are now living within our means. We don't have to borrow money. I guess not, because he has gouged every nickel possible out of hardworking Canadians.

• (1555)

Their taxes have gone up billions and billions of dollars under this finance minister's administration, \$24 billion over the last three years. That is why he does not have to borrow so much money. He has taken it out of the pockets of Canadians rather than getting his own house in order, cutting spending and having program after program designed to tweak this, give a little extra to this and encourage that and support this politically good cause that the Liberals think is so important.

That is exactly why he is able to have some bragging rights. It is on the backs of hardworking Canadians. We need to know that. We do not need to let him get away with it.

We talk about promoting film video production in Canada. We do not have health care. Our young people carry massive debt just from trying to get training so that they can have a decent living, if they can find a job in this country. Yet the government has nothing better to do than to just continue to tinker in industry when study after study has shown these tax measures have unintended consequences that very often have exactly the opposite effect and the government brags.

The last one is so amusing. We are going to make it easier to facilitate transfers from registered retirement income funds.

We just had an Industry Canada study that showed that Canadian saving rates have fallen from 12% to 2%. People are collapsing their funds because they simply do not have enough to live on by the time the finance minister's tax man gets off their doorstep.

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We have retirement security in this country being cut time after time by this government, yet here we have members opposite saying they are going to do this little thing that will make it easier for them.

It is hypocritical. It is contemptible to treat Canadian people that way. That is just a sample of the kind of tinkering that this bill does instead of really giving some meat and some real substance and some real vision to the Canadian people.

I was struck in question period by the same kind of rhetoric and hypocrisy that we had before where a question was asked to the defence minister about the shabby treatment of our armed forces and the low pay, where people at the lowest levels of our armed forces actually are on welfare in many cases to support their families. They live in substandard housing and have second jobs delivering pizzas to meet the bills.

What did the minister do? He got up and said we really have to support our armed forces who stand on the front lines and protect us and who are there to help us in times of emergency. Rah, rah, flying the flag.

He knows the actions of his government lead to the poverty and to the strained circumstances in family after family in the armed forces. Yet he has the nerve to stand up and say boy, these guys deserve our support, and then not give it.

There is a saying that in America politicians can say whatever they want as long as they do the right thing. In Canada they can do whatever they want as long as they say the right thing. That is exactly how the Liberals operate.

They always say the right thing. Everyone says boy, these guys really have our interests at heart. They feel our pain. What do they do? They continue to inflict the pain on us while saying nice things.

It is time that we woke up and started doing what was right for Canadians instead of just saying nice things, giving reassuring words with no substance behind them. That is just another example of what we have to fight here.

If we really want to help people in our country, if we really want to give relief and a good living and bright futures to our citizens, then we have to recognize that we cannot spend their money better than they can.

We should take the minimum out of their pockets to give them good services where it is important for them to do so and let them decide how to spend the rest, what causes to support, how to help others and how to care for their families' futures.

These made in Ottawa government managed programs are destroying our future, our hope and our standard of living. I appeal to this government to start recognizing that.

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The government is like a running cafeteria. It has different dishes laid out for people to choose from. Then it finally decides that the people who are eating at the cafeteria are malnourished. They are not getting good nourishment. What do they do? They decide well, instead of having so much spaghetti we will have more beans. Instead of having lasagna maybe we will have bacon and eggs. Instead of making a wholesale change in the way nourishment is provided they are just changing the dishes around a bit.

• (1600)

The Reform Party has a new and vibrant approach to giving real hope to Canadians by getting rid of the mortgage on their future and by letting them keep their own money to meet their own needs. It is time we moved in a new direction for the country and that is what we will be working toward.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Madam Speaker, if I had closed my eyes for a moment I would have sworn that was an NDP member of Parliament talking about education, health care and workers. My God, something is happening to the Reform Party.

I rise in opposition to Bill C-28. I find it rather amusing when my Reform colleagues talk about people making \$15,000 a year and how difficult that would be. Yes, I agree. It is very difficult for any worker who is looking after children and making \$15,000 a year to get by.

I also remind the House and all those who are listening that under the Reform agenda every worker in the country would probably make \$15,000 or \$20,000 a year. With its anti-union and anti-worker bias everybody would be making that. The Reform Party loves this global competition we are in.

Ever since free trade, the NAFTA and now that the MAI, which I call NAFTA on steroids, have come into effect all that has happened is that Canadian working standards have dropped and dropped. They tell us that Mexican and third world standards are supposed to rise, which we know is simply false.

I would like to talk about the taxation problems of a couple in my riding, Mr. and Mrs. Fleming, who live in Grand Lake, Nova Scotia. She has a plastic hip, plastic ankles and plastic knuckles. She is severely arthritic and requires oxygen cylinders to survive on a daily basis. She and her husband wanted to look after themselves in their own home.

The government has suggested that because of her needs she should be in a rehabilitation centre. That would cost the average Nova Scotian or Canadian taxpayer anywhere from \$150 to \$250 a

day. All they are asking for from the government and from Revenue Canada is to be able to write off the equipment she requires so they can stay at home and look after themselves. I find it disturbing that the government, through our correspondence with Revenue Canada, will not even answer our letters or respond in kind to that type of situation.

The government is saying that it will spend thousands and thousands of dollars to look after them but these people want to stay at home and look after themselves, which would only cost a couple of thousand dollars. I find it absurd that the government would try to pass the comprehensive bill before us without thinking about the effect it will have on people.

Not once have I heard the Reform Party today speak about the GST or the HST. It would be a real pleasure if a Reformer stood in the House, especially for Atlantic Canadians, to say "If the government really wanted to do something about tax relief it would reduce the GST on essential home heating oils, electricity, children's clothing and reading materials". That would mean broad tax relief for every Canadian, especially those in Atlantic Canada, and not just for the very wealthy.

The Liberals talked about the RESP educational funds. I should remind them that people need a job that pays well before they can save any money to put away for their children's future. I should remind them of what happened today in Goose Bay, Labrador. The defence minister stood in the House today to talk about how great the military is. I agree with him that we have one of the finest military organizations in the world. Unfortunately a lot of the civilian people who work in the military are being asked to make major sacrifices in their pay and benefits. Some of them will go from \$13 an hour to \$6.50 an hour. They will certainly not have enough money left in their pockets to get RESPs to look after their children's future education.

I have a question for Liberals and the Reformers especially. They talked about more money for charities and bigger tax deductions. My question is quite simple. Who is responsible for the welfare of those less fortunate in society?

• (1605)

I am speaking of the disabled, the infirm, people with no jobs, students and so on. Should it be government that looks after the welfare of those people, or should it be the responsibility of charities? I will let the House ponder that question for a while.

I also have a letter that a constituent in Nova Scotia wrote which shows the complexity of the tax system. If it is this complex how can we even trust the government to come up with something that is new? It brings to my attention an article on page 2 of Revenue Canada's winter 1997 GST-HST News, No. 27, entitled "Tax Status on Salads".

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Each year the tangle of absurdity of Revenue Canada seems to get worse and worse, but this surely is a masterpiece even by its sorry standards. Let me offer a portion. Food containing ingredients, whether mixed or not, such as chopped, shredded, diced, sliced or pureed vegetables, meat, fish, eggs or other food when supplied with a dressing and/or seasonings, whether or not the dressing is mixed with other ingredients, is considered to be a salad for the purposes of determining its GST-HST status. A combination of one ingredient and a dressing of seasonings which is sold or represented as a salad is also considered to be a salad. All supplies of salads, except those that are canned or vacuum sealed, are taxable at 7%, 15% in the participating provinces. Generally if there is no dressing or seasoning applied to the ingredients and no dressing or seasoning is packaged separately with the ingredients, the package is not considered to be a salad and is zero rated.

How many hours were spent trying to figure that one out? If this were not happening in my own country I would be mildly entertained. Sadly it is sand in the gears of commerce and enterprise.

I could not agree more that the bill the government is presenting is so complicated that even highly trained tax experts are having difficulty trying to get through it all. I ask members of the Liberal Party to send the bill back, to rethink their options and to simplify it so that ordinary Canadians and even many politicians here today could understand the complexities of the bill.

[*Translation*]

**Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ):** Madam Speaker, yesterday morning, Bill C-28 was introduced in this House. This is a rather bulky document and it is clear from reading these 461 pages that much of it is meaningless.

I would like to come back to the financial administration of this country. Before the 1970s, at the end of every year, the Canadian finance minister would report either a surplus or a small deficit and, as a result, there was no Canadian debt.

Then, 1968 saw the election of Pierre Elliott Trudeau. Thanks to his delusions of grandeur and his lack of talent for public administration, we started accumulating one deficit after the other. During the Trudeau years, from 1968 to 1984, not counting of course the nine-month Conservative interlude under Joe Clark, Trudeau and his cabinet, in which, we will recall, the current Prime Minister served as Minister of Finance for several years, managed to build a monstrous \$250-billion accumulated debt.

In 1984, we changed our red car for a blue one. The ideas put forward then were those of the Conservatives, who reminded me at the time of calves stampeding out of the barn for the first time in the spring. Stir-crazy. You will no doubt recall that there was one spending scandal a month and, in nine years, the accumulated deficit grew from \$250 billion to \$500 billion.

• (1610)

In 1993, we traded cars again and went back to a red one. Of course, the deficits continued to rise, to the point where we now collectively owe some \$570 billion, with a zero deficit being anticipated this year. We even expect a surplus, and the Liberals are beginning to wheel and deal on how surpluses should be shared out.

Let me remind you that, year in year out, we currently pay \$44 billion—and this will please former Social Credit members—in interest alone. The Minister of Finance, who is very astute, says “We will avoid having to pay interest; we will reduce transfers to the provinces by the same amount”. The same minister managed, over a three-year period, to reduce by \$42 billion the transfers to the provinces for hospitals, post-secondary education and social assistance, so that it is not uncommon to see a student saddled with a debt of \$25,000 to \$30,000 by the time he or she gets his or her B.A.. Your child, and mine, has incurred that kind of debt to get his or her B.A.. Again, the current Minister of Finance is largely responsible for this situation.

The minister has some nerve. He is said to be a multimillionaire and he owns Canada Steamship Lines. And he is very very familiar with Canada's financial rules and also the rules of Revenue Canada. Do you know what he does in order to avoid paying taxes, or in order to pay as little as possible, in the country whose finances he directs? He registers his ships in tax havens, Barbados, Bermuda. That is our Minister of Finance. We are sunk.

**Ms. Caroline St-Hilaire:** That sure looks bad.

**Mr. Jean-Guy Chrétien:** That sure look bad, as the hon. member for Longueuil so aptly puts it.

As the agriculture critic for my party, I would like to call to mind a problem we are all facing at the moment with the importing of butter oil, mainly from New Zealand and Australia, by the big and well-known multinational, Unilever.

In late 1993, when we negotiated the GATT, later to become the WTO, agreements, it was agreed that agriculture on which there were quotas in Canada would be protected: dairy, eggs and poultry production. In order to protect those quotas, we set a very high duty, which to all intents and purposes made it virtually impossible to import dairy products, butter, poultry products and eggs.

This 461 page tome we are presented with here is full of loopholes. When it has been weeded through, when experts like the Minister of Finance have weeded through it, it will be found to be full of loopholes. Some companies have discovered the trick of importing butter oil at nearly zero duty, a mere 7% or 8%, so the amount of butter oil has doubled year after year for the past five years here in Canada, and you and I are now being served up second class ice cream at the same price as before. Thus the dairy

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farmers of Canada have had a 3% drop in quotas, which represents close to \$2,000 per dairy farm in Canada.

Since 47% of industrial milk produced in Canada is produced in Quebec, the dairy farmers of Quebec are being penalized nearly 50%.

• (1615)

The Standing Committee on Agriculture and Agri-Food insisted on resolving the impasse. It involved dealing with the departments of finance, revenue, agriculture, foreign trade and, of course, the new food inspection agency because butter oil, which arrives by ship, must be checked to ensure it does not contain BST. It also must be checked to see that it is of good quality and edible.

So there is a loophole, an error. It can be imported under a different tariff schedule, a number that was changed so that 49% butter mixed with 51% sugar creates a mixture that, once in Canada, can be processed to make ice cream. Worse yet, the mixture can be put in a separator, the butter and sugar switched around and butter made. So what cannot be done legally can be done illegally.

Time is passing, and I wanted to speak to you of a loophole. One of my constituents called me last week to tell me that she and her husband had started a company to operate their farm at Saint-Ludger, near Beauce. They have farmed for 30 years.

The Conservatives and not the Liberals were originally responsible, but the Liberals have not corrected the injustice. I was informed that there was an accounting void between November 21, 1985 and January 1, 1988 for farmers setting up a company within that time period. Before and after this period, the value of the milk quota can be included in the company and when the company is sold, no tax is paid on the value of this quota.

My constituent in Saint-Ludger is therefore penalized, but she is not the only one. It is not encouraging, to be sure, but it is estimated that there are 300 producers in Quebec and over 1,200 altogether in Canada penalized by this administrative oversight.

I asked the Minister of Finance to rectify this situation, but it is taking a long time to get an answer. For the ships flying the flag of Barbados, there is no problem. These matters are quickly sorted out.

I would like to speak about employment insurance. The Minister of Finance will soon achieve budget surpluses, but unfortunately it will be at the expense of the most disadvantaged. As we know, the gap between the rich and the poor is not getting any smaller. On the contrary, it is growing much wider. The proof is that the government overtaxes workers on their EI premiums and has reduced the size of the cheque they receive to 55%, with the result that

surpluses are accumulating that are expected to exceed \$13 billion this year.

In closing, I must say that I am going to vote with my colleagues in the Bloc Québécois against Bill C-28, which leaves much to be desired.

[English]

**Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.):** Madam Speaker, it has been an interesting afternoon. One would wonder sometimes on which side of the fence one should really sit. When I hear some of the hon. colleagues getting up and accusing the Reform for all the problems that we have in this country, I wonder whether I ran for the wrong party. Then after I listen to that side, and those comments that well it is really the Conservatives that were ahead of the Liberals and they are to blame for all these bad policies.

• (1620)

One day somebody said to me "You know, governments have blamed everybody for the problems, even God". Then the gentleman pointed out that it was all due to Christopher Columbus. He said that Christopher Columbus was the first Liberal to come to North America. I asked him how he knew that Christopher Columbus was the first Liberal and he said that when Christopher Columbus left Spain for the new world he did not know where he was going and when he arrived in North America he did not know where he was and he did it all on borrowed money. Does that not sound about right for our country?

Maybe if we keep on looking for excuses we will eventually find somebody who will take the blame. However, it is going to be a long time before that man arrives and does so.

I was astounded today to hear the government side say how good things are here in Canada. It is refunding all these tax credits. I was beginning to wonder where these credits came from. As a farmer, before I go to the hen house to gather eggs I have to put some work into getting the chickens to eat the grain and produce the eggs. There had to be a source where the eggs came from.

I am wondering where the Liberal government got all these funds for refunds, tax credits and benefits as it claims to be doing under Bill C-28. It seems to me that it had to come from some borrowed money that it had in the past. When I look at the ledger I think there is \$600 billion of debt somewhere that future generations owe. It also seems to me that there is a Canada pension plan that has about a \$560 billion unfunded liability. That makes a trillion dollars plus of money that has come into source somehow and has been distributed. We are now redistributing and redistributing and things just do not add up.

When I heard the prime minister in question period say that his government would pay back a billion dollars of debt or liability, I quickly figured that out and found that on \$600 billion and \$560

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billion it would take about 1,100 years which will be the next millennium. There is not much chance for me or my children or my grandchildren to have any of those benefits.

What these people in government do not realize—and it does not matter whether it is Liberal, Conservative or NDP as we have had all three in provincial and federal governments—is that when cuts are made in one place, it affects everybody right down the line.

During the election in the fall of 1993 we heard that Reform was the party that would slash, burn and destroy everything while every day of that campaign we said that education and health care would not be cut. We now know that the Liberals had a different agenda. They were really the ones who cut, burned and slashed as far as education and health care are concerned. If I am right, about 40% of the funding has been cut back. Now they are slowly starting to give a little bit of that back in order to get the whole system back on track.

Farmers probably felt it more than anybody else. Not only did we pay income tax on the farm, we also had to pay property taxes. There were a lot of years where farmers had poor crops or prices were poor and there was no taxable income. However, because governments cut back on transfer payments for education and health, the municipal governments still had to raise those funds which came back on the property taxes. In order to make up for those cutbacks and taxes, I would have to borrow from the banks or the credit unions or privately the funds needed to pay my property taxes or I would not be able to stay in production.

This is something that our governments do not seem to realize. We have to create wealth before we can tax. We do not tax and then create wealth. It does not work. It does not work in the production of grain. It does not work in the production of livestock. It does not work in the production of machinery or manufacturing of any sort. We have to have inputs. We have to create wealth before we can tax that.

• (1625)

What we have been doing is we have been borrowing money to more or less give tax credits that should not have been given because there was no wealth to counter balance that.

How long will it take governments to realize that this is the way the system works. Whether we call it an NDP government, Liberal or Conservative, the mathematics are there and they function only in one direction. We can say one and one is three but it does not matter how often we say it, we will only have two.

That is exactly the way it works in farming. I could say to those chickens, “I pay 25% more tax and now you have to lay 25% more eggs”. It does not work that way. I have to either get more chickens or I have to somehow manage them better so they can produce

more. That is what governments fail to realize. I do not know when they will finally learn and change the system.

In the 1988 election when the GST was brought in we heard that it was the vehicle that would finally get hold of the debt, that the GST would be a fair tax. They called it the goods and services tax so that if one had wealth to buy the goods and services one could help to pay down the debt. We have never seen a figure or an account where any of that debt has been paid back by the GST. We can say that was the Conservatives and we have it in black and white.

Then in the last election the Liberals all of sudden realized that it was a bad tax and it could buy votes if they did away with it. They came out strong and heavy saying “We will kill the GST. We will eliminate it”, or something else. I forget what it all was but we still have it. When I go home I have to fill out the GST forms for a three month period. They are always there waiting for me no matter whether I have anything to pay or not. But it is still in the system.

This is the sad part. Once we have a tax in the system, to get rid of that sucker is practically impossible no matter what government takes over. It will have to be a government that does not care about buying votes. That is the only way I can look at it. By buying votes they do not get rid of taxes. They make promises that do not have to be kept. That is the idea of politics.

I was interested in the comment made by my colleague from Calgary—Nose Hill about the difference between American politics and Canadian politics. It makes sense that is probably what is happening. When we look at the U.S. tax system it is about 30% less than ours. It is not perfect but at least it is less. Its production is more efficient. When we look at the value of the American dollar today and the value of our dollar, we almost need two of those little suckers that we call Canadian loonies compared to the American buck. Why is it?

In 1976 I took my family on a little trip across the midwest. I got \$1.10 for that Canadian loonie. That is how we were running our country at that time. Our farmers and businessmen were producing well, but we have thrown so many taxes on these people that we have finally bled them to death and we are all suffering for it.

I hope that changes some day because, Madam Speaker, both you and I will be better off.

[*Translation*]

**Mr. Réjean Lefebvre (Champlain, BQ):** Madam Speaker, I appreciate this opportunity to address Bill C-28 which, as you know, seeks to amend numerous acts. Obviously, in order to speak on this complex issue, one has to be a tax expert or else have some common sense. Since I feel I do have some common sense, I will make my comments along those lines.

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• (1630)

On Monday, journalist Claude Picher from the daily *La Presse* made a very sensible observation during the television program *Salut Bonjour*. He said "The Minister of Finance should use the expected surpluses to try to reduce the debt and individual income tax, and not pour money in new or existing programs". This is a statement that makes a lot of sense and it is also sound advice to the Minister of Finance.

Like me, Mr. Picher could have pointed out that the GST was set up to take money from the taxpayers' pockets and use it to reduce the huge deficits of the central government. Since there is no longer a deficit, common sense should tell the government to reduce, if not abolish, the GST, and thus fulfil one of the promises made in the infamous red book of 1993.

Like me, he could also have talked about the transfers to the provinces. Everyone knows that the government, in an effort to reach a zero deficit and even generate surpluses, shamelessly cut billions of dollars in transfers to the provinces. These cuts hurt the provinces, which have had to deal with crises in the sectors of education, health and social programs.

So, common sense would dictate that this government restore transfer payments to their original level instead of talking about implementing new programs that would allow them once again to interfere in provincial jurisdictions.

What is the logic in this government implementing new postsecondary education programs when, as we know, the cream of our young achievers university-trained at public expense are leaving for the United States or other countries because the Canadian tax system is inadequate? What would common sense dictate, given that this drain of scientists, computer specialists and other professionals leads to the drain of a large part of our capacity to innovate and, ultimately, our capacity to create jobs in the future?

This is a worrisome situation on which no one, not even the Minister of Revenue, the Minister of Finance or the Prime Minister of Canada, can put an exact figure. In economic terms, the loss of the most dynamic, the most talented future members of our society is a disaster, an impoverishment of our society. Where is the sense in that?

This brain drain makes taxation reform all the more important. It is high time our governments seriously addressed an in-depth reform of personal and small business income tax.

According to Canada's taxation statistics, in the 1950s, individuals and corporations accounted for the same percentage of federal income tax revenues. In the decades since, fiscal policy has changed increasingly in favour of big business, so much so that in

recent years individuals' contributions have increased eightfold. Where is the sense in that?

It is worthwhile pointing out that the corporate share of federal tax revenues dropped from about 43% in 1961 to a meagre 10% in 1995. The main explanation for this is the proliferation of tax expenditures available to business, the major corporations in particular. Where is the sense in that?

Is the Minister of Revenue in agreement with the Minister of Finance, his colleague, who claims to be able to solve the deficit without increasing corporate income tax? Why do the corporations manage to shelter income from tax by influencing taxation legislation? Why are they allowed this legal strategy, while the strategy of individuals who decide to do work under the table without paying tax is deemed illegal? This situation represents a serious threat to social equilibrium, Where is the sense in that?

It is easy to understand why the disadvantaged, the people with little or no income, try to get out of paying taxes by every imaginable means. The Bloc Quebecois has long been calling for a job-oriented Canadian corporate tax reform. The Bloc Quebecois has long been after the federal government about its taxation policy, and will continue to do so, particularly where family trusts, the GST, tax havens etc. are concerned, so that this taxation system becomes fair and equitable for all.

Let us speak of family trusts. This is a shortcoming in the federal legislation.

• (1635)

The auditor general's report and pressure from the Bloc Quebecois have only partly succeeded in eliciting a reaction from the Minister of Finance on the subject. It is still possible to leave the country without paying taxes owing to Revenue Canada, since an acceptable financial guarantee is sufficient. Furthermore, no reporting limit nor method of interest collection is provided for this guarantee.

Since the October 2 amendment to the Income Tax Act, the minister has been unable to report the tax plans this change has occasioned. Where is good old common sense?

The Liberal government should use the grab bag that is Bill C-28 to make the necessary changes to employment insurance contributions. It is vital the government reform the current employment insurance system in order to put an end to the inequities it gives rise to and to better protect workers, including seasonal workers.

The Bloc Quebecois also wants the Minister of Finance to substantially reduce the levels of contribution to the employment insurance plan, conditional on the job creation performance of

business. The reduction in contributions could be 40 cents per \$100 of insurable payroll.

The Minister of Finance must also create an employment insurance fund separate from the federal government's consolidated fund, as the Auditor General of Canada proposed, to prevent money belonging to workers and employers being used as a discretionary fund by the federal government. It would make sense for the government to move quickly to pass an anti-deficit law like the one passed by the Quebec National Assembly.

Instead of digging into the public's pockets, the government should cut all unnecessary spending and programs in its own departments. As an example, I could mention the many millions of dollars spent to change Canada Post's logo. That was the government's most recent stunt.

Other examples include the hundreds of millions of dollars spent rerouting international flights from Mirabel to Dorval, the purchase of helicopters deemed unacceptable by these same Liberals when the Conservatives were in office, the many millions spent by the Department of Canadian Heritage to brainwash the Canadian public, along with the millions of dollars spent on Option Canada, a bogus corporation, during the last referendum.

I will stop here, because the examples go on and on. I hope that the auditor general's recommendations will finally be implemented and a stop put to this scandalous spending. We are entitled to ask whether this government is acting wisely, whether the way it manages makes sense.

No, it does not make sense, because this government's policies are widening the gap between the rich and the poor. A tax system that drives a nation to poverty definitely makes no sense. For this reason, and in solidarity with my colleagues in the Bloc Quebecois, I will energetically oppose passage of this bill.

My common sense tells me that it is urgent that the people of Quebec stick together as they move towards sovereignty. That is what really makes sense.

**The Acting Speaker (Ms. Thibeault):** It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Mississauga West, Youth Employment; the hon. member for Cumberland—Colchester, Airport Safety; the hon. member for Wetaskiwin, Aboriginal Affairs.

[English]

**Mr. Bob Mills (Red Deer, Ref.):** Madam Speaker, it is a pleasure to rise to talk about a subject that is rather dear to my heart. Probably one of the reasons I got involved in politics was a total disgust and disdain for governments over the last 30 or 40

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years. They have increased taxes time and time again and have totally mismanaged the way they have run the affairs of this country.

To remind everyone, we stand up and give all kinds of reasons why we got in but most of us are here because we want this country to succeed. We want this country to stay as a number one country.

• (1640)

We have to work hard to do that. While we hear the Liberals stand up and talk about how great we are and we are number one, we are falling back. We do have to work hard. One of the reasons is our tax system.

Our kids are going to be faced with a tax system that is even worse than the one we are faced with if the government keeps going the way it is. I also mention, before I get into some details, the mismanagement.

In 1969 we had a zero debt. Then all of a sudden we decided that we better start spending. By 1972 we were at \$18 billion in debt. From there we started that downhill slide. By 1984 we were up to about \$180 billion in debt. At that time most of us said that is enough. A prime minister was elected who said we will not let that grow one more dollar, a \$180 billion is a disgrace for a country like Canada to have as a debt. The rest is history.

In 1988 we found that the figure was about \$300 billion, from a guy who said he would not let it grow another dollar. By 1993, \$489 billion and of course today, close to \$600. That is total mismanagement. That is government out of control. That is irresponsibility. That is saddling our children with something terrible over their head that they are going to pay for.

People out there say they cannot trust government. Government says it is going to get rid of the GST and it does not do it. Government says it is not going to let the debt grow and it doubles and it triples. In the meantime government brags about what a wonderful job it is doing. Government says that it was fixing the tax system. What is it doing? It is tinkering with the tax system. It changes a little bit here, it changes a little bit there, but all of it adds up to increased dollars off that pay cheque.

Whether we are talking about chickens or whether we are talking about businesses or whatever we are talking about, there is always a little more taken away. Whether it is one and a half cents on a litre of gas that affects all of us, or whether it is changing the RRSP from age 71 to age 69, every time we do something like that the government squeezes a bit more out of the people.

When the GST was there, the Liberals screamed and shouted they will get rid of it. It is terrible. In 1991, wow, this is the worst thing this government has ever done. The government did pay the

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price. We see what the Liberals have done in turn and we see what the people have done. The people have gone underground because of that. There is that much less tax being collected simply because that has happened.

Most recently we can talk about the CPP. That is one that is really dear to my heart. We had a promise from government that we would never let CPP premiums go beyond 5.5%. In 1966 when the plan was designed, as early as 1967 bureaucrats were saying it was not going to work and we will never be able to maintain this with the demographics of this country. We will never maintain it at 5.5%. So why does the government fess up, fix the plan now? Of course we waited 30 more years. We now are tinkering again. We have now decided to raise the premiums 73%.

Now we are telling a young person who earns \$38,000 as the maximum instead of contributing \$945 a year, you get to contribute \$1,635 a year and your employer matches it. What a great deal that is, \$3,300 a year. If it is paid for 30, 35 or 40 years, \$8,800 will be guaranteed at the end of that time. What a wonderful investment that is. How can we build confidence in government with that kind of an investment? If that same amount of money were invested at 6% for 30 years there would be \$275,000 in capital and principal alone. What kind of annuity could be bought with that?

• (1645)

Since I believe in young people and in giving a country worth having to my kids I conducted a lot of research. Last Christmas I visited two countries that also have pension plans. Last year I visited New Zealand which changed its pension plan and Australia which changed its pension plan. Then I thought it would be interesting to take a look at Chile and Argentina to see what kind of pension plans they had.

Fifteen years ago Chile realized it had a problem with its pension plan. It had an unfunded liability and it was going to reach a point where the plan would be bankrupt and would not be able to pay out people when they turned 65 years of age. Fifteen years ago the Chileans decided to fix that problem. They designed a private plan to replace the original plan.

Argentina followed the same principle four years ago. I thought it would be interesting to talk to businessmen and to government and opposition politicians. Then I tried a really interesting thing and went door to door in Santiago, Chile, with an interpreter. I said "I am a Canadian politician, a member of Parliament. I would like to know what you think of your pension plan because we have a pension plan that is in trouble". What I heard was fantastic.

They said they had a pension plan. They get a stub every three months that listed the companies their pension was invested in. They bought their groceries from the company they had a stake in.

There is pride in that system. Twenty-three per cent of the people had savings accounts big enough to handle their retirements, and that is only after 15 years. There is a psychological pride among the people that they are taking care of themselves which we do not have here.

We should ask our young people what they think of the CPP or what kind of confidence they have that they will get anything when they are 65 years of age. I know what the answer is. I know what my kids tell me. They will certainly take care of themselves and are not counting on anything from the government.

That is exactly what government is failing to do. When people are disgusted with government, when people do not trust government, it is because of that sort of mismanagement.

We have to simplify the tax system. We have to make it easier for people to handle. We have to flatten it out. We have to get government out of our lives. All these countries have downsized to the point where they can now manage themselves. If it is good enough for Australia, New Zealand, Chile, Argentina and Britain, it has to be good enough for Canada. Certainly the way we are going will not be good enough.

**Mr. Darrel Stinson (Okanagan—Shuswap, Ref.):** Madam Speaker, Shuswap is actually a great place to live other than that we are being taxed to death out there, and I can say that with confidence. That is one thing. No matter where we go across Canada one of the main problems we are faced with in any meeting is overtaxation to fill the appetite of this government and previous governments for taxation.

I get a kick out of the concern I hear from the Liberals and the Conservatives. All of a sudden they are concerned about the people and taxation. We should never forget that there have only basically been two parties in power, the Liberal Party and the Progressive Conservative Party. Who is responsible for the mess we are in today? It has to be the Liberals and the Conservatives. Nobody else has been in power.

• (1650)

That is reality, no matter what people hear from them when they knock on doors in upcoming elections. They get down on their knees, they raise their hands and they swear that they have learned their lessons. They have never learned their lessons. They have never in the history of Canadian politics learned their lessons.

They have learned how to expand on one and the other's failures. That is what they have learned. That is what we are paying for today. Unfortunately that is what our children will be paying for in the future. The question today is what are we willing to leave our children in future. With Bill C-28 we will not be leaving them very much. The Liberals could go a long way toward helping our people.



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They could give them a break so the people could stand on their own.

I had the opportunity in my riding of Okanagan—Shuswap to send out a householder. I asked the voters questions. I know that the Liberals, the Conservatives and the New Democrats laugh at us when we send out householders to get input from the public. I can hear them heckling me. That is the problem with the old line politicians. They are afraid to put questions to the people who pay their wages. That is a shame.

I would like to read a response which I received. It comes from a woman named Debby Cook. She has given me permission to read her letter today. Mrs. Cook wrote:

My husband and I supported you in the last election and so far we are not disappointed.

Your questionnaire doesn't really let us voters define exactly our opinions. Therefore I included this letter in hopes you will read it, and maybe get a better understanding of how the average income family feels.

To clarify average income, that's about \$30,000 to \$40,000 a year. It may sound like a lot, but look at the figures. Our income is already taxed to the max.

My husband has to work like a dog just to keep our heads above water, and that's without children or anything for entertainment.

Even if I was working, the burden would be more. Sure during the year it would work a little better, but without having me as a tax write-off—

It is a shame when we have to start looking at ourselves as tax write-offs. She continued:

—the beginning of the year would look pretty grim.

We would wind up paying every year, and still have to have my husband's cheques docked, with almost half of it going to a government that I'm not sure I believe in any more.

We may have a democracy, but because of high taxes, and lavish government spending, the government does indeed dictate the outcome of every year.

There was a time that a person could plan for vacations every year, which are so greatly needed, so you don't lose your mind.

My husband and I can't afford to go on vacations, so he works and works and works, just so the government can live lavishly, while we peons, at the bottom, go without any satisfaction or restitution.

So, you may ask if we think taxes should be increased for the pension?

No, absolutely not!

Instead, why not cut MPs large pensions and the gross amount of their salaries?

Our forefathers did not create a working government so they could line their pockets, but only so there was some form of representation in a united Canada.

These values have long since been forgotten, or upheld since Trudeau. He started it, and the rest followed. Now look what we've become. Split and divided in every direction.

• (1655)

In the next part I asked my constituents if they thought their family could afford to pay more taxes. One of the examples I gave was in order to cut emissions from burning fossil fuels. Mrs. Cook also had some ideas on that kind of tax. She wrote:

You ask if there should be a tax added or an increase on our gasoline to help cutting emissions. Okay, there is a problem here but not one that can be rectified by raising costs.

More and more families are having to buy second hand cars that are in the 1970s and 1980s. These cars are not as well protected against these problems.

If the taxes on gas are driven even higher there will be no help, only hindrance. We need taxes lowered so that we can afford to buy new vehicles. What doesn't the government get? Wake up and smell the coffee.

I then asked the voters in my riding how they thought the government should spend the so-called fiscal dividend, presuming there will be some money left from today's high taxes after the books are balanced. Mrs. Cook wrote on that topic as follows:

You ask if Ottawa should use fiscal dividends. Why not spread it out and treat people with some respect? Give back to the people that which they have given for so long. Then maybe the question on whether our government is out to screw us would be answered. Show us how hard work and patience can pay off. Give us a break.

Mrs. Cook ended her letter as follows:

Thank you for reading this letter. I am sure you will make good use of our taxpayers dollars.

It was signed:

Just one of your concerned citizens,

Debby Cook.

That is one of hundreds of letters that I received as a result of the questionnaire. This lady is not alone. Her concerns are the concerns of average people, hard working people and honest people across this land. They are fed up with governments telling them to tighten their belts while governments seem to increase three or four sizes every year.

When they work like they do they learn that they have very little say in a country that is supposed to be run democratically. We know that is no longer so. It may sound cynical to the people out there when I say this, but I say in all honesty that I have not seen the country run democratically for a long time.

Let us look at the Income Tax Act. When it was introduced it was a one time act. "Come to us. Believe in us", said the government of the day. It was only to enact it once but it forget to say that it would be once a year. On and on it goes.

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The government wonders why the people out there are so cynical about politicians today. That is one of the main reasons. It is time the government wakes up to that fact before it is too late.

**Mr. Charlie Penson (Peace River, Ref.):** Madam Speaker, I am happy to take part in the debate today on Bill C-28. Essentially Bill C-28 is an act implementing sections of the 1997-98 budget.

In fact the bill is before me here. I see it is 464 pages long. It is a very legal document. Section 1 of the act is probably the easiest part of the whole document. Section 1 might be cited as the Income Tax Amendments Act, 1997, but for the average laymen trying to work their way through the act it would only add to the difficulty that we already have with some 1,500 pages of Income Tax Act.

There was a time when average Canadians could do their own taxes. We have a farm in the Peace River country of Alberta and for a number of years we did our own income taxes. However over the years it became more and more difficult and we found that it was important to hire an accountant.

• (1700)

The accountants I know tell me that it is becoming more and more difficult even for them. They tell me that one accountant in a firm can phone for a ruling on a certain section of the act on a Monday and get one answer from the department of revenue. Another partner might phone on a Friday and get an entirely different interpretation. We have 1,563 pages of income tax which is added to every year by things like these amendments. In addition to that, we have thousands of pages of precedents and rulings.

I would like the prime minister, who says he can write zero with his famous pen, to make an act that is very easy to understand and easy for people to do their own tax. In fact we have talked about the idea of introducing a flat tax. It makes a lot of sense to me. Take the income of an average family, use whatever the tax rate is, 20%, and send that in. The difficulty I guess would be what to do with all the unemployed accountants. That is what I tell my accounting friends. However, even they are having difficulty these days fathoming these kinds of amendments that are coming forward every year.

Today in the House the prime minister said that he is going to start paying down the debt. At the rate that he has suggested it is going to be a very long process. I think he said a billion dollars a year. With a \$583 billion debt it is going to be a very long process.

This is a government that has an insatiable appetite for taxpayers' money. Part of the reason why is that we have this massive federal debt that takes debt servicing in the form of interest. The interest on this debt last year was \$46 billion. Almost one-third of

the taxes that the average family sends to Ottawa every year goes to debt servicing retirement. It simply is not good enough.

I heard a number of people on the other side of the House today say that one of the things that is going to be changed as a result of Bill C-28 is that it is going to allow for transfers to the provinces through the CHST to be increased from \$11.5 billion to \$12.5 billion. I would ask the question: When will this Liberal government be ready to return the amount of money to the Canadian health and social transfers that it took away in the last Parliament? The funding was \$18.5 billion a year. This is the government that reduced it to \$11.5 billion and then tells us that by returning \$1 billion it is doing a great service to the country.

My home province of Alberta has gone through sizeable downsizing in terms of government operations, including health care. We have all faced it. The local attitude seems to be to blame the provincial governments. What we have to remember is that a sizeable part of the reason that downsizing was necessary was the 35% in cuts in transfers from the federal government to the provinces. Now the government is telling us that it is going to return \$1 billion a year. I do not think it is good enough. It has to share in the blame for some of the things that have happened in that area.

We have seen some demonstrations by students in the last few weeks in terms of tuition fees and the high cost of education in this country. That was part of the \$7 billion in cuts by this government. I think the government has to do the honourable thing and return this funding to the levels prior to the cuts during the last Parliament.

Yes, we need to get government right in this country but it is all about priorities. We have to get our priorities right.

What do we have in this country? We have the highest rate of income tax among our industrial trading partners in the whole world. We have Canada pension plan rates rising by 73% over the next six years. We have unemployment figures that still hover in the 9% range when our major trading partner just south of the border, which we export some 80% of our product to, is almost half of that.

That has been consistent for 30 years. We could put it on a graph and chart it and that is the way it would go. Good times and bad times, there is a 4% to 5% spread between Canada and the United States in terms of unemployment rates. Why is that?

• (1705)

I suggest it has quite a bit to do with the poor performance of our currency. We are at a 35 year low for the Canadian dollar. We have a third world currency in this country. People looking to invest in Canada have to look at that. Canadians wanting to invest in

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countries like Chile, how much can they buy with this low Canadian dollar? It simply is not good enough.

What else is happening? Our debt in this country as I mentioned earlier is \$583 billion. It is 73% of our total gross domestic product per year. It simply is not good enough.

The foreign affairs and international trade committee in the last Parliament did a study asking small and medium size businesses why they were not in the export market. What they told us was rather startling. There were a number of factors. Too high a cost of doing business in Canada. Too high a cost in payroll taxes and business taxes. They also told us that the amount of regulation was hurting them greatly.

One company from Ontario even suggested that after moving to Michigan it had a much better chance of doing business back in Canada across provincial borders than it did working in Ontario. We have more barriers to trade between our provinces in Canada than all of the European Union combined. That is absolutely absurd.

One of the things I noticed in this bill is that there are amendments made to the act which would allow some provision for a change of status for family farms in terms of income tax. I want to take the opportunity to mention the amount of duress that Canadian farmers are under these days. I know about it personally. My riding is largely agricultural and people are hurting greatly. What can we do about it? First we can get our cost of business down and cost of inputs down, but we can do more than that.

This government has an obligation to go to the next round of the World Trade Organization talks on agriculture and make the case that domestic subsidies in Europe are hurting us greatly. They are hurting us although we are all on a phase down through the last round of the GATT. The starting point for the phase down was 1986, the highest levels of subsidies in the European Union and the United States in the history of the world. When we get a 15% phase down from up here, we still have substantial subsidies that are hurting our Canadian farmers.

People are hurting. They are hurting greatly. This government has an obligation to go to those talks and make that case. Our Canadian farmers in grains, oilseeds and beef are subsidy and tariff free. We are leading the way. That is not the case among our major trading partners. I suspect that this government will not have the courage to do that.

On the other hand we have a supply managed farm industry that has tariffs of over 300% in many areas. Three hundred per cent on one side with a protectionist policy and an absolutely subsidy free, tariff free side on the grains, oilseeds and beef sector that I suggest is going to be traded off in the next trade rounds by our own government.

We might do some tinkering with this bill to make it a little easier to write off something on the farm. The big issue affecting

Canadian farmers is low prices that can be greatly enhanced and improved if this government had the courage to go to those trade talks and be honest with the public and say "We have a sector that is subsidy free. We need some help in convincing other countries to do the same".

In conclusion, there is a lot of tinkering going on with this bill. It is going to add a lot of pages to our Income Tax Act. The real issue is getting the government debt down, getting our businesses competitive and allowing Canadians to keep more money in their pockets.

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Madam Speaker, if I should look happy, I am happy for the simple reason I am very pleased to get into something which is bothering Canadians, it is bothering me, and it is the future of this country.

I would like to refer to hon. members of the Conservative Party. One of them when speaking the other day referred to the lack of funding for provincial health care and that Nova Scotia was being forced into closing three hospitals. Members should fasten their seatbelts to listen to this record.

• (1710)

The premier of Saskatchewan knew what was coming in this transfer. We were forced to close 52 hospitals in one day. That is what happened. In my province because of the slashing of the federal grants to health care, people like myself—and I figure I am lucky—have to go 100 miles before they can get to emergency care. This is the worst we have had since the province was settled in 1905. That is what has happened.

This government has been riding on the backs of the people all over North America. It should not take pride and it should not brag about not being in a deficit position. It has done it on the backs of ordinary people.

I will refer to what may be the worst tax grab for the people in western Canada. We go to the gas pumps all across Canada and we fill up our tanks. Let us say that we put in 50 litres of gas. Bang, the federal government has got \$5. Just like that, it has \$5. Page 100 of the October *Reader's Digest* lists how much the federal government has put back into the highways of Canada. On average it is a little more than 21 cents. That is why we have toll roads in Nova Scotia. That is why in Saskatchewan we do not have any roads left.

**An hon. member:** Tell that to Young.

**Mr. Roy Bailey:** I could get Mr. Young. Maybe he could come and give us a hand.

Talk about highway robbery. This has been going on for years. What is the government's response? "Oh but we give infrastructure

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grants". Infrastructure grants come from other sources of taxation and the ministers have to admit that.

The straight 10 cents a litre the government takes out of the pockets of the people from Saskatchewan in a country that has to move grain 100 miles to get to a terminal, and this government returns 21 cents on \$5 taken. And the Liberals brag about the fact that they do not have a deficit. They are taking it out of the industries all over Canada.

I would like to inform the members of the NDP caucus down there about this. Do they know what the provincial Liberals are doing in Saskatchewan? They are going around Saskatchewan with a petition to get the provincial government to spend more money on highways. Maybe that is a good petition. The provincial government in Saskatchewan has not been too kind but at least it has spent 40% of what it has taken in. This government is spending less than 4% at times. I hope the federal Liberals will welcome the provincial Liberals from Saskatchewan so they can get some help for Saskatchewan roads. I am sure nobody on this side of the House would kick if the Liberals raised it to 20%.

For five years the Canadian Automobile Association and the truck drivers association have pleaded with this government to give 20% of the money it takes, just 20%. But no, we are getting something like 4%. This government is riding on the shirttails of people who have to make a living in the transportation industry.

The railway located in my town is slated for closure. There are people south of where I live whom I know extremely well. In two years they will have to haul their grain 160 kilometres just to get it to a terminal. And those people over there are wringing their hands with delight because they will be able to tax that industry even more and put farmers completely out of business.

This is the one tax that affects all of Canada and this government steals every time we put the nozzle in the tank to fill it with gas. It is a terrible terrible shame. It is a disgrace. We are the only country of our size that does not have a national highway policy, the only country in the world. And they sit and say "Look what we are doing". We know what they are doing.

• (1715)

I want to refer to just one other thing. In Saskatchewan we have rural governments. Rural governments are called rural municipalities. These rural municipalities were created at the time Saskatchewan became a province. We have a large number of Indian bands in Saskatchewan. When the previous Conservative government in settling treaties, which took a 10 square section out of a rural municipality, promised and acted that it would give that rural government 25.5 times the assessment in compensation for the tax base that was lost.

But at the same time that government promised that for any land that was purchased by the natives, they would also get the same

amount. Now this rural government has gone to court with this government opposite because all it wants to pay for the amount of land purchased is a measly 5.5%.

Some of our rural governments in Saskatchewan have no tax base left and they are holding this up in the court and watching them completely disappear. I visited two RMs during the Christmas break and they are just about finished because they have no money left to provide the services because this government has held it up.

When I said I was happy to talk about this, I really am because I come from a province that is just teetering now in many areas because of the taxation of this government. Heaven forbid, the next tax it will raise will be a carbon tax on more fuel and take great glory in spending 21 cents back to the highways for every 5 dollar it takes. Then it can fire Doug Young at the same time.

**Mr. Scott Brison:** Madam Speaker, when I hear some of the members of the Reform caucus describe Canada and the mess we are in, they never really seem to acknowledge the achievements we have made in this great country of ours. I think it is very important not to simply be sensationalist opposition members. I think sometimes we have to take time to speak positively about our country. If the hon. members want to always be the nattering nabobs of negativism, that is their own choice, but I think that will forever relegate them to being the armchair quarterbacks for Canadian politics. That is indeed unfortunate because among them there really is some talent.

Periodically I hear some. The member for Peace River had some good comments that I appreciated, especially relative to trade policy and the types of activist interventionist government policy that are doing more to hurt Canadian trade and exports—

**The Acting Speaker (Ms. Thibeault):** I must interrupt the member. I have just been advised that the member has already spoken on this subject. Resuming debate, the hon. member for West Kootenay—Okanagan.

**Mr. Jim Gouk (West Kootenay—Okanagan, Ref.):** Madam Speaker, I have heard this bill referred to as a number of house-keeping items. Before I became a member of Parliament for quite some time I had a construction company. Most of my construction was new housing, rather than existing, fixing up, remodelling or, if you would, housekeeping.

But occasionally, either as a filler or as a favour to a friend, we would do a bit of remodelling. But you do not go into a house and redo the drywall in that house if the roof is leaking. You do not do an expensive renovation inside if the foundation is rotten and the house is going to fall down some time after you have completed it.

The government is tinkering with the Income Tax Act which is so rife with problems throughout. It seems absolutely foolish to be

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putting in a bill the size of a mid size town's telephone book to tinker with a problem that needs major reform.

In West Kootenay—Okanagan I hold town hall meetings throughout the riding. This year I will be holding 15. Five I held in January before we came back to Parliament. I do not know what kind of statistics the Liberals claim they are getting, but in my riding and in the ridings of a lot of my colleagues I have talked to, the priorities for those people are tax reduction and debt reduction.

• (1720)

The government says it is going to put a little money into that but its priority is new spending. Right now it is patting itself on the back rather vigorously for saying that it is getting close at least to balancing the books, getting rid of the deficit. When the government came in our interest rate was a lot higher than it is right now. Under the previous Liberal government in the early 1980s it hit the 20% mark. A one per cent increase in interest rates would cost, based on our \$600 billion worth of debt, \$6 billion a year in extra interest payments.

They like to make magic with figures on the other side but that is a pretty simple figure. If you have \$600 billion worth of debt and you have to pay 1% a year more on that, that is \$6 billion.

At one time our interest was 12% to 14% higher than it is right now. In our economy right now we see incredible pressure to increase the interest rates to look after our falling dollar. Some people wonder why the Bank of Canada is holding back so much instead of putting the interest rate up. There is part of the reason. If the interest rate goes up, there goes the government's deficit balancing plan.

Even if the government manages to hold it down there, it most assuredly needs to start bringing that debt down. Sooner or later in the evolution of things we are likely to see, at least in the short term, an interest increase and that is going to knock the government's deficit plan right off the tracks.

There should be new spending but this has to be in very targeted areas. Those areas are health care, education and technology. Even there any increase in spending must be smarter spending than what we are doing right now.

At one time Canada considered itself central Canada, the area of primarily Ontario and Quebec. They were in the areas where development was taking place and we in the west were considered the hewers of wood and the drawers of water. That is what the west originally was and we accepted that. Now we are starting to come into our own. The west is the new development. It is the new frontier in terms of technology, in terms of the economy of this country.

Yet right at the time that we are starting to come into our own, we are seeing the entire nation go into decline. Things like capital gains taxes are high in this country. Yet the government has even taken away many of the exemptions for capital gains that existed, while in the United States the capital gains taxes are much lower and they are dropping. While they are investing in vehicles to improve their economy, we are returning to being the hewers of wood and the drawers of water on a national scale.

If the government has to roll back something, it should not be the advancements in our economy that we have made in the last hundred plus years. If it is going to roll something back, it should be the taxes and it should be the debt.

This country needs tax reform. The government knows that. Just like the skits on *This Hour Has 22 Minutes* and the *Royal Canadian Air Farce* where they keep lampooning the leader of the Reform Party saying "I just love the word reform", maybe that is what stops the Liberals because they know reform is needed. It just galls them to think that they have to use that word. We do need reform and we need genuine reform, not just tinkering which is what this piece of legislation does.

We need to do things like end the discrimination between working and non-working spouses which basically forces people out of the house into a job in order to get a balanced income tax. Someone making \$60,000 a year where their spouse chooses to stay home and raise the family pays a lot more income tax than two family members making \$30,000 each. The basic exemption needs to be balanced and need to be increased so that we get rid of this bracket creep.

The Minister of Finance keeps rising and saying no new taxes. The reality is in the last term of the Liberals there were 37 tax increases and the government still pats itself on the back.

We have this incredible system of tax in, tax out, the goods and services tax. Aside from the fact that it is the most hated and aside from the fact that the Liberals promised they were going to get rid of it, if we have to have it, it should be done in a lot more efficient manner. Right now the government taxes people making \$8,000 or \$9,000 a year. Those people cannot afford taxes and yet they get taxed in any event.

• (1725)

The government says it knows they cannot afford it. That is why it has programs to supplement their income. With the bit of money they have left, they are charged GST on everything they purchase. The government says it knows they cannot afford GST, therefore it has a GST rebate program.

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There is something inherently wrong with a system that taxes away someone's money with one bureaucracy and creates another bureaucracy to give some of it back, using up most of it in the process.

We have payroll taxes. CPP is going up 73%; a 73% increase in a pension plan that if they pay in for a generation it will give them less than \$9,000 a year back. In the meantime, the MPs opposite gave themselves a 18% reduction in their pension plan which will see them getting a much more generous pension.

The Liberals are going to take away the seniors tax exemption and give them the seniors benefit, the old age pension and guaranteed income supplement tax free.

Heaven help those people who are collecting that if they see fit to go out and look after themselves by raising so much as an extra dollar because the government is going to take 50 cents of it away. It will take away the non-taxable part. They will have to pay tax on the part that is left.

In terms of spending, we do need to spend money on health care. When health care was first introduced, there was a 50:50 partnership. By 1993 in British Columbia it was down to a 28% federal share. Since that time on the national level, the Liberal government has taken another \$7 billion away and at the same time it ties the hands of the province in how to deal with this.

We talk about health care. We do not have health care. We have sickness care. When I said we have to start spending our money more wisely, we have to start addressing keeping people healthy instead of paying their bills after they get sick.

Likewise with education, if we are going to stick the next generation with increased CPP, with ever escalating taxes and with a \$600 billion debt, we better make sure we provide it some way to equip itself for dealing with the mess we have left.

There are a few good measures in this bill but basically it is like getting a pat on the back while at the same time getting a kick in the butt. If the Liberals want to do something, either start doing some serious fixing of this tax act or else stop kicking Canadians in the butt.

[*Translation*]

**The Acting Speaker (Ms. Thibeault):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Ms. Thibeault):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Thibeault):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Thibeault):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Thibeault):** In my opinion the yeas have it.

*And more than five members having risen:*

**The Acting Speaker (Ms. Thibeault):** Call in the members.

*And the bells having rung:*

• (1730)

**The Acting Speaker (Ms. Thibeault):** The recorded division on the motion is deferred until Wednesday, February 4, 1998, at the beginning of Government Orders.

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## PRIVATE MEMBERS' BUSINESS

[*English*]

### CRIMINAL CODE

The House resumed from November 6 consideration of the motion that Bill C-211, an act to amend the Criminal Code (arrest of those in breach of condition of parole or statutory or temporary release), be read the second time and referred to a committee.

**Mr. Chuck Cadman (Surrey North, Ref.):** Madam Speaker, I rise in support of Bill C-211, the private member's bill presented by my hon. colleague from Langley—Abbotsford. His amendment to the Criminal Code would permit peace officers to arrest parolees who are found to be in breach of their conditions of release.

One of the primary responsibilities of parliamentarians is to enact laws to ensure the safety and security of our citizens. For too long there has been a technicality or in essence a gaping hole in our laws which the legislation attempts to address. It is most distressful to be in this place and learn that it takes years to solve a simple problem.

As we all know, Canada is a large and diverse country. We have many large urban centres and we have many isolated communities. In most cases criminal offenders are able to move with relative freedom within the country once they have served their time and are released from prison.

Throughout the country one of the primary means of security and safety of our citizens comes with the presence and the skill of our valued police officers. They are the individuals who protect us 24 hours a day, seven days a week, in all parts of the land.

Because of concerns over public safety and because criminals are known to often reoffend, our laws permit a series of steps toward full freedom. Most offenders are released through a process

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of escorted temporary absences, unescorted temporary absences and/or statutory release.

These steps normally involve the offender being required to abide by a number of specific conditions. Some must refrain from attending alcoholic establishments because their past criminality was often influenced by their inability to consume alcohol in a responsible manner. Others must refrain from associating with specified criminal elements or specified individuals, usually because those elements or individuals are rationally seen to be a bad influence on the offender. In other cases those individuals may require the security of being isolated from the offender.

To the public at large it seems ridiculous that our police cannot independently arrest, remove and detain persons found to be in breach of release conditions. Supposedly the release conditions have been rationally and extensively considered. Supposedly the release conditions have been imposed to protect law-abiding citizens. It makes no sense for us to require our police to attempt to contact parole officials in order for a warrant to be issued authorizing the arrest of an offender who is clearly in breach of his or her conditions.

As many in this place are aware, I came here to advocate the protection and interests of victims of crime. I become greatly concerned when I can think of many examples whereby the present legislation is so limited in scope as to inhibit the ability of police to provide that protection. It complicates procedures to the extent where additional crime is a very real possibility and it provides an opportunity for further victimization.

We all are aware of the strain on our resources at this time. Police officers and departments have for years been increasingly required to do more with less.

I certainly can foresee the possible situation where a pedophile is released back into society and quite reasonably as a condition of release is prohibited from hanging around school yards and playgrounds. He will almost surely also be prohibited from being in the presence of children while unsupervised.

If the police become aware of a breach of one or more of these conditions, what can they do? Up to this point there has been no crime committed and there may not be sufficient evidence to believe that one is about to be committed.

Under present law police are limited to reporting the incident to the National Parole Board. We know National Parole Board personnel are not readily available in all parts of the country. These personnel will want to establish the bona fides of the infraction because in most cases they will not be familiar with the particular police officer. They may well require an extensive report of just what is occurring. They may not always be available at all hours of the day.

Is it reasonable to expect a police officer to remain on site until some unknown bureaucrat or parole official approves the arrest? It is not as if the police have nothing else to do. What if the officer has other priority calls to handle at the time? Are we to put our children at risk because of technicalities and procedure? Our police need the tools to protect us. They need the power to arrest the individual found in breach of release conditions. The parole officials can always decide later whether to revoke the release or impose additional restrictions.

• (1735)

I will provide another common example. It is most unfortunate but many of our citizens run afoul of the law because of their problems with alcohol. When they drink they drink to excess and they commit crimes. In an attempt at rehabilitation we release many criminals back into society with the condition to refrain from using alcohol.

Our police come into contact with alcohol in many ways. They are called to break up fights. They patrol bars and night clubs and they patrol our highways and our back alleys. They may well come across individuals who are violating their release conditions regarding alcohol.

Are they to await direction from parole authorities which may take hours or days, or are they to effect arrests in the interests of the safety of all and leave it to be ironed out in due course? Surely it is more desirable to err on the side of caution.

The mere act of drinking does not provide the peace officer with sufficient grounds to arrest without warrant. Workload demands make it impractical to maintain surveillance for long periods of time. Who will be to blame when the police officer moves on to other responsibilities and the offender continues to drink, gets behind the wheel and ends up killing innocent people in a car accident? Who will be to blame when he staggers through the front door and assaults his wife and children?

An additional example comes from Mr. Ian Russell, the chief of police for the town of LaSalle in the Windsor, Ontario, area. He has had an extensive career in law enforcement having retired from the metro Toronto police department. He was quoted as stating: "There is no power of arrest for a police officer who finds a person in violation of a condition of their parole".

He cited the example of a convicted wife beater who was released from jail with the condition to stay at least 1,000 metres away from the home of his victim. Nevertheless he goes to her home and stands on the public sidewalk. The frantic victim calls the police. Officers arrive but the man is not trespassing. His behaviour cannot be called stalking. He is obviously violating his parole conditions but the police cannot arrest him or remove the apparent threat until the National Parole Board issues a warrant.

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Mr. Russell is frustrated. He is also concerned because the criminal has now been put on notice that he may be reincarcerated because he was seen to be breaking his parole conditions. Mr. Russell is concerned the offender may decide to commit a serious crime to make a return to jail worthwhile.

My concern is for the very real possibility that the offender may retaliate against his victim for notifying the police in the first place. Mr. Russell in his vast experience at one time chaired parole board hearings. He is well aware of the limited resources and capability of the parole board to assist the police under the present legislation.

One previous argument opposing the legislation cited the lack of statistical proof that the present system imposes unreasonable time constraints on the police. Frankly this does not surprise me. This is the old let us wait until somebody dies before we decide if there is a problem attitude. It is so typically Liberal it is reprehensible.

Another argument suggests that parole and release conditions are intended to assist the reintegration of the offender into society. Therefore it is argued that parole supervisors are better situated to determine whether an offender's behaviour warrants apprehension.

There we go again. Let us consider the best interests of the offender and public safety be damned. What hogwash. The very fact that a parolee wilfully breaches his conditions is a pretty strong indicator that he is not responsible enough to be entrusted with his freedom in the community. Who is in a better position to assess the immediate situation? Is it the parole officer wiping the sleep from his eyes at three o'clock in the morning as he picks up his bedside phone or the cop confronting the offender in an alleyway?

In order to highlight the fallacy of the laws as they currently exist I ask the House to consider the following. A prostitute found to be in breach of a court ordered condition of probation by standing on a corner where she is not supposed to be is subject to immediate arrest, removal and detention. A pedophile violating his parole by lurking around children is not. Just who are we trying to protect?

The safety of Canadians is at risk because of weaknesses in our law. Canadians continue to be victimized, some again by the same individuals, once on the initial charge and again on their release from jail. Our police are available and ready to do the job of protecting us. They need to be provided with the tools to do so. I urge hon. members of the House to seriously consider fulfilling this need.

• (1740)

**Mr. Paul DeVillers (Simcoe North, Lib.):** Mr. Speaker, the hon. member for Langley—Abbotsford has put forward a private

member's bill, Bill C-211, to amend the arrest without warrant provisions of the Criminal Code.

I assure members of the House that public safety remains the government's number one priority in the operation of our corrections and conditional release system. To more fully demonstrate the importance we attach to the issue, I would like to mention a bit about our present system of conditional release.

Almost all offenders will return, by law, to the community one day so the best long term protection for society is through the gradual controlled release of offenders that helps them to reintegrate into society as law-abiding citizens. Unfortunately there are some, including some Reform Party members, who dwell on this procedure to exploit the fears of Canadians about the reintegration of offenders into society.

Protection of society is the primary consideration in the decision to release any offender. Only those offenders whose risk has been assessed as manageable in the community are released on parole. The transition from confinement to freedom can be difficult and offenders have a better chance of success if they receive supervision, program opportunities, training and support within the community to which they must readjust.

Offenders who are granted parole are not simply put back on the street with no forethought. Regrettably this is a common misconception that again is exploited by some, including Reform members, for political gain.

Offenders must have a release plan. They must leave prison with a place to live, a plan for gainful employment or education, and a community support system that gives them a chance to change their previous behaviour.

[*Translation*]

Before granting parole to an offender, board members review all the pertinent information available to make a preliminary risk assessment, namely the nature of the offence, the offender's criminal record, as well as any social or mental problem. After reviewing all this information and, in most cases, interviewing the offender, board members decide whether or not to grant parole.

In order to make this decision, the board relies on a number of partners. The first one is the Correctional Service of Canada, which provides the board with basic information, including the offender's criminal history, his behaviour in prison, his participation in programs, and his parole plan.

Community organizations, police forces, victims and other people also provide information on the offender's ability to re-enter the community.



[English]

When the board decides to release an offender into the community a number of standard conditions apply, including reporting regularly to a parole officer and to the police as instructed and carrying at all times the release certificate or identity card. The board can also impose additional conditions such as abstaining from alcohol, staying away from known criminals and no association with victims or their families.

Breaking one of these conditions is a serious matter because an offender risks returning to prison. Offenders are still serving their sentence and they are closely supervised by parole officers employed by Correctional Service Canada working out of local parole offices. These officers play a key role in helping and encouraging the offender to successfully complete the transition from prison to the community.

The parole officer whose powers are considerable can recommend directly to the board that a treatment condition be imposed, for instance for a drug or alcohol abuse problem, and if the offender does not comply he or she can be sent immediately back to prison.

• (1745)

I would like to stress that there are strict measures in place for handling violations and prevention of breaches of parole, statutory release and unescorted temporary absence conditions. In the case of an offender on parole or statutory release a suspension warrant can be issued at any time by Correctional Services Canada and the National Parole Board when there has been a breach of condition, to prevent a breach of condition or when it is believed to be necessary and reasonable in order to protect society.

Execution of this warrant provides sufficient authority to return the offender to custody until the case can be reviewed by the National Parole Board. A network of officers is on duty round the clock to provide for immediate police action by telephone and warrants can be transmitted by facsimile.

In the case of unescorted temporary absences a suspension warrant can be issued for an offender where the grounds for granting the absence have changed or no longer exist or when the new information becomes available that would have altered the original decision.

The Corrections and Conditional Release Act provides ample and clear authority for an offender's conditional release to be suspended by correction officers. This enables police to arrest the offender and bring him or her into custody.

It is also important to realize that police already have full authority to arrest an offender without warrant whenever they find any conditional release offender committing a criminal offence or whenever they have reasonable grounds to believe that a condition-

### *Private Members' Business*

ally released offender has committed or is about to commit an indictable offence.

We must also bear in mind that roughly 80% of offenders released on parole and statutory release do not commit any type of offence while under supervision. About 11% are returned to prison following a breach of conditions established at the time of their release. These figures do not include offenders released on unescorted temporary absences where the success rate is close to 99%.

[Translation]

New measures to improve communications between the correctional service and police were taken to ensure better community management of paroled offenders under federal jurisdiction. This includes notifying police in advance every time an offender is released, whether on temporary absence without escort, parole or statutory release, as well as providing police with relevant information when correctional authorities have reason to believe that an offender about to be released at the end of his sentence may pose a threat to others.

More recently, the government passed new legislation to better protect the public against high risk violent offenders, by creating a long term offender designation for repeat sex offenders for supervision and monitoring purposes and introducing indeterminate sentences.

There is also the judicial restraint order requiring anyone to keep the peace or face a term of imprisonment.

[English]

Open discussion and debate on issues affecting public safety deserve our foremost attention and utmost scrutiny. We also have a responsibility to ensure that our energies are directed toward implementing new measures that are well researched and well founded and most of all needed. However, we must guard ourselves against the political exploitation of those issues by members such as the Reform Party members who have been interrupting my speech here today.

I believe our current legislation and practices regarding conditional release offenders provide for the right balance and responsibility between police and correctional authorities and that the system we have in place is a sound one.

• (1750)

For those reasons I believe that our common goal of public safety would not be enhanced by the adoption of the measures outlined by Bill C-211.

[Translation]

**Mr. Richard Marceau (Charlesbourg, BQ):** Mr. Speaker, I am pleased to speak today in the debate on Bill C-211, presented by one of my Reform Party colleagues.

*Private Members' Business*

What does this bill contain? First, as presented, it amends the Criminal Code by making a breach of a condition of parole or statutory or temporary release a criminal offence.

Subsection 495(1)(a) of the Criminal Code already states that a peace officer may arrest without warrant a person who has committed a criminal offence or whom he finds committing a criminal offence. The bill proposes that a peace officer may arrest without warrant a person who is in breach of a condition of parole or release.

Second, the bill would amend the Criminal Code by giving a parole board the power to release the person or to apply to a judge to keep that person under supervision, once that person has been arrested.

Thus clause 1 of the bill amends section 497 of the Criminal Code. This section, which is already in the Code, stipulates that a person may be detained in order to allow the board which granted parole the possibility of requesting that he be detained until a warrant is issued.

This same clause 1 would amend section 497 of the Criminal Code by adding an exception to the release of a person who has been arrested without warrant.

According to the Code as it now stands, a peace officer may override the release provision if he has reasonable grounds to believe it is in the public interest to do so to prevent "the continuation or repetition of the offence or the commission of another offence". The bill proposes to add an exception to the release provision at the end of paragraph (g) of section 497.

Third, clause 2 of the bill proposes to amend subsection 733.1(1) of the Criminal Code. It proposes to include failure to comply with a condition of parole, statutory release or temporary release. In addition, the sentences imposed for such failure remain the same.

Why then do we oppose this bill? For the following reasons. First of all, some would say that this bill would prevent the release of dangerous offenders and could resolve part of the problem of recidivism. This could be true, but only partially so. Why should we permit a peace officer to supervise an offender who has failed to comply with the conditions of his parole? Not all offenders fail to comply with their parole conditions and constitute a threat to society.

Next we must look at the interests involved in this bill. A balance must be maintained between the protection of individual rights and the protection of the community's interests. We have to raise the issue, which is what I am doing here, of everyone's right to protection against arbitrary detention or imprisonment as in section 9 of the charter of rights and freedoms and the government's need to protect society against repeat offenders. This balance is unfortunately disturbed in the Reform Party's bill.

The three kinds of parole, that is parole, and statutory and temporary release, are not the result of a court order and are not granted by the parole board or Correctional Services Canada. These three types of parole are much more concerned with helping offenders reintegrate society. Unfortunately, there is no indication in the bill before us of any interest in reintegration or eventual rehabilitation.

I will conclude very simply by saying that, in this bill introduced by a Reform Party member, there is no mention of an opportunity for the eventual rehabilitation or reintegration of offenders, and the Bloc Québécois deplores this. It is essential that any amendment to the Criminal Code reflect this principle of rehabilitation. That is how we will build a more just society.

For all these reasons, the Bloc Québécois opposes this bill.

• (1755)

[English]

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, I rise today to speak on Bill C-211, an act to amend the Criminal Code as it relates to the arrest of those in breach of condition of parole, statutory or temporary release.

The hon. member for Langley—Abbotsford has brought this piece of legislation before the House in an attempt to improve public protection. No one can disagree with the importance of this objective. Indeed public protection in a criminal justice sense is of primary importance and concern to all of us in this House and to all Canadians.

Having sat on the Waterloo regional police services board for the past 10 years as chairman of the police service, I know firsthand the importance of public protection and the need for law and order.

My comments will be directed to amendments in this bill which propose changes to the way we deal with breaches of a federal release condition. The thrust of the hon. member's proposal is to make the failure to comply with the condition of parole, statutory release, temporary absence a Criminal Code offence. Thus police would have the authority under section 495 of the Criminal Code to arrest without warrant offenders in breach of a condition because such a violation would constitute a criminal offence.

Previous comments by the hon. member for Langley—Abbotsford lead us to believe that police work in isolation when dealing with offenders who breach a condition of release.

Further, he has suggested that the process of bringing an offender back into custody is difficult and time consuming. I remind the House that there is a long established system in place for handling such occurrences. Correctional Services Canada and the National Parole Board already have the legislative authority and processes

required to intervene promptly when there is a violation of a release condition.

Correctional Services Canada has a network of duty officers who can issue a warrant on a 24 hour basis. The warrant can be transmitted electronically anywhere in Canada where the need arises.

Members may not be aware that under the Corrections and Conditional Release Act police have the power to arrest an offender without warrant on the knowledge that a warrant has been issued against the offender.

In such cases the warrant is transmitted for execution within 48 hours from the time of the arrest. The hon. member has also cited examples where he says a police officer cannot take timely action when he or she encounters an offender who is violating a condition of release.

His comments fail to realize a very important reality, that in these instances and circumstances police work in partnership with correctional authorities to assess and respond quickly to these situations.

Federal correctional authorities view the police role and the enforcement of parole, statutory release or temporary absence conditions as a joint process, as a collaborative process. There is good reason for this.

When police provide information to correctional supervisors on breaches of conditions the breaches vary in seriousness. It may be that an offender has returned to a halfway house an hour past curfew or failed to report to the police station on a designated date.

In some instances, the correctional supervisor might deem that a disciplinary interview is sufficient to deal with the matter. In others, he or she may determine the suspension of a conditional release and the arrest of the offender is necessary for the protection of society.

All this is worthy of note. I fully understand the hon. member's desire to have an effective law and procedures in place especially when it comes to apprehending those who pose a danger to others, including children and other vulnerable individuals.

The government shares this concern. That is why, in addition to the authority and measures provided in the Corrections and Conditional Release Act, there have been amendments to the Criminal Code to enable the police and the courts to better intervene in situations where a person's conduct in the community may be potentially threatening.

For example, the Criminal Code was amended in 1993 to permit the court to make an order prohibiting an offender who has been convicted of a sex offence including a child from being in the vicinity of a school ground, a playground or a community centre.

### *Private Members' Business*

This provision also allows a court to make an order prohibiting that offender from seeking or continuing employment that involves being in a position of trust with children.

Section 264 was also added to the Criminal Code in 1993 to deal with the offence of criminal harassment to cover conduct such as stalking which places another person in fear for his or her safety.

Another provision makes it easier for those who are victims of domestic abuse to seek conditions of recognizance to keep the offender away and to make it more likely that the abuser, not the victim, is removed from the home.

• (1800 )

Most recently a new long term offender designation was created for high risk sex offenders to provide a period of long term supervision for up to 10 years past their warrant expiry date. A new judicial restraint provision was also created to permit controls to be applied to any individual who poses a high threat and risk of committing a serious personal injury offence.

As members of the House know, the government considers the police to be an important partner in realizing our safe homes, safe streets agenda. The last four years have probably seen the most intense focus on criminal law issues ever in Canada. Let me take a moment to discuss some of those initiatives.

Arguably one of the most important changes for police work has been the new legislation on DNA. The first phase of this initiative began in 1995 with the DNA warrant legislation which allows police to get warrants to obtain DNA samples from suspects. That legislation laid the groundwork for phase two, the establishment of a national DNA data bank.

The DNA data bank legislation was reintroduced last September. This legislation will greatly strengthen our efforts to solve crimes more quickly by identifying repeat and violent offenders and it will make it easier to link cases around police jurisdictions. With the continuing advances in DNA technology, the data bank will become ever more important to police work and prosecutions.

This government also established a formal national program under the Witness Protection Program Act giving police better tools to fight organized crime by being able to ensure protection for those who risk their lives to assist in investigations. In May of last year a regulation under the Controlled Drugs and Substances Act gave police new powers to conduct reverse sting operations. Amendments to the Criminal Code brought about by Bill C-17 last May provided the legislative basis for the police to conduct storefront operations.

This government has put measures in place to deal with real issues of concern today, but having the foresight to prevent crimes is equally important. Again the police community, in particular the Canadian Association of Chiefs of Police, has been a pioneer in promoting police crime prevention programs and victim services.

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This government has and will continue to work in partnership with the police in a balanced but determined approach to reducing and preventing crime.

In 1994 the National Crime Prevention Council was established as part of the national strategy on community safety and crime prevention. Together with the council, the Department of Justice and the Ministry of the Solicitor General of Canada identify what works and what is needed in crime prevention in our communities. This includes programs focusing on young people.

The Minister of Justice and the Solicitor General of Canada hope to move quickly on the crime prevention front and to follow through with the Speech from the Throne commitment to increase levels of funding to \$30 million each year in this area. Both ministers are looking forward to working on renewing and developing new partnerships within communities, the police and all levels of government.

Canadians rely on the police for protection and security. This government has put the appropriate tools in place for effective police work through legislation and policies.

We in this House have an interest in ensuring that the concerns of Canadians are addressed in a most effective and efficient manner. I would ask that all members ensure that we proceed on that basis.

I would like to reiterate my earlier comments that the Corrections and Conditional Release Act provides police with ample authority to intervene quickly where there is a breach of parole, statutory release or temporary absence. The Correctional Service Canada staff are available 24 hours a day to issue warrants of suspension and apprehension against an offender who has committed a breach.

Moreover police already have the power to arrest without warrant an offender against whom they believe a warrant of apprehension has been issued by the Correctional Service Canada or by the National Parole Board. They may detain him or her for a 48 hour period from the time of the arrest until the execution of a warrant. The warrant can be electronically transmitted anywhere in the country if need be.

After a process of careful consideration, I feel that this bill would create a power that is duplicative, unnecessary and probably inconsistent with the charter of rights and freedoms. I would therefore urge members of the House to vote against it.

**Mr. Mark Muisse (West Nova, PC):** Madam Speaker, it is indeed a pleasure for me to rise in the House today to speak on a bill which would amend the Criminal Code with respect to the arrest of those in breach of condition of parole, statutory or temporary release.

• (1805)

This bill introduced by the Reform member for Langley—Abbotsford will do two things.

First it will amend the Criminal Code to make a breach of condition of parole, statutory release or temporary absence a criminal offence. As a consequence, this would under section 495 of the Criminal Code allow police officers to arrest without a warrant an offender who is found in breach of his or her parole or release conditions.

The second part of the proposed bill is to amend section 497 of the Criminal Code. The amendment would grant arresting peace officers the authority to detain an individual found in breach of his or her conditions in custody until the National Parole Board consents to or opposes the offender's release on bail.

Immediately I want to say that this would not constitute an arbitrary detention. In fact we are talking about the rights of an individual who had the benefit of due process and has been convicted of a criminal offence. His conditional release was a second chance and I do not see why we should give the individual a third chance when he breaches his conditions. The individual is still paying his debt to society and by breaching his conditions he is breaking society's trust in his ability to respect the law. Therefore it is my view that this would not be an arbitrary detention.

Before I go any further I want to say that, like my colleague from Pictou—Antigonish—Guysborough said in this House in November 1997, the Progressive Conservative Party supports this bill. The intent of this bill is positive. It will provide our law enforcement officers with an additional tool in their fight against crime.

The changes that are proposed in this bill are constructive for society and are very important. They give police officers who observe individuals who have these conditions placed on them the ability to act and to act quickly and decisively.

The problem with our Criminal Code and our laws is not that police officers do not have the power to arrest but that they have to get authorization to do so. Timing, as they say, is everything. Such events often unfold quickly and officers do not always have the time to get the necessary authorization. Police officers do not always have the time to get a justice of the peace or to contact the parole officer involved. That is even more true in rural parts of our country.

In rural parts of our country police detachments are often comprised of only two members and they are responsible for vast territories. With justices of the peace not always being available 24 hours a day, it becomes quite obvious that the amendments proposed in this bill would be very helpful for our police officers.

Bill C-211 is intended to enable police officers to act immediately to arrest an individual who is found in breach of release conditions without having either to seek a warrant from the National Parole Board or justice of the peace or wait until another crime is committed.

Let me give a practical example on how this bill could be helpful. An offender subject to release conditions that require him or her to stay away from a particular address, either in the case of domestic violence or in cases where pedophiles are involved, could be arrested immediately upon being found in a forbidden area.

Another reason why I support this bill is that it will give authority to police officers to keep in detention individuals who are in breach of their parole conditions. This means that the offender in breach of his or her conditions could not only be arrested immediately but also detained until the National Parole Board has been notified and given an opportunity to react.

Offenders who are breaking their terms of parole are, like I said earlier, once again breaking society's trust in their ability to respect the law. I do not favour any sort of special treatment for such people. Being released under certain conditions does not mean being free. It means that these individuals are still paying their debt to society, a society that has already given them the chance to rehabilitate. This is why I believe that their detention would not be an arbitrary detention.

In conclusion, I would ask all members of this House to ask themselves the following questions. Will this bill improve the present law? Will it allow police officers to more effectively carry out their duties and to better protect society? The answer to these two questions is yes. I ask this House to work together in a non-partisan way to see that Bill C-211 is carried through.

• (1810)

[Translation]

**Ms. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Madam Speaker, I am very pleased to address the bill introduced by the hon. member for Langley—Abbotsford.

As other speakers have pointed out, Bill C-211 seeks to amend the Criminal Code so as to make any breach of a condition of parole or statutory or temporary release an indictable offence. Therefore, a police officer would have the power to arrest, without a warrant, an offender under the federal legislation, if he has reasonable grounds to believe that the person has breached or is about to breach a condition of his parole.

Moreover, Bill C-211 would give a parole board the power, following the arrest of an offender, to release him or to ask a judge to keep him in custody until a warrant for his arrest is issued.

### *Private Members' Business*

When we debated this legislation, on November 6, the hon. member for Langley—Abbotsford suggested that the proposed amendments were necessary, because police forces in Canada are currently unable to obtain a warrant, or to obtain it quickly enough to act effectively when offenders who come under federal jurisdiction fail to comply with the conditions of their parole.

I want to reassure the members of this House. These allegations are absolutely false. Again, I want to assure members opposite that these allegations are absolutely false. There are legislative provisions and mechanisms in place to allow our police forces to act quickly and effectively in this type of situation.

As far as the breach of conditions of parole, statutory or temporary release, as well as the prevention of such breaches, are concerned, let me say that the legislative provisions currently in effect already give correctional authorities all the powers, and I mean all the powers, necessary to suspend an offender's parole. This makes it possible for a police officer to arrest the offender and to place him in custody.

As for an offender who has received permission for an unescorted temporary release, a suspension warrant may be issued if the reasons for which the permission was issued have changed or no longer exist, or if there is fresh information which would have altered the initial decision if available at the time it was made.

[English]

**Mr. Jim Gouk:** You don't know what you are talking about, not on this issue.

**Ms. Marlene Jennings:** I always know what I am talking about. My family said so.

[Translation]

With respect to offenders on parole or statutory release they say I am always right.

With respect to offenders on parole or statutory release, the Correctional Service of Canada and the National Parole Board may issue a suspension warrant any time they deem it necessary and reasonable to protect society. Such a mandate would allow police to return the offender to custody until his case can be examined by the National Parole Board.

• (1815)

Through a network of officers on duty 24 hours a day and the faxing of warrants—yes, Canadians are now using modern technological equipment like fax machines—police can act promptly without having to wait for the actual warrant.

As I have just demonstrated, there is a quick and efficient procedure allowing police to intervene promptly. Nothing in the act as it now stands suggests that police should wait for hours for

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warrants to be faxed. The act gives police sufficient powers to act as soon as they know a warrant is on the way.

I would also like to stress that, for serious breaches, police have the power to arrest without warrant any offender on parole who commits or who police have reasonable grounds to believe has committed or is about to commit a criminal offence.

However, we have heard about many hypothetical cases where police had their hands tied. We have also heard that, in one case, police had to wait for a judge to sign a warrant before arresting a pedophile on parole spotted near a playground. If this were true, I would personally and unconditionally support the proposed changes, but these examples are completely misleading.

A judge's signature is not required to suspend the parole of a federal offender. I repeat, a judge's signature is not required to suspend the parole of a federal offender.

As I said earlier, the correctional service may, whenever and wherever it sees fit, issue a warrant to immediately suspend the parole of an offender who constitutes a threat to the community.

[English]

**An hon. member:** At 3 a.m. in an alley?

[Translation]

**Ms. Marlene Jennings:** You were not listening. Officers on duty work 24 hours straight.

If you stopped interrupting me, you might learn something. I already said the duty officers work 24 hours straight. The response to your question is therefore "Yes, even at 3 a.m."

So, correctional officials can at any time and any place deliver a warrant to immediately suspend the parole of an offender who poses a public threat even though the person may not have broken the law. I say it again, even though the person may not have broken the law.

In the case of a convicted pedophile, the Criminal Code already allows a court to issue an order preventing the individual for a period that can last to the end of his life from being in a place where children might reasonably be expected to be present. The Criminal Code enables the police to arrest without a warrant an offender on parole who contravenes such an order.

When an individual fears for his or her safety because an offender on parole repeatedly follows or threatens that individual, the Criminal Code already authorizes the police to arrest the offender without a warrant.

[English]

I would like to completely dispel the false impression created by Bill C-211 that the police have limited arrest powers under the current legislation. They have more than sufficient powers under

the current legislation, as does the National Parole Board, as does Correctional Services Canada.

• (1820)

**An hon. member:** Where are the police at 3:00 a.m. in a rural community?

**Ms. Marlene Jennings:** The member is obviously not listening again. They work 24 hours.

I will end by saying I do not support the proposed amendments to the legislation. I call on all my colleagues on both sides of the House to reject these proposed amendments.

**Mr. Derrek Konrad (Prince Albert, Ref.):** Madam Speaker, I am pleased to rise today on behalf of our police officers. Across the country and for many years they have been calling for the reforms offered by Bill C-211. In fact, the police wrote this bill, the government not being able to develop a concept as simple and as common sense as this one. They had to do the work for them. Why did they do it? To keep Canadians safer. I am proud to do my part to see that police officers are given the authority to arrest parolees caught in violation of release conditions.

Specifically Bill C-211 seeks to amend the Criminal Code to create a hybrid offence of breach of parole or conditions of release. As a result, existing Criminal Code section 495 would allow peace officers to arrest without warrant an offender who is found to be in breach of his or her parole or release conditions. This bill would also grant arresting peace officers the authority to detain an individual charged with such an offence in order to allow the National Parole Board time to consent to or to oppose the continuation of his parole freedom.

As a new parliamentarian and a trusting Canadian citizen I was shocked to discover that this gap in law existed at all. Like most people I know, I would have presumed that a person on parole had such a privilege only as long as he was living within the conditions set at the time of his release. I would have also presumed that breaking those rules immediately removed privilege of parole. But that is not the case.

Chief of police Ian Russell said last month there is no power of arrest for a police officer who finds a person in violation of his parole. Ian Russell is the new police chief for the Ontario community of LaSalle. His comment appeared in the Windsor *Star* of January 17, 1998. Mr. Russell is a veteran of this war to amend the Criminal Code and has illustrated the problem clearly with the following story:

A convicted wife beater is released from jail but a condition of his parole is he stay at least 1,000 metres from the home of his victim. Nevertheless he goes to her home and stands on the public sidewalk. The frantic victim calls the police.

Officers arrive but the man is not trespassing. His behaviour cannot be called stalking. But he is violating the parole.

Can the police arrest him and remove the apparent threat. Not unless, as Russell explains, the convicted wife beater breaks another law on the spot. Because he is only in violation of a condition of his parole the wife beater could remain there until a police officer went to the parole officer and submitted a report or contacted the parole officer to ascertain whether he would issue a warrant to suspend the parole. Then and only then, armed with the warrant, can the police officer return to try and fine the parolee, arrest him and return him to custody.

The parole officer has no way of assessing an imminent risk and must rely on the peace officer's assessment anyway. The step of contacting a parole officer is pointless and potentially risky. This makes no sense. In the time it takes to contact a parole officer and convince him of the need to arrest the violator, he can leave the scene and repeat the whole business over and over again.

As Russell points out, if the violator has decided he will end up back in jail anyway he may return to do something "really worthwhile".

What is achieved in this scenario? Nothing except for the protection of the privileges of the former inmate. I point out that a conditional release is a privilege. It must be earned on the inside, monitored on the outside and be capable of being enforced without needless bureaucratic red tape. That is why I stand in support of Bill C-211.

It seems only natural and only right that the safety of law-abiding Canadians should come before the privileges of a convicted criminal who has not even completely repaid his debt to society. I prefer to think of this as closing a loophole and not the reinterpretation of fundamental rights in this country. Bill C-211 is intended to return the balance of rights to law-abiding Canadians. That is those who expect our police officers to protect Canadians and their families from known dangers.

This bill has a three part upside which should make it particularly easy for members from all sides of this House to throw their support behind it.

• (1825 )

First, the bill's only purpose is to help police protect society. That makes it non-partisan and nearly controversy free. Why would we as elected members of Parliament not help police do their jobs?

Second, it requires no money. How often can we say that about a piece of helpful legislation?

Finally, it confers no inappropriate powers on police. In fact, it clarifies a power most people would say should already exist. I can

only restate that it is unacceptable for police themselves to be handcuffed by the inefficiencies of a pointless warrant process.

I am fully aware of the mine field we walk through known as the charter of rights and freedoms, or should I call it the challenges to the charter, which test the patience of regular Canadians such as me. One of the only criticisms of this bill is that without proof that present system imposes unreasonable time constraints on the police, broader police powers to arrest parolees who have committed no new offence would be unlikely to withstand a charter challenge.

I am in agreement that the charter should protect our individual rights and freedoms. As a member of the Reform Party I am committed to this philosophy and support our victims bill of rights. It is the ridiculousness of criminals using these very rights and freedoms they have themselves betrayed to shield themselves from punishment or to endanger innocent citizens that I disagree with.

Is it just me or are not convicted criminals supposed to lose some rights as punishment for their crimes? Would not completely fulfilling the conditions of one's parole be required before those rights are fully returned?

In the unlikely event of such a charter challenge I would hope common sense would prevail. I would also hope that the consistent and persistent request for such amendments to the Criminal Code by our police community, in addition to concerned, law-abiding citizens, would be taken seriously as proof that such a need exists.

After all, if we consider our peace officers to be professionals, we owe them a fair hearing of what they say they need and we owe them the tools they need to do their jobs.

Reconsider for a moment the scenario earlier where the hypothetical police officer was called by a victim of wife beating when her husband violated his parole by coming within 1,000 metres of her. Because he could do nothing the officer's time was wasted and the woman's danger persisted.

Remember, in order to protect her that police officer would have had to track down the parole officer, submit a report and have a warrant issued. Imagine what all this costs in terms of time, in terms of money and in lost opportunity to protect the person in need. With the chances of catching the offender at slim to none, any cost is too high.

Here we offer police officers, at their sincere urging, a no cost solution with a potential for quicker, more effective response to real life situations such as this. As for the price of peace of mind, simply imagine your own loved one in any kind of catch-22 situation like the ones these police officers deal with every day and notice how invaluable it really is.

Even if the requirements of Bill C-211 did cost money, we would be remiss in not passing this piece of legislation.

*Adjournment Debate*

On the issue of prudence, what could be more reasonable than extending to peace officers the powers they need to do their jobs?

Ian Russell again says this best: "All we are asking is that the officer have the authority to apprehend and secure the inmate or parolee, take him to a facility, and forthwith contact the duty officer to see whether or not the arrest will continue via a parole suspension".

This is reasonable and necessary. It is no more and no less than what is needed. It is similar to the method with which those who violate their probation conditions are treated. Police across the country say it will work and I agree.

I will conclude with one more example. In 1988 a psychopathic pedophile named Joseph Fredericks raped and murdered 11 year old Christopher Stephenson. Joseph Fredericks was on parole at the time and a condition of his parole was that he stay away from children. No peace officer saw them but what would an officer's options have been had he seen them? Arrest Fredericks? He has not committed a crime by being with Christopher. Take down the particulars and report to a parole officer and request a warrant? Would that protect him? Not likely. How about arresting 11 year old Christopher under the Child Welfare Act as a child in need of protection? Arrest a child?

In this case none of the above happened. Christopher Stephenson was murdered by Fredericks who was caught and returned to prison where he was slain by a fellow inmate. This is unacceptable.

I appeal to this House to put a high priority on this amendment to the Criminal Code and to equip our police departments with all the tools they need to deal with breaches of parole.

**The Acting Speaker (Ms. Thibeault):** The time provided for the consideration of Private Members' Business has now expired and the order is dropped to the bottom of the order of precedence on the Order Paper.

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## ADJOURNMENT PROCEEDINGS

• (1830)

[*English*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved

### AIRPORT SAFETY

**Mr. Bill Casey (Cumberland—Colchester, PC):** Madam Speaker, I rise to ask a question of the Parliamentary Secretary to the Minister of Transport. It relates to airport safety as related to

the divestiture processes going on across the country with cutbacks to NavCan and to other aspects of airport facilities.

Today the minister announced an independent review of fire-fighting issues. We are very pleased to hear that this review will take place, especially in consideration of the events that have taken place in Fredericton, Quebec, Sydney and Manitoba lately.

My main concern today is the divestiture of the Halifax International Airport and whether it will be equipped with adequate firefighting facilities after the divestiture. I believe I have reason to be concerned because other areas of Halifax International Airport have been left with substandard operational facilities.

I would like to compare Halifax with a couple of other airports around the country that have exactly the same airport volume of traffic, that is about 2.7 million passengers a year.

Halifax has clearly been shortchanged because it has only 44% of the hold room space that an equivalent volume airport like Ottawa has. Halifax has 69% less in baggage space and capacity than the airport at Winnipeg. Halifax has 50% less out baggage space than the airport at Ottawa. Halifax has 69% less check in space than the airport at Ottawa. Again, these are all equivalent capacity airports.

The overall worst statistic that really is kind of discomfoting is the fact that Halifax handles 750,000 more passengers than its rated capacity. That fact alone raises safety questions that I think should be addressed.

However, on November 18, the Minister of Transport unequivocally guaranteed me in the House that Halifax would be treated the same way as all other equivalent airports in these negotiations. I ask today whether the parliamentary secretary, on behalf of the minister, will confirm that this commitment would not only address the issues I have listed but would also ensure that equivalent safety facilities to those of other airports with the same capacity such as Ottawa and Winnipeg are available for Halifax International Airport.

**Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.):** Madam Speaker, I am in a bit of a quandary because the order paper indicated that we would be dealing with the question put by the hon. member on December 3 when he asked about NavCan.

I am asking for a ruling. The response the government has prepared is to the request by the hon. member for a late show question arising from a question in the House regarding NavCan.

I am not sure if this situation puts the member out of order with his late show question this evening. I can answer the question put by the hon. member at this time or if you find, Madam Speaker, that the question is out of order the member could try to put the question again by reintroducing at another date his late show question of this evening.



*Adjournment Debate*

I will leave it to you, Madam Speaker, to make the judgment.

**Mr. Bill Casey:** Madam Speaker, I did not submit a question to the hon. parliamentary secretary for him to answer. This question relates to NavCan. It relates to the cutbacks. It relates to aircraft safety. I really would ask that the parliamentary secretary answer the question.

**The Acting Speaker (Ms. Thibeault):** There cannot be any points of order during this stage of debate.

• (1835)

The period allocated for this exercise is almost over. May I suggest that perhaps the two members could get together and try to come to some kind of arrangement.

**Mr. Stan Keyes:** Madam Speaker, if you would like to start the clock with two minutes for a response from the government, I can respond right now to the hon. member's question as he has put it.

**The Acting Speaker (Ms. Thibeault):** Does the hon. member have unanimous consent of the House?

**Some hon. members:** Agreed.

**The Acting Speaker (Ms. Thibeault):** We will put the clock back two minutes.

**Mr. Stan Keyes:** Madam Speaker, I will try to be as quick as I can with the different questions arising from the member's question this evening.

First, I remind the hon. member for Cumberland—Colchester that safety will always be the first priority of Transport Canada. As most Canadians are aware, Transport Canada has operated the country's air traffic control system safely for more than 50 years. We are very proud of that record.

On the issue of NavCan and its management over the past year, the air navigation system continues to be safe and secure. The managers there are intent on maintaining the good and positive record and on enhancing it whenever possible. Air traffic control staffing levels at airports across Canada have always varied in accordance with changing traffic demands and training lead times.

I hope the hon. member understands that at no time is the safety of Canadians put at risk, whether it has to do with the devolution of responsibilities of air traffic control to NavCan or the firefighting and rescue capabilities at a particular airport. I have an airport on the outreaches of Hamilton so I am very cognizant of the member's concerns for the airport.

May I assure the hon. member opposite that again he can receive the unequivocal guarantee he has received already from the Minister of Transport that Halifax will be treated the same way as all other cities in the country have been treated in the negotiations.

He will know the Minister of Transport has stood in his place and has put into process the firefighting regulations which are again being looked at by the commission. It will report. In the meantime—

**The Acting Speaker (Ms. Thibeault):** I am sorry to interrupt but I cannot allow the parliamentary secretary any more time.

## ABORIGINAL AFFAIRS

**Mr. Dale Johnston (Wetaskiwin, Ref.):** Madam Speaker, on November 22 of last year I asked the Minister of Indian Affairs and Northern Development to act on the 1996 report given to her and prepared for her department on first nations social assistance.

The report confirms the findings of the auditor general, several internal studies and the royal commission on aboriginal people that the department is grossly mismanaging social assistance funds.

The report concluded that on reserve welfare dependency is increasing, costs are out of control and the department is running out of money. This confirms the Reform Party's audit which showed that 75% of DIAND's social affairs budget is unaccounted for. All of this is despite the fact the 1997-98 estimates allocate \$1.03 billion for on reserve social assistance.

Judge Reilly of the Provincial Court of Alberta was so concerned that he took the unprecedented step of ordering an investigation into alleged political abuse, violence, drug dependency, suicide and other social ills. The results were staggering.

Grassroots natives are not receiving the benefits that are earmarked for them because of the government's inept approach to native issues. It is causing serious problems on Canada's reserves and nowhere is this more apparent than in my constituency of Wetaskiwin.

The Hobbema reservation is home to four Cree bands: Samson, Montana, Louis Bull and Ermineskin. Considered one of Canada's wealthiest reserves, Hobbema receives huge payments for oil royalties. The children receive about \$100,000 in trust fund payments on their 18th birthday, yet this reserve is plagued with high unemployment, poverty and substance abuse. It has been estimated that 80% of the people on the Hobbema reserve live on welfare and in poverty. How can this be possible in light of the royalties and the transfers from the federal government?

• (1840)

Members of the Samson Band asked the same question. When they were not provided with any answers they staged a protest to draw attention to what they consider to be mismanagement of funds by the band council. Four concerned members travelled to Ottawa to seek a meeting with the minister but they received the proverbial brush off.

I asked the minister to clear the air and order a forensic audit of the Samson Band's finances. The hon. member for Skeena, Re-

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form's Indian affairs critic, also asked the minister for an independent audit. Our requests fell on deaf ears.

The reluctance of the minister and her officials to get involved is another example of this government's determination to maintain the status quo, to keep people in poverty and to perpetuate dependency. One of Hobbema's respected elders, Norman Yellowbird, wrote in the *Wetaskiwin Times* that "the conditions outlined in Judge Reilly's report can be found on almost every reserve in Alberta, if not Canada".

It is increasingly obvious that there are bands operating outside normal bounds of acceptable standards in terms of proper fair management of their social assistance programs. The human cost of this accountability crisis is both staggering and appalling. An effective monitoring appeal process is urgently required, preferably one run by the Indian people that is designed to protect against excess and to ensure equity and accountability.

Aboriginal people are clearly unhappy. Canadian taxpayers do not want to see their hard earned dollars misspent. How many more reports are needed? What kind of proof is required before this government abandons its practice of following the course of least resistance?

**Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.):** Madam Speaker, I am pleased to respond to the hon. member for Wetaskiwin on behalf of the Minister of Indian Affairs and Northern Development.

Aboriginal inclusion in Canada's economic prosperity is important not only for aboriginal people but for all Canadians. The aboriginal labour force is young and is growing at twice the national average. The Royal Commission on Aboriginal Peoples estimated that 300,000 jobs will be needed by the year 2016. A major increase in the aboriginal economy and activity, both rural

and urban, is essential to meet the needs and aspirations of aboriginal youth.

The government is committed to working in partnership with the aboriginal leadership and business people, Canadian industry, the provinces and the voluntary sector to take action that will create the conditions to maximize economic activities and jobs in aboriginal communities.

On January 7 this government announced our response to the Royal Commission on Aboriginal Peoples. This response includes a commitment to change social assistance on reserves from passive income maintenance toward more active measures such as training and skills development to increase individual and community self reliance.

As part of our aboriginal action plan we announced the creation of an aboriginal human resources development council which will bring together the public and private sectors to identify employment opportunities for aboriginal people. The *Regina Leader Post* welcomed this initiative and said that it is encouraging that workable solutions are now being developed to help native people help themselves.

The solution is not to cut almost a billion dollars out of programs that support basic services for aboriginal people as the Reform Party plans to do, nor is the solution assimilation or Ottawa imposed paternalism. The solution is to work with aboriginal communities and businesses to help them acquire the tools they need to become full partners in Canada's future.

[Translation]

**The Acting Speaker (Ms. Thibeault):** The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.44 p.m.)





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