



CANADA

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, March 24, 1998**

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**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Tuesday, March 24, 1998

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1000)

[*Translation*]

### 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 eight petitions.

\* \* \*

[*English*]

### ENERGY PRICE COMMISSION ACT

**Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP):** moved for leave to introduce Bill C-384, an act respecting the Energy Price Commission.

• (1005)

He said: Mr. Speaker, it is my pleasure to introduce in the House today a bill to establish the Energy Price Commission. This bill will establish a commission to regulate the wholesale and retail price of gasoline. The purpose of price regulation is to avoid unreasonable increases which affect the cost of living and depress business activity.

The bill will facilitate reasonable consistency in prices from province to province, allowing for production and distribution costs.

The regulations will further minimize the risk of collusion in pricing and will prevent dominant suppliers from setting unreasonable prices.

The bill links the issue of price control to competition. Any investigation of an alleged offence under the Competition Act which is related to gasoline pricing will be remitted by the competition tribunal to the commission for investigation, and the commission will report to the tribunal before it makes a determination or order on the matter.

Many Canadians are looking for this bill so that gasoline and oil companies will stop the gouging of consumers, business people and farmers in Canada.

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

\* \* \*

## PETITIONS

RIGHTS OF THE UNBORN

**Mr. Gar Knutson (Elgin—Middlesex—London, Lib.):** Mr. Speaker, it gives me great pleasure to present a petition signed by 100 constituents of my riding.

The petitioners pray that Parliament act immediately to extend protection to the unborn child by amending the Criminal Code to extend the same protection enjoyed by born human beings to unborn human beings.

\* \* \*

[*Translation*]

## QUESTIONS ON THE ORDER PAPER

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

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

**Some hon. members:** Agreed.

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## GOVERNMENT ORDERS

[*English*]

### BUDGET IMPLEMENTATION ACT, 1998

**Hon. Raymond Chan (for the Minister of Finance)** moved that Bill C-36, an act to implement certain provisions of the budget tabled in Parliament on February 24, 1998, be read the second time and referred to a committee.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I would like to take a few moments to speak on behalf of the government in support of Bill C-36.

The proposed legislation contains some very important provisions that will help build a strong economy and a strong society, goals which this government has pursued since coming to office in 1993.

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We have pursued these goals first and foremost by getting our fiscal house in order. The federal books will be balanced this year for the first time since 1970 and we will balance the budget next year and the year after that for the first time in almost 50 years. It will be the first time in almost 50 years that Canadians will see three consecutive balanced budgets.

Our commitment to fiscal responsibility, to putting an end to credit card government, does not end there. We will reduce Canada's debt burden through a two-front strategy of stronger economic growth and a concrete debt repayment plan.

What we will do is take the same approach to the debt that we have successfully used against the deficit since 1993. We took the deficit down step by step. The same incremental approach will, year by year, steadily reduce the debt burden.

We intend to keep the debt to GDP ratio on a permanent downward slide using a two-track strategy, a strategy of supporting economic growth and reducing the actual level of the debt.

This means that we will continue to present fiscal plans based on prudent economic planning assumptions. Let me say that most budgets fail because they are based on overly optimistic assumptions. The consequence is severe. It is lost credibility.

• (1010)

In addition to prudent planning assumptions we will continue to build our plans on a substantial contingency reserve of \$3 billion a year. This is designed to handle unexpected events and to provide greater certainty that we will meet our balanced budget targets.

However, if the contingency reserve is not needed, and in fact it has not been needed in each of the past three years, it will go directly to paying down the overall stock of debt.

Where do we expect this prudent approach to budget planning to take us?

We project that by 1999-2000 the debt to GDP ratio, by our comprehensive Canadian measurements, will have fallen almost 10 percentage points from its peak of almost 72% of GDP in 1995-96. If we use the measurement which most other countries use, that being the debt held by the public, Canadians' market debt to GDP ratio will fall from a peak of almost 59% in 1995-96 to 48.5% by the year 1999-2000.

In fact the Organization for Economic Co-operation and Development is forecasting that between 1997 and 1999 Canada will have the largest decline in debt burden among the G-7 countries.

While we must ensure the continuing decline of the debt, we also recognize that the tax burden on Canadians is too high and has to be reduced. That is why we have introduced targeted tax relief

measures in each of our previous budgets. For now these measures are modest because the so-called fiscal dividend that makes them possible is still modest. But even so, 90% of all taxpayers will get some degree of personal income tax relief from our recent budget.

Some 400,000 low income Canadians will be taken off the tax rolls entirely. As our financial resources permit we will broaden tax relief in future budgets.

Of course, some would argue that the dividends should go only to reducing debt and cutting taxes. In my view this would be shortsighted and, quite frankly, bad economics. We recognize that the private sector is the engine of job creation, but government too has a responsibility to provide leadership in the economy.

To meet that responsibility we are putting the fiscal dividend to work by increasing our investments in access to education, in skills development, in low income families with children and in health care.

For example, in last month's budget we unveiled the Canadian opportunities strategy. It is a co-ordinated set of measures to provide Canadians with enhanced access to knowledge, knowledge and skills for jobs that can deliver a better standard of living for the 21st century.

In fact, Bill C-36 implements some very important elements of this strategy. For example, it establishes the Canadian millennium scholarship foundation. This arm's length foundation with an initial endowment of \$2.5 billion will award more than 100,000 scholarships each year over 10 years to full and part time students across Canada.

Scholarships will increase access to post-secondary education for low and middle income Canadians to prepare them for the jobs and knowledge based economy of the 21st century.

As the minister of finance said in the 1998 budget speech, "This investment in the future of our country is the result of our successful battle against the deficit. It is an investment that will pay for itself over and over again in the years ahead".

The Canada millennium scholarships are, in effect, the largest single investment ever made by a federal government to support access to post-secondary education for all Canadians. They will be awarded to individuals who need help financing their studies and who demonstrate merit. For full time student scholarships will average \$3,000 a year. Individuals will be able to receive up to \$15,000 over a maximum of four academic years of undergraduate study.

What this means is that a student receiving a \$3,000 scholarship for four years will in fact see his or her student debt load cut by \$12,000, about half of what it otherwise could have been.

*Government Orders*

• (1015)

These scholarships are not just for young Canadians at university. Canadians of all ages studying full or part time in publicly funded universities, community colleges, vocational and technical institutes, and cégeps will be eligible. Awards will help recipients to study away from home, particularly outside their home province. They will also support limited terms of studies in other countries.

Student debt has become a heavy burden for many Canadians. In 1990 a graduate completing four years of post-secondary education faced an average student debt load of about \$13,000. By next year the same graduate's average debt will almost double to \$25,000. At the beginning of this decade less than 8% of student borrowers had debts larger than \$15,000; now almost 40% do.

Last December federal and provincial first ministers agreed that something must be done to reduce the financial burden on students. They asked the federal government to take action in the 1998 budget and we have. Bill C-36 will put in place a number of provisions that will help individuals manage their student debt loads.

First, we are increasing the income threshold used to qualify for interest relief on Canada student loans by 9%. What that means is that more graduates will be eligible for interest relief.

Second, we are introducing graduated interest relief which will extend assistance to more graduates further up the income scale.

Third, for individuals who have used 30 months of interest relief, we will ask the lending institutions to extend the loan repayment period to 15 years.

Fourth, if after extending the repayment period to 15 years a borrower remains in financial difficulty, there will be an extended interest relief period.

Finally, for the minority of graduates who still remain in financial difficulties after taking advantage of these relief measures, we will reduce their student loan principal by as much as half.

Together these new interest relief measures will help up to 100,000 more borrowers. Over 12,000 borrowers a year will benefit from the debt reduction when this measure is fully phased in.

Any long range plan to acquire knowledge and skills for the 21st century must look ahead to the students of tomorrow. The best way to help to ensure children's futures is to save for education today. We want to establish a new partnership to help parents save for their children's future.

Bill C-36 introduces the Canada education savings grant. What it does is it makes registered education savings plans even more attractive.

Beginning January 1, 1998 we will provide a grant of 20% on the first \$2,000 in annual RESP contributions for children up to age 18. That is \$400 of grant money per child that would go directly into an RESP program. With the introduction of this new grant, RESPs will now be among the most attractive savings vehicles available to Canadians for their children's education.

Bill C-36 also contains measures for the Canadian opportunities strategy to help address the urgent problem of youth unemployment. In this bill we propose to provide employers with an employment insurance premium holiday for hiring additional young Canadians. Canadian employers who hire young Canadians between the ages of 18 and 24 in 1999 and 2000 will be allowed to take advantage of a premium holiday in employment insurance. This will increase employment opportunities for youth and reduce payroll costs for employers by about \$100 million over the next two years.

• (1020)

While the role of education is very important in ensuring equality of opportunity, the capacity to learn does not begin in school. It begins at home and depends on the nurturing and caring provided to the smallest infant.

That is why over the past year federal, provincial and territorial governments have begun to build a national child benefit system that will help fight child poverty so as to provide a good start in life for all Canadians. To build the system the 1997 federal budget allocated \$850 million to create an enriched and simplified Canada child tax benefit. Bill C-36 implements this commitment.

The new benefit commences in July and provides \$1,625 for the first child and \$1,425 for all other children to all families with incomes up to \$21,000. In the future legislation will be brought forward to implement the commitment in the 1998 budget to further enrich the child tax benefit by an additional \$850 million. The federal government will announce details of this enrichment after discussions with provincial and territorial partners and Canadians.

The Canadian opportunities strategy and the child tax benefit provide diverse and comprehensive assistance to Canadians. These initiatives will help Canadians acquire the knowledge and skills they need for better jobs and a better life in the 21st century. By expanding access to opportunity we are building a stronger economy and a more secure society. I urge all members in this House to support Bill C-36 in moving us forward to implement key elements of our strategy.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, it is a pleasure today to rise and lay out why I and the Reform Party stand in opposition to Bill C-36, the budget implementation act. I will start by giving the House an overview of the three big reasons why Reformers stand opposed to this legislation.

*Government Orders*

The first reason is that there is simply no overarching plan that really defines the roles and limits of government in this bill or in fact in any of the previous legislation we have seen from the government and which really establishes what the relationship is between government and its citizens.

The second point is that there is simply no solid plan to pay down the debt in this bill. Canadians have spoken with one voice from across the country and have said that paying down the debt is their number one priority. We see nothing that addresses that need in this legislation.

Finally there is no net tax relief in this legislation. I ask my friends across the way to note that I used the word net. While government members would have Canadians across the country believe that they are going to be better off after this budget, Canadians will pay more in taxes this year than they paid last year as a result of Liberal government tax increases.

I ask people to consider those as the reasons for our opposition to this legislation.

I want to make my point by speaking in the form of a metaphor. Taxpayers are like the goose that laid the golden egg. In fact you could say they are like the flock of geese which keep laying golden eggs. Over the last many years we have seen Ottawa run around and scoop up those golden eggs as quickly as they are laid. In some cases the government uses them to run essential programs and we are grateful for that.

People in Canada value some of the programs they get from government. They want a strong health care system. All members acknowledge that. They want a system that ensures they can get a decent education. They want a system that will provide vital essential services like national defence, foreign affairs and criminal justice. People do not begrudge for a second having to see the golden eggs that they produce go toward those types of programs.

• (1025)

We also know that much of what taxpayers produce in the form of revenue or golden eggs for the government is used for things that are simply not essential. The best example of that is the interest we have to pay on our debt today as a result of previous governments that have lived far too high on the hog.

Taxpayers are producing these golden eggs to the tune of about \$45 billion a year just to pay the interest on the debt. The way it works out is that the average taxpayer in Canada today pays over \$21,000 in federal taxes. Roughly a third of that, \$6,000, goes to pay the interest on the debt.

My point is that these geese are laying a lot of golden eggs currently and Ottawa is scooping up the huge majority of them.

Ottawa scoops up at least half of all the income of the average Canadian today. That is a tremendous amount.

As a result we think that these geese who are laying these golden eggs are feeling more than a little bit abused. They do not mind seeing the government take its fair share of these golden eggs, but they get a little incensed when they see the government eyeing their golden nest egg. That is exactly what is happening today in Canada.

As a matter of fact members should know that according to the Fraser Institute, since this government came to power in 1993 we have seen disposable incomes fall by \$3,000 for the average family of four. We know that in Canada today we have virtually a negative savings rate. In other words people are having to dip into their savings to pay their taxes so that the government can spend more money on all kinds of inane things. Sadly that has been the case for a long, long time. When those sorts of things happen, there are real consequences.

What has happened is that we see these Canadian taxpayers, these geese who are laying these golden eggs, looking to the south. They are starting to say "We are Canadian geese. We do not want to go south, but unfortunately we are being forced to consider that option because we have mouths to feed". They have all these goslings that have to be looked after. They have to feed the people they are responsible for. They are starting to cast about for other alternatives.

We point to the Nesbitt Burns study which came out not long ago. It showed that many professionals are fleeing this country for better opportunities south of the border and in other parts of the world. That study points out that although there are a few engineers coming in from other parts of the world, there are a whole lot more engineers disappearing from this country and going to places like the United States where they have a far better tax environment and more opportunity as well. Taxes are lower and there are more jobs in their field.

We see the same thing happening with people with skills in the high tech industries, computer scientists for instance. We also see the same thing with respect to the medical profession with both doctors and nurses. They are fleeing in droves. I know that my friends in the House, especially those from smaller centres, will acknowledge that there is not a doctor in the country who does not regularly get offers from American hospitals. Many of them ultimately end up going. As a result this country has a shortage of physicians.

As a consequence the situation today is people are being educated in Canadian universities at a tremendous cost to the Canadian taxpayers. Then we see them quickly leave to go to other jurisdictions around the world because there just is not the opportunity here.

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The best example is British Columbia. British Columbia today has the highest taxes in all of North America. We can thank the provincial NDP government for that, but all of the blame does not lie there. We also have to point a finger at the federal government.

• (1030)

In Canada today we have the highest personal income taxes of any country in the G-7, not by a little but by over 50%. Our income taxes are 56% higher than the G-7 average. Is it any wonder that British Columbia today is entering a recession? It has gone from being the fastest growing economy in Canada to being 10th out of 10 provinces and 2 territories. It is unbelievable.

My friends across the way still continue to fire this tired rhetoric about the need to invest. That is fine. We understand the need to invest. However, if one is investing in education only to see the people who benefit from that education flee the country in terror at the prospect of having to pay taxes that are staggering compared to anywhere else in the world, does it make any sense?

The government talks about a balanced approach. Let us have a balanced approach but let it be an approach where we see taxes starting to fall in a meaningful way so that we can remain competitive with people in the United States, the U.K, Japan and other countries around the world.

Yesterday I pointed out to the House that we have members in this place who have seen family members leave for other countries to make a living. When I talk about this I should also point out that it is not necessarily just for lower taxes that they leave. An added incentive is that lower taxes create more jobs and better paying jobs.

Today the United States which has 4.8% unemployment does not have to worry about three people chasing every one job. Three jobs are chasing every one person. It is the complete reverse to Canada. As a result, wages are much higher, so people can go down to the United States and essentially command whatever price they wish.

We recently read in the newspapers the story of Waterloo university. A third of the graduating class disappeared to the United States because Microsoft made them an offer they could not refuse. I was talking to a gentleman who is on the board of directors of Waterloo university. He raised this issue with me as a serious consideration. The budget has done nothing to address that problem.

I know my friends across the way will talk about the tax relief in the budget. In fact, an hon. member at the beginning of my speech yelled across the way what about the tax relief in the budget. It is fair he raised that, but I think it is also fair for me to point out that Canadians have come out behind as a result of the government's actions since the beginning of the year.

Let me explain. It is true that the government will lay out about \$7 billion in tax reductions over the next three years. However, what my friend across the way would have us forget is that on January 1 the government produced the biggest tax hike in Canadian history, a tax hike that will see CPP premiums rise by 73%.

What my friend across the way would also have us forget is that every year as a result of deindexation of the income tax system we now have an automatic tax increase called bracket creep that pushes different people in different income groups into higher tax brackets as a result of the impact of inflation.

Therefore, in this current year alone the impact of bracket creep will bring in just over \$1 billion in new revenues for the government, wiping out the \$880 million the government is to give people in tax relief. People are behind. My friends may call that progress but it is a perverted view of progress. We are going backward.

It is no wonder we have colleagues in this place who have children fleeing Canada as economic refugees and going to other parts of the world. Yesterday I referred to the member for Red Deer who has three children all living in different parts of the world because they went where the opportunities were best. What can they do? Are they to work in some minimum wage job simply so they can remain in Canada? They cannot do that. They need to pursue opportunity wherever it is.

• (1035)

My friend from Red Deer has a son who is now teaching at Princeton. He is a Rhodes scholar but he could not get a position at a Canadian university so he is teaching at Princeton. What is going on with this country? He has two daughters. One is in Norway and one is in the Netherlands. They had to leave to pursue opportunity. I point to my colleague from Calgary Southeast who has family members spread out all over the world because that is the only place they could find jobs to meet their skill levels. We have a problem.

It is fine for the finance minister to focus on education and for the parliamentary secretary to wax eloquent about what the government is doing for education. On the other hand they do not talk about what people do after they get that education. The millennium scholarship fund will end up being a subsidy to Microsoft. It will end up being a subsidy to big American corporations that scoop up those people who then go to the United States and other countries around the world. What about the balanced approach? Why has the government not addressed this problem?

I was talking a minute ago about British Columbia and I want to continue down that same path. As I mentioned, British Columbia is now in a recession. The government was patting itself on the back during the Liberal convention on the weekend, just about dislocat-

*Government Orders*

ing its shoulders. It was patting itself on the backs for the wonderful job it has done with the economy.

The Liberals forget that big chunks of the country are in serious trouble. Atlantic Canada is certainly in trouble with double digit unemployment. The fishery is dead. In many parts of the country there are no prospects.

In British Columbia both the NDP government at the provincial level and the federal government did what they could to kill the economy of one of the shining lights of the country. I point to a specific example of how that impacts on people. I could point to a number of examples from B.C. but I want to point to a recent example.

I just received a fax that was actually sent to another member of Parliament, the member for Edmonton North, by a lady from Port Moody, B.C. Members may have heard that a byelection is being held in Port Moody—Coquitlam, so it is interesting we would get this fax.

This lady is complaining about the amount of tax she has to pay. She enclosed photocopies of two cheques she sent to the Receiver General for Canada. At the bottom of the fax it says “taxes paid in instalments during the year, \$46,000, which represented 23% of a \$200,000 profit. The above two cheques are for profit exceeding the small business tax credit of \$200,000, i.e. these amounts represent 55% of the profit”.

The total amount of these cheques would be somewhere in the range of \$98,000 which they have had to pay in taxes to the federal government. That is a staggering amount of money.

Is it any wonder the job creating engine of the economy, small business, is staggering to create the jobs that are necessary? We still have an unemployment rate of 8.6%. I know my friends across the way think that is good, but it is almost double the unemployment rate in the United States. We are nowhere near our job creating potential. I encourage my friends across the way to consider that small businesses, the real creators of employment in Canada, are staggering with the tax levels.

My friends across the way have received visits from members of the Canadian Federation of Independent Business, one of my favourite organizations. These people stand up for small business owners. They stand up for people who are doing all the things that annoy Liberals. They are hardworking, honest and pay their taxes. They are complaining bitterly about high taxes.

When will the government understand that \$7 billion in tax relief against probably a \$15 billion tax increase means people are coming out behind? We cannot continue down this road. It is killing jobs. It is killing opportunity and is driving people from the country. This has to come to an end.

• (1040)

I will conclude by asking my friends to look up to the relief on the wall just above the gallery. They will see a word carved on the top of it. The word is “tax” carved in stone. How appropriate that in the House of Commons in Canada we have a shrine to taxes, but that is indeed the case.

Under the word “tax” we see a family sitting on a bench. It looks as though it is a very gloomy looking family. There is a mother, a father and a child. They are sitting on the bench probably in the ante-room of the minister of finance or perhaps in Revenue Canada, waiting to find out the verdict after they have submitted their income tax for the year. I guarantee they will be sorely disappointed. We know in Canada today they would find out they owe half their income to government.

The symbolism of having that relief on the wall is interesting. It is the only tax relief we have in Canada today. There it sits almost directly over the head of the finance minister and almost in direct alignment with the finance minister. That symbolism speaks volumes. It speaks more eloquently to our situation than I ever could.

There are a couple of interesting symbols just below that family. One of them very appropriately is a serpent, a snake. Somehow to me that symbolizes the government’s approach to dealing with taxpayers. At the very bottom we see a whale. I think we should take that to represent government which has become huge and consumes about 46% of the wealth of the economy every year. The final figure is the man with the briefcase just on the right hand side.

**Mr. Charlie Penson:** The taxman.

**Mr. Monte Solberg:** The taxman. The member for Peace River has correctly identified the taxman. We see his briefcase bulging with proceeds he has taken from individual taxpayers across the country.

I encourage people to reflect upon this tax relief, the only tax relief we have, sitting above the head of the finance minister, and to consider the symbolism of that piece of work above the public gallery. It speaks volumes about where the country is and perhaps even speaks to a perversity the government has in honouring taxes that I do not think should be honoured.

I conclude with the following amendment. I move:

That all the words after the word “that” be deleted and the following substituted therefor:

this House declines to give second reading to Bill C-36, an act to implement certain provisions of the budget tabled in Parliament on February 24, 1998, since the principle of the bill, while charging the consolidated revenue fund to establish and fund the Canadian millennium scholarship foundation, fails to guarantee that appropriate and objective accounting standards will be followed as advocated by the auditor general.



*Government Orders*

**The Deputy Speaker:** There seems to be a hue and cry for questions and comments. I should advise the House that on 40 minute speeches, as this one was, there are no questions or comments. I know it was shorter than 40 minutes but the rule is the rule.

• (1045)

In the opinion of the Chair the amendment moved by the hon. member for Medicine Hat is in order and therefore I put it to the House.

**Mr. Ken Epp:** Mr. Speaker, I rise on a point of order. Since there was some expression of interest in interrogating and cross-examining the member for Medicine Hat, I would ask that you seek unanimous consent to extend his time by 10 minutes so that debate can take place.

**The Deputy Speaker:** Does the House wish to give unanimous consent for a question or comment period consequent on the speech of the hon. member for Medicine Hat?

**An hon. member:** No.

**The Deputy Speaker:** I am afraid there is not consent.

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the Liberals are having fun and we are wondering why. They should be working at meeting the needs of the public instead of making jokes as they always, or almost always, do when we deliver speeches on the real issues.

We have before us Bill C-36 to implement certain provisions of the last budget tabled by the Minister of Finance. I am pleased to speak on these provisions and I would like, for openers, to define what we expect from this budget and which expectations have not been met through Bill C-36 before us, which implements certain provisions of the budget for 1998-99.

Just a few months ago and during the election campaign as well, we asked the Minister of Finance to pay special attention to actions that adversely affect the provinces. Since he tabled his first budget in 1994, the Minister of Finance has made cut after cut after cut in transfer payments for social assistance, postsecondary education and health.

He has cut back so dramatically that 52% of the success achieved in terms of balancing the budget and restoring health to the public finances has in fact been achieved through the sacrifices the provinces have had to make because of the drastic cuts made by the Minister of Finance. This means that 52% or most of the sacrifices were made by the provinces, which are really the ones who restored the public finances to health.

We therefore ask that the government take a very simple measure, which was proposed last year by Quebec Premier Bouchard and approved by all the premiers across Canada. The government was asked to use, over the next two fiscal years, that is to say 1998-99 and 1999-2000, 50% of the forecast surplus in tax points—the real surplus, not the one given in the Minister of Finance's budget, with its rounded down and close to falsified figures—to counteract the harm done to Quebec and to the rest of Canada, in the health sector for instance.

A transfer of just 50% of the surplus in tax points, in an area that would become wholly provincial in the coming years, would be sufficient to remedy the increasingly irremediable harm the Minister of Finance has done to health, social assistance and higher education.

The Minister of Finance refused to respond. He even refused to acknowledge that the provinces had inherited the entire responsibility for putting federal public finances in order.

• (1050)

During the election campaign, as well as in the months following it, we also called repeatedly upon the Minister of Finance to change the way he was handling employment insurance and the EI fund.

We proposed three changes which reflected a consensus not only among Quebeckers, but among all Canadians, about the program and the way the fund made up of employer and employee contributions was being managed. Let us not forget that the federal government has not put a red cent into the fund for years. The employers and employees are the ones who contribute year in and year out to the surpluses. Because of the high rates that have been set, they are contributing to the huge surpluses the fund has generated, to the tune of \$6 billion yearly.

We therefore called for three things relating to the employment insurance fund. First, that the Minister of Finance stop using the surplus to put his financial books in order. The employment insurance fund is in place for two reasons: to support those who are without work, and to attempt to help them back into the work force.

Instead, the Minister of Finance has been shamelessly pocketing the surplus, and continues to do so. He has not met the expectations of the Bloc Québécois. He is still pocketing this \$6 billion annually in order to build up a spectacular surplus and make himself look good as Minister of Finance.

Second, we called for a substantial reduction in EI premiums in order to boost job creation. The surplus in the EI fund did not just miraculously fall down from heaven. If there are surpluses, it is as a result of the excessive contributions employers and employees have to make. This limits our job creation capacity. In Quebec, Ontario, the west, British Columbia and in the maritimes, employers and entrepreneurs are saying so, and even unions are saying so.

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Not only has the Minister of Finance not reduced contribution rates substantially, as we asked, but he has kept them at an even higher rate. We talked about an overall drop in contribution rates of \$3 billion, half of the surplus in the employment insurance fund. The Minister of Finance gave us a few tens of millions of dollars in reductions, which has no significant impact on job creation.

The third change we sought, which was not in the budget speech and is not in Bill C-36, is the creation of an independent fund with the employment insurance fund, independent of the government's general balance sheet, so that we may follow the progress of contributions, the size of the fund and the contributions made by employers and employees, and ensure that the fund is really managed appropriately for the labour market.

The auditor general has also asked for this and he has received no response from the Minister of Finance in the budget or in Bill C-36, which implements some of its provisions.

We called for a significant reduction in people's taxes. Some 52% of the results obtained in the effort to improve public funds are due to the provinces' efforts. Bernard Landry and Lucien Bouchard in Quebec did the work there, to the tune of 52%, and not the Minister of Finance.

Taxpayers' share in improving public funds in the past four years amounts to 37% of the total effort. In other words, since the Minister of Finance has been in his position, since he has become a part time shipowner—sometimes he is full time, it depends on the bills he introduces—Quebec and Canadian taxpayers have paid over \$30 billion more in taxes than they should have, had the Minister of Finance indexed the tax tables and made a targeted reduction in individual and SMB taxes, as we asked him to do.

Instead, however, he preferred to keep taxes high. These levels, together with the lack of changes in tax rules, to indexing, for example, have resulted in taxpayers paying \$30 billion more in taxes than they should have.

• (1055)

The Minister of Finance took \$30 billion out of our pockets. This means that 32% of the budgetary effort is not the result of his own efforts, of his department's efforts, or of his innovative spirit—I would rather not talk about the minister's innovative spirit—but of the efforts made by the provinces and the taxpayers.

If the minister's estimates had been based on the proper data—and we will get back to this later on—if the minister had shown the true picture in terms of expenditures and revenues, in terms of the surpluses generated over the years, he could have made a substan-

tial effort to reduce personal and even corporate taxes, but he did not, even though it would have been desirable.

The minister could have done even more to alleviate the burden of taxpayers and businesses if he had listened to us. For four years now, we have been telling him—with the figures to support our claim—that it is possible to reform Canada's individual and corporate tax system and to get rid of all the obsolete provisions that no longer meet the needs of our businesses—in the context of globalization and competitiveness—and of our families, given the current socioeconomic reality.

The first question we asked the Minister of Finance when we got here was when would a true tax reform take place to improve our system and increase our ability to reduce taxes and better manage revenues.

The minister made us wait. We waited for the first two years, since his inaction left us with no choice. But in the second year we told ourselves that if the Minister of Finance could not take his responsibilities, if he was not innovative enough to come up with a new way to collect taxes—that is to say a more efficient and beneficial way for society as a whole, and not just for the federal government—we would propose ways to do it.

We wrote over 300 pages of suggestions to reform personal and corporate taxes. When we tabled our document, the Minister of Finance said we had done a great job, a job that required incredible dedication. It is no laughing matter trying to clean up the Canadian taxation system, which has remained basically unchanged since the Carter Commission in the later 1960s. It is not easy to pick your way through it and identify those measures that still serve a purpose as opposed to those that no longer serve any purpose at all, but which are costing Revenue Canada a lot of money.

Taxpayers must not forget that every time some person or some business somewhere does not pay taxes or avoids paying part of the taxes they would normally have had to pay, had it not been for some outdated tax loophole, which does nothing for society or the economy, but which is there because it has been almost or completely forgotten, or because the Minister of Finance lacked the resolve to do anything about it, it is the average taxpayer who makes up for what the business or rich individual should have paid but did not because of this loophole. We have to remember that.

So, the Minister of Finance had four years to undertake a complete overhaul of the taxation system. He did nothing, and we see the results. Over the last four years, taxpayers have paid \$30 billion more in taxes, and the much-heralded cuts over the next three years pale in comparison to what could have been achieved, and in comparison to what has disappeared from taxpayers' pockets through the inertia and ineptitude of the Minister of Finance.

We also asked the Minister of Finance something else—and he did not listen to us—and that was not to create new programs. He turned a deaf ear and did as he pleased. He acted as though nobody existed but himself and created new programs with the assistance of his Prime Minister, who delights in leaving his symbolic mark on Canadian political history.

He went ahead and created a new program, one we detest, called the millennium scholarship fund.

• (1100)

This is a program we detest because it encroaches, and shamelessly to boot, into an area of jurisdiction which generations and generations of politicians, generations of premiers as well, starting back in the 1960s with Jean Lesage, have jealously guarded as exclusive to Quebec.

According to philosopher Jacques Danton, a people's first need, after bread, is education. Education is the backbone of the survival and progress of every nation. Education gives us everything we need to understand. It tells us where we come from, who we are, who we want to become. Education is the basis of any people's survival.

We understood this in Quebec years ago, and being federalist or sovereigntist does not change it in the least. When it comes down to it, every Quebecker is a nationalist. When it comes down to it, every Quebecker wants his people to continue to survive, to progress, to expand as an international presence, to endure for as long as it is possible to imagine.

One of the cornerstones of our longevity as a people, one of the cornerstones of our strength as a people, our economic strength as well as our cultural strength, the strength to which we owe our existence, is education.

Each time the federal government has lifted a finger to interfere in education, or a federal political party or its leader has talked of education, of Canada-wide standards, of making our children take tests, we in Quebec have risen up in opposition. Even some federalists have joined forces with the sovereigntists to point out how deeply rooted our belief in education as our prerogative is rooted, so deeply rooted in our convictions that we rise up in aggressive opposition as soon as actions are taken, or words spoken, that point to the possibility of federal intrusion into education in Quebec.

The millennium fund, the millennium scholarships, which are without a doubt the Prime Minister's idea of the way he can leave his mark on the verge of the 21st century, are totally unacceptable to us. This is something we will fight against until our last breath. It raises a hue and cry in Quebec and will continue to do so in the coming months and years. We will never agree to their investing in this field. We will not let them put their foot in the door in order to gain more entry and to take the education sector away from the

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exclusive jurisdiction of Quebec and make it either shared or the exclusive jurisdiction of the federal government.

We will never let anyone tell us Quebeckers, francophones most of us, what our children will have to learn in school or what they will be tested on in exams at the end of the year. No one but ourselves will test their skills.

We will use every means we have to block the implementation of the millennium scholarship fund and to ensure that what the Quebec premier, Lucien Bouchard, and minister of education Pauline Marois have called for comes to pass. They are calling for the withdrawal of the millennium scholarships, with full compensation for Quebec, given Quebec's exclusive jurisdiction over education.

We will repeat this demand ad nauseam. We will also denounce ad nauseam in this House and elsewhere the claims of the federal government.

This matter really energizes my colleagues in the Bloc and myself, because it symbolizes perfectly what we have always opposed in the federal government and what the Prime Minister has always presented as the centralizing claim of the federal government. We will put all our energy into it and get into the thick of it to make sure that this so thoroughly detested program never makes it to Quebec.

It is not just the way this intrusion into Quebec's exclusive jurisdiction was forced on us, but also the way it was presented, that obliges us to reject it.

• (1105)

I am referring to the Minister of Finance's accounting practices. For four years now—members can check *Hansard*—there were always questions about the Minister of Finance's dubious public accounting practices. I am not alone, nor is my party, in having raised this problem of borderline accounting practices. Two or three times, to my knowledge, the auditor general singled out the Minister of Finance because of his less than orthodox approach to accounting.

I mention the example of the millennium fund because it comes up in Bill C-36 before us this morning. In the case of the millennium fund, from which initial grants to so-called deserving students will not be made until the year 2000, the full amount of \$2.5 billion has been posted to this fiscal year, that is, 1998-99, when—and I would like to repeat this—the first millennium scholarships will not be handed out until the year 2000. Immediately this year, they slap down the cost of a program that will not be implemented until the year 2000. This makes no sense.

There is no accounting rule by which one may honestly attribute to the current budget expenditures that will be made only in two years' time. Once again, the auditor general criticized the finance minister's approach. On leaving the House and reading the budget,

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we also criticized his way of doing things. This is not the first time, and we will return to this a little later on.

This method of accounting produces the following sort of nonsense. On page 12 of the 1998 budget plan "Building Canada for the 21st Century", incomplete data are used to show that the government's budgetary balance, in other words the deficit or surplus, will be 0.0 in 1997-98, 0.0 in 1998-99 and 0.0 in 1999-2000. This is partly due to the fact that the \$2.5 billion of the millennium fund has been posted under this fiscal year, when payments will not actually be made until the year 2000. An actual surplus of \$2.5 billion that could have been generated this year has already been removed.

It is not for reasons of prevention that this amount has been set aside, because it will be spent in any event on items other than the millennium fund. What it boils down to is that the Minister of Finance has gotten us used to his fiddling with the numbers. He is literally cooking the books, and we are not the only ones to say so.

The day after the budget was tabled, all serious financial analysts—whether they are federalists or sovereignists—said it did not make any sense. There is a budget plan, but we do not really know where we stand, because of things like the \$2.5 billion for the millennium scholarship foundation which the government has already posted to this fiscal year. It is becoming impossible to make proper estimates. We can no longer say whether the expenditures and revenues indicated are appropriate, because the figures were fixed. The government made sure that, for every year, its expenditures would be more or less equal to its revenues, so as to arrive at a balanced budget. It is a shame to present things in this fashion.

**Mr. Michel Guimond:** It is all done with smoke and mirrors.

**Mr. Yvan Loubier:** Precisely. This is unacceptable. This is an outrageous approach. The public expects some openness on the part of the Minister of Finance, who should present the true figures, the true situation, the true expenditures for this year, for next year and for three years down the road. The minister should not include in the 1998 budget expenditures that the government will only make in the year 2000, and make it look as if the money was going to be spent this year. These figures make no sense.

People are tired of the government's treating them like idiots who cannot understand balanced budgets and realistic estimates, as opposed to unrealistic, cooked up estimates such as those presented by the Minister of Finance.

• (1110)

Just six months after the Bloc Québécois presented its deficit forecast for the year ending in April 1997, we anticipated the deficit would be approximately \$10 million. With the meagre

means available to us as an opposition party, we were nonetheless able to take a pencil and paper—we also used a computer, which helped—to forecast what the deficit would be for the next six months. We also looked at the deficit forecasts for the previous year.

We asked the Minister of Finance whether it was true that, far from reaching about \$19 billion or \$20 billion, as mentioned in the last budget, the deficit for 1997-98 would actually be approximately \$10 billion. The minister stood up angrily and almost threw his budget papers at us as he replied that this was nonsense and that we were just throwing out figures.

Six months later, in Vancouver, he confirmed that our figures were right. Six months later, he admitted his forecast was off by 63%.

If we were able to make calculations with a pencil and a computer, it seems to me that, with the help of the hundreds of officials and experts at Finance Canada and Revenue Canada, he could have come up with figures that more accurately matched reality, but he never did. From the very first budget the minister brought down in 1994, we have been presented with nothing but hogwash, making it impossible to see where we are at.

Now the Minister of Finance is making himself look good because all that matters to him, the champion of surpluses, of jack-in-the-box budget surpluses, is the *Guinness Book of Records*. But that is not what the people want. What they want is honesty and openness from their Minister of Finance. They want to be given the straight goods, not the sort of nonsense we are being dished up, especially in the last budget.

In 1996, the Minister of Finance pulled the same trick he is pulling now with the millennium fund. He included in the 1996 budget the \$1 billion in compensation unfairly paid to the maritimes, when this compensation should have appeared after the maritime provinces harmonized their PST and GST, in other words this year, in 1998. He put down \$1 billion under fiscal 1996-97, two years in advance, when the actual expenditure came two years later.

What he is doing is not right, and he should look out, because we are getting a little tired of the way he presents things and takes us for something we are not.

The Minister of Finance should look out, because of these examples and because of many others it would take too long to go into here. For instance, why does the finance minister not create an independent EI fund? The answer is that he likes to hide the truth. He knows that he can easily help himself to \$6 billion annually from the EI fund. This does not show up anywhere because there is no specific entry showing that the Minister of Finance is going to help himself to \$6 billion from the EI fund. He puts it under general revenue. The Minister of Finance's refusal to create an indepen-

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dent fund strengthens our feeling that he has things to hide, that he is not telling us the truth.

The Minister of Finance is really starting to get on our nerves. We began to doubt his integrity, especially when he introduced Bill C-28, which is 464 pages long and which contains two paragraphs on his international shipping companies, and did so without warning, on the sly. When the opposition discovered these two paragraphs, which could mean tax benefits for him, he turned to his ethics counsellor, Howard Wilson, who is paid by the Prime Minister's office to save his neck.

People will realize one day, and I hope they will come to understand it from our arguments, that they have been had, that the Minister of Finance is playing tricks on them, that he did not tell them the truth, that he presented incorrect figures and that he asked them, in recent years, to make unprecedented sacrifices in terms of the excess taxes they have paid. Thirty billion dollars in four years ain't peanuts. He also asked them to make unwarranted sacrifices in the area of social assistance.

He asked the provinces, in particular, and the poor as well, to make unwarranted sacrifices. He also asked students to make extraordinary sacrifices and he is now asking the sick to make extraordinary sacrifices.

• (1115)

Injecting \$1.5 billion a year over the next three years is not going to change anything. People have to know that, in addition to cooking the figures, the Minister of Finance is cooking the facts.

In 1995, he brought down a budget that had a domino effect. He announced once in it—he did not dare say it a second time, because he was ashamed—that the social transfers to the provinces to help fund social assistance, higher education and health would be cut annually.

Instead of cancelling the cuts, he announces millennium scholarships for some students, in the amount of \$2.5 billion but only starting in the year 2000, as well as \$1.5 billion more for the health care system for the next three years. Although the Minister of Finance does not put it that way—the way it is presented is very hypocritical—he is cutting \$6 billion per year until the year 2003 from transfers to the provinces. There are \$30 billion in cuts still to come.

On the government side, they are bursting with pride over this. Either out of ignorance or ill will, I do not know which, they are telling us “The government has heeded the people's cry of alarm, and will put \$1.5 billion per year into health”. My foot they will! They will cut \$6 billion per year from health and social programs. That is the reality. They will take \$30 billion dollars away from it between now and the year 2003. That figure is a very long way from the \$1.5 billion they are putting back into health. They have just made \$30 billion in cuts, mostly from health.

The bottom line, then, is that in his 1995 plan the Minister of Finance forecast cuts of \$48 billion in health, transfer payments to the provinces to fund health care, higher education and welfare. Now, he is all proud to announce that he will not be cutting \$48 billion, but only \$42 billion. There is nothing in this government's measures, or the implementation of part of what was forecast in the latest budget via Bill C-36, to be proud of.

This budget—and my hon. colleagues will have the opportunity to return to this point—contains other unacceptable measures which do not reflect what people wanted. For the most part, it contains some general measures which will not provide all those who have done the Minister of Finance's work for him, in other words getting public finances back on an even keel, with any reward for all their efforts over the past four years to achieve that result.

The very day of the budget speech, the public's reaction of those really responsible was obvious. People were angry with the Minister of Finance. They felt it was ungrateful of him to make them do the work and then to boast about his wonderful accomplishments over the past four years. Those who are really responsible, and who received nothing in return, will not forget this.

When the Minister of Finance asks them to co-operate on federal-provincial programs, I doubt he will be successful, and I am not only referring to Quebec—because our province will not forget the millennium scholarship fund—but to the other provinces as well. When Mr. Romanow said he was speaking on behalf of the other premiers in Canada and felt like going after the Minister of Finance to get what he is owed, his statement may have signalled the beginning of more strained relations between the federal and provincial governments.

It seems to me the Minister of Finance had always told the provinces, directly or indirectly, that some day, when our fiscal house was in better shape, he would compensate them for some of the sacrifices they had made. That time has now come, with the last budget and with the next three years.

The Minister of Finance never had a kind word for his provincial counterparts and for all those poor people who had to put up with his savage and drastic cuts. The minister will pay for this.

• (1120)

His integrity will also take a beating, because he has been hiding the real budget figures for the past four years. The result of hiding the real figures, of fixing them, of almost falsifying them—to the point where editorialist Alain Dubuc wrote in *La Presse* that the budget was almost misleading—is that the finance minister's integrity appears to be vulnerable. Moreover, the minister is sponsoring bills to benefit his own foreign shipping businesses in

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Liberia, Barbados, the Bahamas and elsewhere. That takes the cake, as far as I am concerned.

Throughout the second reading of this bill, we will point out certain aspects of Bill C-36 relating to the budget, including those that I just mentioned. We are going to repeat them over and over again, and that is not all. Outside the House, we are going to launch a real public information campaign so that people know what sort of government, what sort of finance minister, they are up against, who is really responsible for the problems in the health sector. The guilty party is not Mr. Rochon in Quebec City, but the Minister of Finance here in the House of Commons in Ottawa. These are things we are going to say and keep on saying.

We have not done with the business of the finance minister's ships. If members opposite think we are going to work ourselves into a state over Bill C-28 and the finance minister's apparent conflict of interest while they look all innocent, they are mistaken. We are not about to give up. At the least, the minister appears to be in conflict of interest. He could be in total conflict of interest. I am convinced that he made a mistake in introducing this bill and that he made a mistake in approving a bill that will favour his offshore shipping holding company and shelter it completely from Revenue Canada's reach.

That having been said, I turn the floor over to my other colleagues. They will examine other very important aspects of the finance minister's last budget as they relate to Bill C-36.

[English]

**Mr. Dick Proctor (Palliser, NDP):** Madam Speaker, it is always an honour to stand in this House at any time but I am particularly pleased today to participate in the debate on Bill C-36, the budget implementation act.

In his budget speech last month the finance minister congratulated himself and the government for balancing the budget after almost 30 years. Bill C-36 which is before us today puts in place the mechanisms to carry out certain provisions outlined in that budget.

My adopted province is Saskatchewan. Our party, which is now the New Democratic Party and before that the Co-operative Commonwealth Federation party, has been in government for most of the last 45 years in the province of Saskatchewan. We have had some financial messes to clean up.

Of our previous premiers, I think of Tommy Douglas who inherited an atrocious mess from the provincial Liberals back in 1944. As premier of the CCF and later the NDP government of the province he proceeded to balance the books for a full 20 years.

In the 1970s the NDP government under Allan Blakeney, for whom I had the privilege to work for a time, guided the province of

Saskatchewan for 11 years. In every one of those years the Blakeney government delivered at least a balanced budget and in many of those years modest surpluses.

The Conservatives came to power in 1982. They virtually bankrupted the province of Saskatchewan. They managed to run up huge deficits, basically \$1 billion each and every year for the nine years. It was clearly the worst government in the history of the province of Saskatchewan. It probably can be fairly said it was the worst provincial or territorial government in the history of Canada.

The Devine government was succeeded in 1991 by the Romanow administration which inherited this enormous mess. Over the past seven years in the best traditions of social democratic fashion, the Romanow government has gone back to work and the results have been stunning. The Saskatchewan budget for 1998-99 was tabled last week. For the fifth year in a row the Saskatchewan budget is balanced.

• (1125)

The point I am trying to make is that there are great differences in how Saskatchewan and Ottawa have achieved the goal of balanced budgets.

This year Saskatchewan was again able to balance its books as I have said, but at the same time it has increased spending on health care, education and on getting more children out of poverty. There is more money for agriculture and highways. The provincial budget also includes increased investment in jobs and economic growth. This is after totally eliminating the deficit. Saskatchewan continues to pay down the debt inherited from the Devine administration by an additional \$500 million in this fiscal year.

As I said yesterday when we were debating Bill C-28, it is backfilling every dime the federal government has taken out of medicare as a result of slashing transfer payments to the provinces in 1995 and the years thereafter. To preserve and protect this country's health care system particularly in the province of Saskatchewan, Saskatchewan has put back in every dollar that the federal government has taken out.

This is a stunning achievement. As Saskatchewan finance minister Eric Cline indicated last week, the credit belongs to the people of that province. As the minister said, those people are now seeing the benefits which flow from the sacrifices they had to endure in the past several years.

The Saskatchewan budget is one thing. The federal Liberal budget is quite another. In my humble opinion it is a cynical budget, a testament to the black art of accounting.

The finance department always hires slick, highly paid media professionals to put a positive spin on the budgets. In 1995 the government did its polling. There were focus groups in advance of the tabling of the budget and it was found that Canadians would

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stomach no more tax increases. Therefore the finance department packaged a budget that contained few new tax increases.

All the television news programs began that budget evening with the Peter Mansbridges and the Lloyd Robertsons saying "Budget '95, no new taxes". Of course that was not the case. What the 1995 federal budget did contain was an unprecedented attack on health, education and social programs, on unemployment insurance and billions of dollars in cutbacks in transfers to the provinces as I indicated a moment ago.

Those same or similar spin doctors are at work once again. This time they are patting themselves on the back by saying that they balanced the budget. Don't worry, be happy. Happy days are here again.

The Minister of Finance in the federal Chamber has to hope that Canadians have short memories about these billions of dollars that have been slashed from spending on education, health care, unemployment insurance and agriculture.

The minister now announces that he will not proceed with further cuts scheduled for this year on health care for example and then he portrays this somehow as new spending and new money. Having mugged Canadians for five years, he now gives them 35 cents and urges them to go and purchase some coffee.

[*Translation*]

Let us look for a moment at what is missing from the budget, and therefore from Bill C-36. There is nothing to put right the damage done by the minister's earlier budgets to medicare. Not so very long ago, we heard on the news that Edmonton hospitals were having to send patients to Saskatoon because no beds were available. This is what the Liberals have done for health care.

What else is missing from this budget, and therefore from Bill C-36? There is no new investment in jobs for young people, no objectives for reducing overall unemployment, no objectives for reducing child poverty, no drug plan, no home care. The government may not have a deficit in 1998, but ordinary Canadians do.

• (1130)

We have a social deficit. Who is paying for this deficit? It is children living in poverty, the unemployed, students abandoning their studies because they are too deep in debt.

Take the case of the really nice young man who worked in our office recently. After finishing two years of university, he had to quit because he owed too much money. The minister announces that Canada no longer has a deficit, but things are very different for this young man.

[*English*]

What else is not in the budget? The budget speech was entirely silent on agriculture. The minister spoke in this House for almost 90 minutes and the word agriculture never passed his lips.

Furthermore, in a 275 page document which was tabled relating to the budget there were a mere 16 lines about rural Canada. Most of that space was devoted to reminding us that the minister provided additional money to the Farm Credit Corporation last year.

The only current spending mentioned for agriculture is \$20 million spread over five years and throughout several government departments.

Federal government spending in support of agriculture and the agri-food sector has declined drastically throughout this decade. Spending has tumbled from \$6 billion in 1991 to less than \$2 billion in 1997. This year's budget confirms even further cuts.

We submit that the Liberals are dismantling rural Canada piece by piece. They are closing post offices and allowing the railways to double freight rates on grain and tear up branchlines. They have totally forgotten rural Canadians.

One might well ask where the agriculture minister is in all of this. Where is the Minister responsible for the Canadian Wheat Board or the Minister of Transport? What are they doing to represent the interests of rural Canadians at the cabinet table? The answer clearly is not much.

Farmers and other rural dwellers have sacrificed enormously in the fight against the federal deficit. The finance minister now says that the battle has been won, but these same people could be well forgiven for asking if we are any better off than we were when the Liberals were re-elected five years ago.

I want to turn to post-secondary education and the millennium fund.

I said that this is a cynical budget and nowhere is that more clear than in its centrepiece, the millennium fund which has been much touted by Liberal members opposite. Part I of Bill C-36 deals with the fund's foundation and its board of directors. This scholarship fund is a clear example of the budget being used as a tool of ideology, as the speaker before me so well indicated and documented. The Liberals have used the fight against the deficit as an excuse to pursue privatization throughout the economy. Now they will use new spending to privatize education.

Here is how it will work. In 1995 and the years following, the federal government withheld billions of dollars in transfers to the provinces for education. Universities and technical institutes have been starved for funds. Their roofs leak and buildings threaten to collapse onto students. The universities were desperate for money and raised tuition fees to the point where university graduates with

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a debt of only \$25,000 should consider themselves fortunate. After years of starving students the finance minister has announced this wonderful new scholarship fund which he says will be worth \$2.5 billion.

Let us deconstruct this for a moment. The millennium fund is announced with great fanfare in February 1998, although it does not actually begin until the year 2000. Coincidentally, that will be when the Liberals begin their run-up for the next federal election, but I digress. Tens of thousands of students will face another \$10,000 of debt each before the scholarship fund ever kicks in. All the analyses indicate that at best the fund will help only about 7%, perhaps less, of Canada's post-secondary students.

• (1135)

The minister tells us that this fund will be established by a private foundation, and Bill C-36 provides for its establishment. This foundation will determine which students are worthy of receiving these scholarships. The foundation then has an amazing amount of power to decide who is and who is not worthy of receiving a scholarship. Indirectly the foundation's board, appointed by this government, will have great power to decide which educational programs are worthy of support. Is there any chance, for example, that the foundation will reward those students enrolling in university courses which focus on programs that business has been demanding all along?

As I have said before, we believe that this is the Liberal's first step in privatizing education, just as they have privatized so many other things. Having starved our public system of education, they now establish a fund for those individuals whom someone else will decide are worthy enough to attend.

What about those who do not qualify for millennium fund scholarships? As of this budget their parents are told that they can cash in their RRSPs to help pay for their children's tuition fees.

People in Canada are more insecure than ever. Study after study shows that real wages and family incomes have been static or declining for years. People are selling the family silver or, in this case, the family RRSPs to help pay for the education of their daughters and sons.

This is the brave new world of the Liberals. The deficit and now the surplus is being used to support a growing gap between those who are wealthy in our society and those who are poor or of modest means. This growing inequality is continuing and I would like to elaborate on it by quoting a prominent citizen.

What kind of society do we have, when we see these gigantic salaries up there and these huge amounts of poverty down here? I think that we are reaching the point of absurdity, in terms of inequalities. There is third world poverty in this country. It is beyond belief.

Any guesses as to who might have said this? Would it have been the leader of our party, the member of Parliament for Halifax, or perhaps the head of the National Anti-Poverty Organization? The answer is no. This is a quote from the federal Minister of Finance in an interview with the editorial board of the Ottawa *Citizen*. Did he really mean it? What was he up to? Perhaps he was casting himself for a part as a left Liberal, but he quickly decided that he did not want to be in that play after all. It has been reported in the news media that finance department officials told their minister not to make that kind of statement again. He certainly has not.

Surely the Minister of Finance knows, however, that the chief executive officers of the Bank of Montreal and the Royal Bank have take-home pay in excess of \$10 million a year when stock options are considered. This is hundreds, even thousands of times what the average bank employee earns. Matthew Barrett might make an argument for a salary which is 10 to 20 times higher than that of a bank teller, but it is simply unjust for him to take \$10 million a year. I very much like the suggestion made recently by the United Church of Canada that we do not only need a minimum wage in this country, we need a maximum wage as well.

In the meantime, these millionaire CEOs want their banks to merge even though Canada already has the most concentrated banking sector in the G-7 group of countries. Even the CEOs admit that the merger would result in the shredding of 10% of their workforce which amounts to about 10,000 people. We believe that the job loss would be much higher than that, probably in the magnitude of 25% of the staff or more than 20,000 jobs in the banking industry overall. The NDP is going to fight this merger every step of the way. I believe that we will be the only party to do that.

What is the finance minister's answer to this proposed merger and to the massive job losses that would occur? We are waiting for it. He has certainly looked uncomfortable when attempting to answer questions in question period on the topic.

• (1140)

The minister and the Liberals remain the champions of big business. We see this in spades in their unqualified support for the MAI, which has been called a bill of rights for corporations and the NAFTA on steroids.

I listened with interest an hour or so ago when the member for Medicine Hat was talking about the number of Canadians who have to flee Canada or leave Canada. Perhaps flee is too strong a word, but they choose to leave Canada because there are greater opportunities elsewhere.

But there is another side to the story the member did not talk about, which deserves to be talked about, and that is the flight of capital from this country. Successful entrepreneurs are making the



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decision that, having earned large sums of money here, they will now take their business and move it offshore where they can avoid paying taxes of any kind, or very modest taxes.

I guess for me there is no greater example of that than the New Brunswick multi-billionaire, Mr. K.C. Irving, who left a will a few years ago for his sons, turning over all of the assets of his very successful business to the children on the condition that they could not live in Canada. In other words, they had to go to a tax haven offshore, the Cayman Islands or perhaps the Bahamas, where they would pay no taxes.

Those are the kinds of things that all freely elected governments will have to deal with in the years to come. I would suggest that it is far more important that countries like those in the OECD deal with these kinds of issues rather than the multilateral agreement on investment.

For too long the Conservative, Reform and Liberal parties have had it their way. They have convinced many people that there was no alternative to the attacks on our communities, our public institutions and our families. I submit that is changing. I think, for example, of the broadly based coalition working for fair trade and against the MAI. I think of our party's work in the alternative budget coalition with other social movements.

Together we believe we can provide economic alternatives that once again will put people first.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, in listening to the hon. member's speech, I would ask if rural Canadians will not benefit from reduced taxes. Will the children from rural Canada not be able to attend higher universities, educational institutions, and have access to the millennium fund and the Canadian opportunities strategy in order to further their education and be able to compete?

This budget allows farmers and other self-employed business people to deduct premiums for health care. This would put them in line with other businesses. Do they not benefit from this type of initiative?

I also remind the member of the elimination of the surtax on incomes below \$50,000. Does that not benefit Canadian farmers and rural Canada?

The member talks about rural Canada as though it were not a part of Canada, as though it were not benefiting from the initiatives in this budget. I want the hon. member to answer to that.

Students from rural Canada who are dealing with student debt will benefit from this budget.

I also want to mention that in my riding of Stoney Creek we have a substantial amount of grape growing and winemaking. Brock University put in place a university course for winemaking.

Students in the rural part of my riding will be able to access, through the Canada millennium scholarship fund, education courses at Brock University. Do they not benefit from these types of initiatives?

Rural Canadians benefit from a balanced budget. Rural Canadians benefit from low inflation and low interest rates. The hon. member must stand in his place and admit that rural Canada will benefit from the achievements of this government. He may not agree with everything that we are doing but I cannot possibly accept the fact that he says this government has done absolutely nothing for rural Canada.

• (1145)

**Mr. Dick Proctor:** Mr. Speaker, people in rural Canada will benefit from having a balanced budget, and some very minor nod on reduced taxes.

The point in the references to agriculture was primarily how much has been slashed from the agriculture and agri-food budget by this government over the past number of years. It had gone from \$6 billion in the early 1990s to \$2 billion today for a drop of \$4 billion. I contrast that in terms of the farming community, especially grain farmers in western Canada who have played an enormous role in helping this government balance its books by exports of grain and oilseeds. They have been rewarded by seeing their grain transportation rates doubling and in some cases even tripling as a result. They are now faced with low commodity prices.

The point I attempted to make is this government has retrenched in terms of its commitment to agriculture and the result has been much lower expectations in the agricultural community.

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Madam Speaker, I thank my colleague for everything he said. I totally agree with what he said. I would like his opinion on a few issues.

What is in the budget for regions that have very high unemployment rates and for the regions that are running out of unemployment because the UI program has been totally dismantled? What is in the budget to help somebody on a waiting list for months for heart surgery? What is in the budget to help a student who has a \$50,000 loan? What is in the budget to help the people who are now paying 15% of the BST we have in New Brunswick and Nova Scotia that we now pay 15% on heating fuel?

What is in the budget to help the people who now have to pay on the toll highways in New Brunswick and Nova Scotia? What is in the budget for the people who have all these additional burdens and still have absolutely no jobs?

Could my colleague help Canadians across this country figure out what is in the budget to help all these people who are suffering today?

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**Mr. Dick Proctor:** Madam Speaker, I thank the member for the question.

The unemployment rate remains very disturbing, as has been mentioned by a number of other speakers in this debate today. There is absolutely nothing that we can point to specially in the budget that will have any impact on reducing that. In this country in recent years we have gone from an unemployment insurance system that basically paid claims in the area of 85% to 90% to well under 50% of claimants receiving any kind of employment insurance when they present themselves to the officials. This is as a result of the changes from unemployment insurance to employment insurance.

In terms of waiting lists in hospitals and other medical facilities around the country, it is not a very encouraging sight. The lists are growing. We read about it every day. There is no new money in this budget. They are just taking less away from us to help the provinces alleviate that condition.

• (1150)

I touched on student loans in my remarks. I think the scholarship millennium fund will, as I indicated, help less than 7% of students. A number of students have debtloads in the range of American universities now. When I was a university student many decades ago, we had a very low rate of tuition fees. It was possible to graduate from university with a modest debt, as was my case, and to get it paid off. Students today are looking at \$30,000 to \$35,000 worth of debt. It is a horrendous figure with virtually no way out.

**Mr. Gar Knutson (Elgin—Middlesex—London, Lib.):** Madam Speaker, I have a question for the hon. member. Did the NDP in the last election not call for a student assistance program that would give qualified students access to post-secondary education? Have not we, the Liberals, actually delivered on that NDP plan in our millennium fund? Should we not be applauded for that?

Did the NDP not call for increased capital and research funding to restore and renew post-secondary facilities? Have not we, the Liberals, in the last two budgets increased funding to research granting councils? In this last budget and in the prior budget did we not provide \$800 million to create the Canada foundation for innovation?

Did the NDP not also ask for investing in families with measures such as access to high quality child care and support for parents? Does not the increase in the child care tax deduction by \$2,000 partially deliver on that promise? Should we not be applauded for that as well?

**Mr. Dick Proctor:** Madam Speaker, in view of the lack of time, I will confine my remarks to the first point raised by the hon. member concerning education.

I think it is fair to say that this party, given the opportunity, would never have introduced a scholarship millennium fund similar to the one we are debating here and now. The problem for us is that the transfer money should go back to the provinces and the territories and not in the way that it is being done here where it is being handed out in some sort of way yet to be determined for individual students.

The government has cut back significantly on post-secondary education and on the facilities. It would have been much better if the money had been put back into those facilities so that tuition fees could be reduced and programs could be enhanced. For political reasons the Liberals have chosen to go at it another way.

**Mr. Jean Dubé (Madawaska—Restigouche, PC):** Madam Speaker, I rise in the House today to speak on Bill C-36. It has been nearly a month since the Minister of Finance marvelled to all who would listen to the upside of his balanced budget.

My message today for those who find their conscience in favour of this bill is to reflect on the tired but relevant cliché, that this budget is only as strong as its weakest link.

Let us not fool ourselves by standing here in the House and declaring this country has a cause to rejoice. Let us examine some of the weakest links of this so-called balanced budget, which even the auditor general cannot endorse.

As of this day, Canadians are still the highest taxed individuals in the G-7. While Canadians' personal disposable income decreased, the incomes of our G-7 neighbour to the south increased. The Canadian standard of living is 25% lower than that of the United States and this gap continues to expand. Youth unemployment figures are staggering yet the government continues to lack a plan to address the issue.

Just last week the CIBC reported that some 200,000 unemployed youth do not appear on the government's books. All the wonderful news of 85,000 new full time jobs being created did nothing to help young Canadians support themselves. Our current statistics show that our youth unemployment rate is twice that of the United States.

• (1155)

These points tell me the minister has become obsessed with this new agenda and sweeps the issues of the individual under the carpet.

What did the budget do for tax relief in this country? We see the 3% deficit surtax being slowly eliminated. Leading Canadian economists agree that tax relief is essential to job creation and prosperity. In fact, the Minister of Finance has said so on different occasions himself.

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Catherine Swift from the Canadian Federation of Independent Business, who shares a key factor of the Progressive Conservative platform, stated that further tax cuts would help business create jobs, something the government should listen to: "We are still not seeing a major job creation agenda here and from a small business job creator's standpoint, that really should be the prime target".

This government lacks transparency in the area of employment insurance. The auditor general criticized it for using employment insurance to reduce the deficit when the system was not set up for this purpose.

In the budget the government boasted of reducing all taxes by \$7 billion over three years. Yet the same government is taking \$6 billion annually out of taxpayer pockets. To my knowledge this is the only government to establish an unemployment plan for Canadians. It creates more unemployment, raises taxes and taxes employment insurance. That is what its policy is doing.

When the Liberals are asked to reduce contributions they say no, that does not work, it will not create real employment. Yet in the budget they are doing just that for people between the ages of 18 and 24 for two years only. When they are asked why, it is to create employment. If it works for young people aged 18 to 24, will it not work for people aged 45 to 55? Unemployment is too high in Canada? No, they believe only in minor measures and always to save face.

The minister had an opportunity to follow his own wisdom and make substantial cuts to the surplus, cuts that would have given every wage earner in the country more disposable income and therefore given businesses the cashflow essential to create jobs.

Even more shocking, if the Minister of Finance had consulted his own cabinet colleagues he would have found the industry minister agrees with the PC Party that tax cuts in Ontario have increased job creation and spurred economic growth. Instead of aiding Canadians directly with significant payroll tax relief, he elects only to respond to their needs by phasing out the 3% deficit surtax.

What Canadians do not know yet is that the Liberal government will soon be introducing the single largest tax hike in Canadian history by increasing Canada pension plan premiums. What has taken place here is that we see the 3% surtax totalling \$1.6 billion phased out and replaced with a tax hike that dwarfs all its predecessors, bringing it to \$2 billion.

It is as though we are at a carnival. While Canadians guess which cup the peanut is under the minister continues to shuffle and dazzle the crowd. In the last election we saw the carnival booted out of Atlantic and western Canada. Ontario and Quebec are his last stage because sooner or later people will see the costs of the minister's games.

• (1200)

Let us take a look at another weak link in the budget, the great Canadian brain drain. Provincial premiers made it clear they wanted from the budget a return of the billions in cuts from transfer payments that devastated health care, social programs and education programs.

For years now education has been a responsibility of the provinces. At a time when we have another potential national crisis on the horizon, the Liberal government elects to drive a wedge into interprovincial relations by creating the millennium fund. It has set aside for the fortunate class of 2000 and beyond \$2.5 billion to assist some 7% of all students to further their education. In my mind it is a modern day Avro Arrow program.

If substantial tax cuts are not made to create jobs, we place graduates on graduation day in Seattle. Someone should point out to the Minister of Finance that "sleepless in Seattle" was just a figure of speech in a movie. At the present time Bill Gates at Microsoft has extended a standing offer to all Waterloo computer science graduates and the result is that over 80% of them are going to the United States.

My home province of New Brunswick, which has invested significant dollars into information technology training schools, cannot retain the graduates it produces because it is not able to compete with the U.S. market. We see the same exodus across the country. It is disturbing to think that a large portion of the \$2.5 billion will benefit the U.S. economy.

Why go to the U.S. one may ask. For one the jobs are there. Wages are higher and taxes are lower. Yet other students were forgotten. What about the students of today and next year? They were simply forgotten, not to mention the 97% who will not benefit from the millennium fund in the next century. They will not forget on graduation day as they watch Canada customs in their rear view mirror.

Let us consider the comments of Sherry Cooper, chief economist at Nesbitt Burns, who said broad based tax relief was crucial to our economic future. She said:

We are pouring all this money into education and scholarships, and then the better and brighter will go straight to the United States where taxes are massively lower.

The Liberals have feed the brain drain from this country. Instead of taking measures to be at the forefront of an emerging information technology industry, they have decided to finance another country's efforts. When one steps back and examines the links in this chain, one comes to a quick realization that the government has abandoned our social policies.

Our society expects government to take care of the elderly, young people, workers and other individuals facing personal crises and in need of a helping hand. These values are not to be sacrificed.

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Canadians will not allow what makes the country so unique to be altered, yet they know these values come at a price.

The goal for any government is to balance values against fiscal responsibility. Some may think this is blatantly obvious, but as I read the budget I realize these fundamental principles or links in the chain were well worth repeating.

The government has ignored these concepts and values. It claims to be sympathetic, yet it threatens seniors with a hidden project it never unveiled as part of its platform.

• (1205)

Canadian seniors rely on three basic sources of income. The government has systematically attacked the retirement savings systems since it has taken office. It has done so in piecemeal fashion with the bottom line as its consideration. It has not addressed the fundamental questions of what kind of retirement assistance Canadians need and want or what are the best ways for government to ensure Canadians are secure in their retirement.

Some would ask why the seniors benefit is an issue. Let us state the obvious. It certainly was not an issue in the budget. In fact, the government has gone back to the drawing board because of the flaws my party exposed in the seniors benefit. The Liberals proposed to eliminate the OAS, the pension income tax credit, the age credit and the GIS. To date they have refused to provide a full and proper analysis of how these measures would affect retired Canadians in the future.

The Progressive Conservative Party of Canada is committed to forcing the government to disclose fully to Canadians the financial impact of the proposed seniors benefit. Canadians of all ages must understand its consequences. The Liberal government must not be allowed to destroy the foundation of our national pension system.

The government claims to be concerned about workers, but the budget has nothing to do with the famous Liberal election battle cry. Not so long ago a chant fell on Canadians' ears shouted by the Prime Minister proclaiming jobs, jobs and more jobs. In the budget it resembles less than a flattering wailing of a trombone.

Middle and lower income Canadians needed to hear from the budget a trumpet of hope, for hope is what keeps the disparaged committed to protecting the values of our society. When hope is lost so are our motivations, our strength and our willingness to endure.

In closing, we share with the Prime Minister of Canada and so too taxpayers that the budget was one trick pony where even the word balanced could not be endorsed by the auditor general. The minister may feel that his spread sheet's bottom line is balanced, but his trust to serve and protect the values of the people have been

wrapped in chains with many weak links. Once broken they will break free and bring true balance to our economy.

My party believes that it is time for Canada to have a strong plan for growth in our economy. We need to get our foot off the brake. For us this means lowering taxes by reducing EI premiums by about one-third to create jobs and lowering taxes by increasing the basic exemption for Canadians to \$10,000 to allow lower income Canadians to earn more and buy more of the essential goods they need.

This is a government which has a great opportunity to launch us on a new path, to close the chapter of deficits, and to start us on a new path. It should set a target for debt reduction so that we are able to measure our performance and to live in a political environment where we can go to our neighbours and say that together we need to limit spending to keep it under control. If we do, we will meet a specific target. When we get there we will be able to reduce taxes further.

• (1210)

If we create that kind of political environment we will all increase our chances of succeeding. Those should have been lessons learned in the budget. Our party firmly believes that we need a plan for economic growth. The budget is more than just about numbers. It is about values. It is about the choices we make. It is not good enough to shift numbers around.

Some parties would say they would put more money into education but then they would cut equalization. The position we have taken is that there would be more money put into education by building a new deal with provincial governments. Then there would be a health care guarantee for all Canadians and we could leave provincial governments alone.

We believe in a plan for stronger economic growth. We can reallocate priorities. We can put the emphasis on education, health and guaranteed services to Canadians. It requires the political will, the vision and the foresight to make it happen. I am sorry to say this is something that was not part of the budget.

The Progressive Conservative Party of Canada and I cannot and will not support Bill C-36 because it was merely a numbers game that has left our country and our people suffering today with little hope.

One could conclude that the budget should be judged by its weakest link or by the missing links of the Minister of Finance.

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Madam Speaker, when my hon. colleague first began his speech he quoted Catherine Swift, president of CFIB, and made a statement regarding her reaction to the budget.

I would like to quote from Catherine Swift as reported on February 25 in the *Ottawa Citizen*:

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The biggest thing in there for small business was income tax reduction. Putting more money into people's hands is good for the economy. From a political standpoint it was a good budget. There was a little something for everyone and a huge amount of wiggle room which would allow the debt to be paid down faster.

Regarding his quotation of Catherine Swift and whether she had more time to digest the good budget the hon. minister brought down, how could he say that it was negative? The day after the budget she indicated that she was quite in favour of it.

**Mr. Jean Dubé:** Madam Speaker, I thank the hon. member for giving me a chance to get back up to speak on this point.

One good thing about the budget is that it is balanced. Why is the budget balanced? Is it because of Liberal government procedures? I do not think so and people know that is not what it is all about.

It is about measures, sacrifices made by Canadians. We are talking about free trade, which they voted against. We are talking about GST, which was unpopular. They also voted against that. We are talking about surtaxes, where the money comes from.

I cannot say that the government has not done anything. I will be honest. I could not say that. I would be lying and I do not like to lie. I am not a liar. The government has done something. It has cut transfer payments to provinces which affect social programs, education and health care.

Nobody knows more than Canadians the effect of these slashes. People are looking for beds in hospitals throughout Canada and cannot find them. Students are trying to obtain post-secondary education to compete in the global market and are unable to finance it. This is what the government has done.

Social programs in regions in great need of social programs have been slashed. People are starving. People are suffering. To say that you have done nothing, I could not do that. There is a lot that we can do. I hope that we have the ability and the political will to do so.

• (1215)

**Mr. Gar Knutson (Elgin—Middlesex—London, Lib.):** Mr. Speaker, the hon. member raised the issue of hope.

I would like to sincerely invite him to my riding of Elgin—Middlesex—London and show him a community that during the waning days of the last Tory government probably suffered through the worst recession in its history. It had an unemployment rate of well over 16% or 17%. Factories were moving out of our community en masse.

I would bring him down to the community now and show him that our unemployment rate has roughly been cut in half, if not better. We have investments from companies all over the world. If

he wants to see a more hopeful, optimistic community, have him come to Elgin—Middlesex—London.

I would also like to suggest that the story in my riding is not unique. It is being repeated all across the country.

The point about Canadians having the highest income taxes in the industrialized world is something we hear from the Conservatives. It is something we hear from their kissing cousins the Reform Party. The fact of the matter is that a truer picture of tax fairness includes all taxes. The opposition repeatedly distorts the facts by focusing on selected tax measures.

Total tax revenue for all levels of governments stood at 36.1% of GDP in 1994. This puts Canada in the middle of the G-7 countries. Canada relies more than most countries on income tax and less on payroll and sales taxes which increases tax fairness.

My main point is that in October 1997 a study conducted by KPMG, an international consulting firm, concluded that Canada has lower overall business costs than the United States and Europe, including the lowest overall tax burden of the seven nations studied.

**Mr. Jean Dubé:** Mr. Speaker, I would like to thank you again for giving me another opportunity to get up and speak on this.

I would like to ask a question of the hon. member. What planet is he on? We all know that we are the highest taxed country in the G-7.

He also mentioned that I should visit his riding. I would like to bring to his attention my riding, the people I represent. He mentioned 19.5% or something like that. I will give him the number from my riding. How does 50% unemployment sound? It does not sound very good. I hear comments of bravo from the other side, but I would not say that to the people of New Brunswick, the people of Madawaska—Restigouche who are suffering today because of the cuts in transfer payments that the government has made.

The cuts to the EI, the reform of the Employment Insurance Act have put these people against the wall. I invite him to come to my riding and see these people, maybe consult with them. I invite the government to come to my riding and consult with these people and maybe find solutions to this chronic problem. It is not more EI. It is to find solutions.

My Reform colleagues next to me would do away with EI and do away with Atlantic Canada. That is what they would do. It would start in Ontario. We know what they think.

We have a responsibility to all Canadians. We have to study what has been going on in different parts of the country. It is not just to throw money at the regions with the highest levels of unemployment. It is to find solutions.

I invite the hon. member to my riding as well.

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**Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.):** Mr. Speaker, I wonder if the hon. member would tell us how he would allocate the fiscal dividend. On \$100, how much would he put to the debt, how much to investments in education and health and how much to tax reduction?

• (1220)

**Mr. Jean Dubé:** Mr. Speaker, I agree that we have to attack the debt. We have said this all along. We need to have a balance. We need to balance debt reduction with our social responsibilities. If we can do that, we will find a way to please all Canadians, including those in central Canada and all the people in need. There is a balance to be found and we should look for it.

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I listened carefully to the remarks made by the hon. member for Madawaska—Restigouche, the riding next to mine in New Brunswick. I agree with him that we would indeed have expected a bill like this one to put back a much more substantial amount into transfer payments so that the provinces will have enough money to provide health care.

The Liberal government and its supporters claim, on the one hand, that health should be a priority and at the same time drastically cut transfer payments, starving the provinces as the result, and on the other hand, they say “We are going to develop a home care system”. Imagine the federal government involved in home care.

Does the hon. member agree with the Parliamentary Secretary to the Minister of Human Resources Development, who stated this morning that the whole employment insurance issue was not an urgent matter? He said that we could take our time, that there was no rush to take action on this issue.

Will the hon. member for Madawaska—Restigouche, whose riding, like mine, is struggling with high unemployment and the problems associated with seasonal industries, comment on this position, which should have been reflected in the bill before us? Does this not go to show how insensitive the Liberals can be not only for eastern Quebec but also for all the maritime provinces?

**Mr. Jean Dubé:** Mr. Speaker, I thank my colleague for his question. I agree with him entirely.

As he knows, at my first committee meeting, I moved that we study the impact of the employment insurance reform, because I come from a region that is hard hit by unemployment.

I am disappointed by the committee’s decision this morning, because this matter warrants study urgently, in fact more than study, because the employment insurance reforms have already been studied. The study did not reveal much. What needs to be

done is for us to visit the regions, like those of my colleague and myself, to see what the employment insurance reforms have meant for the people. That would be much better for everyone. order

\* \* \*

**BUSINESS OF THE HOUSE**

**Mr. Bob Kilger (Stormont—Dundas, Lib.):** Mr. Speaker, discussions have been held among the members of all the parties and primarily the member for Shefford on the division scheduled for Thursday, March 26, 1998 on Motion M-198. You will find unanimous consent for the following motion:

That, at the conclusion of the debate Thursday, March 26, 1998, on Motion M-198 under the name of the Member for Shefford, all questions necessary to dispose of the said motion shall be deemed put, a recorded division deemed requested and deferred until Tuesday, March 31, 1998, at the expiry of the time provided for Private Members’ Business.

**Mr. Paul Crête:** Mr. Speaker, I want to address the government whip’s point of order, on clarification.

I moved an amendment to the motion in question. Will the vote on the amendment be deferred the same way as the vote on the main motion? If so, we would support the government whip’s motion.

• (1225)

**Mr. Bob Kilger:** Mr. Speaker, I am sorry, and I apologize to the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques for failing to discuss with him, because we need approval from him and the members involved. It is certainly our intention to have the vote on the amendment the same evening, on Tuesday.

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

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

[*English*]

**BUDGET IMPLEMENTATION ACT, 1998**

The House resumed consideration of Bill C-36, an act to implement certain provisions of the budget tabled in Parliament on February 24, 1998; and of the amendment.

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Mr. Speaker, I will be sharing my time with my hon. colleague from Elgin—Middlesex—London.

I am proud to speak in full and complete support of the government’s budgetary measures. On behalf of my constituents I am also pleased to express their points of view on the budget. I

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have heard from many local residents in the month since the budget was first delivered on February 24 by the hon. Minister of Finance.

To me, families in rural Canada are the biggest winners in this budget, with \$7 billion in tax cuts, \$13 billion in debt reduction already this year and appropriate investments in health care and education. These are some of the items that my constituents have mentioned to me. I believe we are on the right track and must continue this course.

This budget is a balance between new spending and tax or debt reduction. The Minister of Finance has clearly accomplished that. For example, the elimination of the 3% income surtax for people earning under \$50,000 and increasing the basic personal exemption are two measures that will reduce taxes for 90% of Canadians, especially low and middle income earners who form the vast majority of constituents in my riding of Lambton—Kent—Middlesex.

My riding is an assortment of small towns, villages and hamlets, with the two largest centres having populations of approximately 12,000. I was delighted to declare that rural and small town families are getting relief.

With the first balanced budget in 28 years and two more predicted to the year 2000, the Liberal government has targeted its efforts on the economic and social priorities that are important in my riding. These are items such as support for families with children, support for looking after ailing family members, increased access to knowledge and skills with more money for rural Internet access, help for small business owners to hire young people, and to enable them to deduct their own dental and health insurance.

As the Minister of Finance and the Prime Minister have stated, Canada has cut up its credit card. The era of overspending is behind us forever. I know that my constituents are breathing a sigh of relief. They want their hard-earned tax dollars to be spent wisely and prudently. People should expect nothing less from their government. We are delivering and will continue to do so.

As well, our goal is to put the horrendous national debt on a permanent downward track. Last year it dropped for the first time in a generation with more reductions to come to preserve our financial future as a country.

More help for families came in the form of an enriched child tax benefit. The 1997 budget allocated \$850 million to the benefit. This year we will increase that by another \$850 million over the next few years.

To help working Canadians with children, we will increase the child care deduction limit from \$5,000 to \$7,000 for children under the age of seven, and from \$3,000 to \$4,000 for children between the ages of seven and sixteen. This will assist about 65,000

Canadian families with children. It is yet another piece of good news from the budget.

Small business is the backbone of my riding. Entrepreneurs, service providers, corner stores, farm implements dealers and the farmers are all involved in our communities and make a positive economic impact.

If a small business hires someone between the ages of 18 and 24 in 1999 or 2000, their employment insurance premiums will be reduced to zero for those new hires. This will reduce payroll costs for the employers by \$100 million a year. This is on top of the EI rate reductions announced in January. Both these actions could reduce payroll costs by \$1.4 billion.

To improve equity in the tax treatment of self-employed Canadians, all owner operators of businesses will be able to deduct premiums for health and dental insurance against their business incomes. This is certainly an excellent step forward. In addition, the federal government will benefit the nearly 500 volunteer firefighters in Lambton county and the many more in Kent and Middlesex which are in my riding.

• (1230)

The tax free allowance has been doubled from \$500 to \$1,000. Mr. Don Crocker, Moore township's fire chief and Lambton county's fire co-ordinator, says: "It is a big deal for them, a big impact for the volunteers, manning the county's 20 primary rural Lambton stations. It is a big plus for volunteers. They are spending an awful lot of time and getting very little for it. I think it is wonderful".

There are nearly 22,000 volunteer firefighters in the province of Ontario, so we can plainly see this budget is positive for rural Canada.

Camalachie fire chief Gerry Dochstader can attest to the low wages paid to volunteers. Some are paid on a points system, others get compensation from their municipality. The extra tax deduction will help, he says, in a February 26 article in the *Sarnia Observer*: "It is like compensation for the wear and tear of your car, tearing down to the fire station at 3 o'clock in the morning, whipping out on Sunday calls while still in your good clothes. For what we ask the rural firefighters they are given very, very little in return".

The tax allowance covers the cost of clothes damaged in fires, special equipment, steel toed boots and other expenses they incur as volunteer emergency workers.

Many of Canada's important industries such as agriculture are based in rural communities. These primary industries account for almost half of Canada's exports. My riding includes some of the best dairy farmers in Ontario. Kent County is the number one corn growing region in the country and Middlesex is home to chicken, egg, beef and pork producers. Agriculture is the lifeblood of my riding and of southwestern Ontario.

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The 1998 budget confirms the four year \$20 million Canadian rural partnership initiative. This will support innovative programs to help rural Canadians find community solutions to challenges such as maintaining good soil and water and charting a successful course in a rapidly changing economy.

In addition, \$30 million over three years has been provided to an expanded community access program. This excellent program will provide an Internet connection for virtually every community with 400 or more residents by the end of the year 2000.

I was pleased to recently announce on behalf of the Minister of Industry up to \$15,000 in Internet funding for several libraries in my riding. I am confident that all of them will be hooked up to the information highway very soon.

Children and adults alike are using the services provided and I have heard nothing but great reviews.

Rural communities will also benefit from the \$50 million capital injection in the Farm Credit Corporation announced in the 1997 budget. These additional funds will be used to encourage economic growth and diversification.

With fiscal discipline, targeted tax reductions and strategic investments, the 1998 budget is working for rural Canadians and all Canadians.

The budget marks a significant accomplishment for Canada. Tough fiscal control has gotten us this far, and we are not about to let up. Spending must continue to be constrained and federal spending has dropped to its lowest level in 50 years relative to the GDP. For the first time in half a century the Minister of Finance will produce three consecutive balanced budgets, a remarkable symbol of financial stability on the world markets.

I am proud to be a part of the building of Canada and Lambton—Kent—Middlesex for the 21st century. We will lead all industrialized nations in economic growth this year and next. We can finally look forward to the future with renewed hope and optimism.

**Mr. Gar Knutson (Elgin—Middlesex—London, Lib.):** Mr. Speaker, I want to applaud the hon. member for her speech and ask her to comment on the following.

The budget set out a number of issues but the one I was most pleased with was tax relief for low and middle income Canadians. Beginning July 1, 1998 the basic personal exemption will increase, meaning 400,000 low income Canadians will no longer pay any federal income tax.

• (1235)

Beginning July 1 the 3% general surtax will be eliminated for Canadians with incomes up to about \$50,000 and reduced for those with incomes up to \$65,000. These two measures alone will yield

close to \$1.4 billion in tax relief for 14 million low and middle income Canadians by 1999 and the year 2000 90% of all taxpayers.

I ask the hon. member whether this focused targeted tax relief for those who need it most is being well received in her riding or perhaps she could give what comments on the tax relief she is getting in her own community.

**Mrs. Rose-Marie Ur:** Mr. Speaker, I thank my hon. colleague from Elgin—Middlesex—London for the question. I can certainly attest as to the calls that have been coming into my riding office. With the budgets that this government has produced over the last four plus years we have never really had many negative calls.

They were always positive, that the finance minister was certainly addressing the deficit. Many of the calls I received complimented the minister for exceeding his targets, which has not happened in several years.

The positive element within my community is the same for this budget as it has been in previous budgets the minister has delivered.

[*Translation*]

**Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ):** Mr. Speaker, I too represent and was born in a rural riding. I do not know what planet my distinguished colleague from the government party comes from. In my riding, however, I have heard but one piece of praise for the February 24 budget, and that was for the two years of employment insurance premium exemptions for employers hiring workers between the ages of 18 and 24.

I have, however, heard plenty of criticism about the lack of anything to do with job creation. Nothing has been done to reduce the poverty rate in Canada and to close the widening gap between rich and poor. Dr. Wagner of St. Hyacinthe even asked the leader of the Liberal Party to backtrack on the cuts, particularly those to health.

I would like to ask my hon. colleague from the government side a question. Is there in her riding anything like the AFEAS of Thetford, which is in my riding, a group of women who have flooded their MP with letters asking him or her to call upon the government, more specifically the minister of finance, to backtrack on the issue of calculating family income when women begin to collect the old age pension at 65?

It is common knowledge that women are, unfortunately, the ones who will be penalized when the time comes for them to collect their old age pensions.

[*English*]

**Mrs. Rose-Marie Ur:** Mr. Speaker, I thank my hon. colleague for his question. I am pleased to say that I am on the same planet he is in this wonderfully great country called Canada.



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I appreciate his question. I have not received any negative comments from any women's groups or old age pensioners. The old age pensioners in the riding of Lambton—Kent—Middlesex are fully aware of the fact that the minister is reviewing the old age pension, the GIS and so on. There has not been any indication in this budget regarding that.

On health care, which is brought up continuously in this House, the federal government's cutting transfer payments to the provinces, I will relate specifically to my province of Ontario. When Mr. Harris ran in the last election he promised a \$4.5 billion tax cut. Unfortunately the federal government has allocated dollars now and the provinces choose to divide it up. Wherever provinces decide to divide it, it is up to each province to decide whether to put it in health care or social programs. Unfortunately it is reaping a negative impact in Ontario under the circumstances with the massive tax cuts the premier wishes to do.

• (1240)

**Mr. Gar Knutson (Elgin—Middlesex—London, Lib.):** Mr. Speaker, it is my pleasure to speak on the implementation bill and add my comments to the budget debate.

As many members have stated, this budget is very historic. I think all our Liberal budgets have been somewhat historic but this budget is historic because it can bring in renewed optimism and renewed hope. We are now embarking on an age when we will no longer say that with reliance on federal government support things are going to get worse. We can now begin to say that we have reached the bottom and things can get better.

More needs to be done. Many people in this country are hurting and many people are not sharing in the prosperity that is generally around the land. I will return to that point toward the end of my speech. Let me highlight what I think are the major accomplishments in the budget.

Against the backdrop of unemployment dropping very rapidly in my own community, as I mentioned in one of my comments earlier, since 1993 or thereabouts the unemployment rate has dropped probably from around 16% to about 8%. We are seeing a gradual but steady month over month decline of the unemployment rate which is fundamentally the most important statistic that we can talk about. It is more important than the balanced budget. It is more important than tax relief. Jobs are the real issue in this country. When people have the dignity of work they are more hopeful for their existence and more hopeful as a community.

Having said that, however, we cannot underestimate how important balancing the budget is. Not until we balance the budget can we start to deal with the major issue of the debt. By balancing the budget we know that as the economy grows both in real terms and in inflationary terms and as we pay down the debt the proportion of

the debt as a percentage of our economy is going to get smaller very quickly.

If we have approximately 2% growth on an annual basis combined with approximately 2% inflation we can expect that the debt as a percentage of the economy will be cut in half in merely 10 years or thereabouts. That is a tremendous achievement. It is all based on having a balanced budget.

In promising a balanced budget this year, next year and the year after, the finance minister has put us on the road to solid recovery.

When I look at how things have changed in my own community since we took office in 1993, I see a change from a community which suffered a terrible recession in the late 1980s and early 1990s to one where the prosperity level is very high. I see examples of this where the Magna automobile corporation is making a huge investment in my riding. Approximately 1,000 jobs will be created in a new plant Magna is putting in. Freightliner is making a major investment to build highway trucks in my riding.

The unemployment rate has been cut in half over the past five years. Farm incomes are up. By and large things are clearly better off now than they were in 1993. People expect them to be even better over the next five years. The message of this budget really is that things are going to get better.

The highlight of this budget is balance. Not only is it balanced this year, it will be balanced for the next two years.

Members of the opposition like to talk about how many times the government raises tax and they bring out numbers, 37 times. Why do they not congratulate us for the tax relief in this budget? It is not enough. We need to lower taxes even more. It is a step in the right direction. I believe quite firmly it is a trend. Because of the changes announced in the budget, 400,000 Canadians will no longer be paying any federal tax at all. That represents approximately 1,200 people in my own community.

The budget sets priorities, investing in education with the millennium scholarship fund, investing in children with the announcement of a second \$850 million for the child tax benefit of which I am very proud.

• (1245)

Let me talk about what opposition members said previously and ask them why they are not applauding the budget. The Reform Party stated in its campaign that a Reform government would balance the federal budget by March 31, 1999. The leader of the Reform Party promised that in 1996 in Fresh Start. Lo and behold we balanced the budget a full year earlier than the Leader of the Opposition promised to do.

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The Leader of the Opposition also said in Fresh Start that after a Reform government balanced the budget annual surpluses would be used to reinvest in the Canadian economy through lower taxes, to increase spending on health and education, and begin to reduce the debt. That sounds very much like Liberal policy. Perhaps the Leader of the Opposition is really a Liberal, but I do not think so.

Reform's suggestion for tax relief calls for measures found in the 1998 budget. The basic personal amount would be increased from \$6,456 to \$7,900. At least we went one-third of the way, albeit means tested. The 3% and 5% surtaxes of the Tories would be eliminated. We went part of the way and I am hopeful we will go the rest of the way. Students would be allowed to claim a tax deduction for interest payments on student loans. Lo and behold the Liberal government adopted just such a policy. Do we hear the Reform Party applauding us? No. Job killing payroll taxes paid by employers would be reduced. We reduced the EI premiums again, effective in 1998.

I will turn my attention to the Bloc for a moment. The BQ urged the federal government to use the \$3 billion it saves annually as a result of this review to encourage small and medium size business as well as very small businesses to create jobs. This reduction in tax burden for businesses could take the form of tax holidays linked to business performance with respect to creating jobs and helping youth enter the job market.

The 1998 budget delivers. To encourage employers to hire young Canadians, the budget proposes to give employers an EI holiday per additional young Canadian between the ages of 18 and 24 hired between 1999 and 2000. Should the Bloc Quebecois not be applauding us for this measure?

As with the new hires program in operation in 1997 and 1998, employers will be allowed to stop paying premiums when they reach the 1998 level of payroll or they can claim a rebate when filing their tax forms. This will reduce payroll costs for employers by about \$100 million a year for 1999 and 2000. Is that enough? Do EI premiums need to come down even more? They certainly do but at least it is the start of a trend.

The New Democratic Party called for an increase in capital and research funding to restore and renew post-secondary facilities. The Liberal budget increases funding to research granting councils. Our budget of last year provided \$800 million to create the Canada Foundation for Innovation. Should the NDP not be applauding these measures?

The NDP also asked for investment in families with measures such as access to high quality child care and support for parents. Our budget increased the child care deduction by \$2,000 per child. I have three children who attend day care. That will amount to \$6,000, a significant amount, and the government should be applauded for that.

I will turn last to the Progressive Conservatives. The leader of the Tory party promised a balanced budget by the year 2000. That was in its 1997 election platform, "Let the Future Begin". Only two years later we delivered a zero deficit. Should the Tories not be saying the Liberals brought in a balanced budget two full years before they could do it?

The leader of the Tories said repeatedly that we must reduce EI taxes when over their nine years in office the Tories increased EI premiums four times from \$2 to \$3. The Liberal government has reduced EI premium rates each year since 1994 from \$3.07 that year to \$2.70 this year, and hopefully they will go down even further.

The Tory's 1997 platform promised to start a \$100 million Canadian merit scholarship program. Our 1998 budget introduced a \$2.5 billion millennium scholarship fund. Surely the Tories can applaud us for investing in higher education. The Tories promised to make CPP self-financing, which we did with Bill C-2, and called for the cash floor of the CHST to be raised to \$12.5 billion. Lo and behold we have done just that and I would expect the Conservatives to applaud.

The Tory plan for growth asked for the basic exemption to rise. It asked for the 3% surtax, the Tory gift to the taxpayers, to end and for a tax credit for interest on student loans. All these measures are in our 1998 budget.

I ask all members of the House to support our budget because it is not only balanced from a fiscal point of view. It is balanced in terms of providing tax relief, debt reduction and much needed reinvestment in social programs.

• (1250)

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, the member across the way cites a number of positive highlights from the budget. One of the things he concentrated on and pointed out was the fact that reducing EI premiums and the payroll burden would stimulate jobs, put people back to work and have long term benefits.

Given the huge surplus that the EI program shows and the fact that less than 40% of unemployed workers now qualify for EI, I would suggest energy should have been directed toward increasing the eligibility or lowering the bar for eligibility so more unemployed workers qualify. This would put more money into the system and have more unemployed people actually spending and thereby stimulating the economy.

What empirical evidence could the member cite to illustrate that dropping the payroll burden by 20 cents per \$100 from \$2.90 per hundred to \$2.70 would result in stimulating job growth or showing a lasting benefit, given the flip side of the coin? With a \$750 million per month surplus, we should be allowing more unem-

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ployed people to collect benefits rather than be cut off due to the stringent eligibility rules.

**Mr. Gar Knutson:** Mr. Speaker, let me address the preamble to the question. I agree with the hon. member. I think an unemployment system that covers only 42% is a real problem. The government and all members of the House need to turn our attention in a creative way to making constructive suggestions on how to change the EI system so that it covers more Canadians.

However, I think we should learn from the lessons of the past. Perhaps writing someone a cheque on a biweekly basis may or may not make them more job ready for the economy that is coming as we move into the next century. We have to find ways to use the EI fund in a more creative manner. We have to find ways to use it so that it supports appropriate training or retraining in the adult workforce and people can find meaningful long term jobs.

By using the surplus in valid legitimate ways which will help people find lifelong jobs that pay decent wages is something we need to turn our minds to. I agree with the hon. member on that.

The argument about whether to lower premiums or increase benefits to unemployed people is somewhat a phoney debate. We can afford to do both. Certainly we do not want to lower premiums to the point where we have to raise them again if the economy goes into a recession. We have to be mindful that this is the worst time to be raising premiums.

They ask for empirical evidence to show that when premiums are lowered jobs are increased. We must remember that we compete at the level of the firm, a starting point in economics. When the cost to firms of doing business is lowered it gives them the opportunity to make investments, to expand their production and to hire people.

[*Translation*]

**Mr. Jean-Guy Chréien (Frontenac—Mégantic, BQ):** Mr. Speaker, it is a well known fact that the Minister of Finance is a cautious person. He underestimates his revenues and overestimates his expenditures, with the result that he has a margin of somewhere between 8% and 12%.

The minister is also applying a questionable budgeting technique by including in the current budget the \$2.5 billion that will be used only in two or three years for the millennium scholarship fund. This, in my opinion, is a questionable technique.

• (1255)

When I was the mayor of my village, people would have been upset at me if I had told them “I am collecting twice the amount of taxes this year, so that we will have a cushion in two years”. The principle is, of course, to make taxpayers pay for the services to which they are entitled, but they should pay in the year that the

expenditures are made, or in the year that it is decided to make such expenditures.

The Minister of Finance will end up with a budget surplus in two years, since the \$2.5 billion that he will then spend will have already been taken into account in this year’s budget.

I wonder if the hon. member for Elgin—Middlesex—London could give us his point of view, if he has a sense of how budgets work, on how the country called Canada should be administered.

[*English*]

**Mr. Gar Knutson:** Mr. Speaker, I do not think Canadians really care whether the \$2.5 billion is booked this year or a couple of years hence.

All members should realize that if we did not book it this year the numbers would look even better. The surging rate of popularity of the Liberal government would probably go up even higher. I do not think we are doing anybody a disservice by trying to be conservative and booking the number in advance. We are committed to the \$2.5 billion, so what is the harm in booking it now?

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, I want to talk to the amendment to the motion this morning. Specifically I want to talk about the millennium fund and some of the misunderstanding of Liberals about post-secondary education, which I am reasonably well qualified to discuss in the House.

I get a bit disturbed, as I usually do, when I listen to members opposite talk about their own legislation. Virtually each time they do so, they talk about the other parties rather than their own legislation.

Before I get into that aspect of it, I am splitting my time with the hon. member for South Surrey—White Rock—Langley. That gives the folks over there a little less time to talk to me.

It is no longer enough for the government to table legislation in the House and then defend the legislation by talking about the opposition parties. It is more appropriate to defend the legislation. I might add that the sooner some members realize this, the sooner they will become better debaters in the House.

I want to talk a bit about values when it comes to the amendment to the motion which actually criticizes the government for failing to follow generally accepted accounting principles from which it declares deficits, surpluses or a zero balance as it is called.

The values in that come from many places. I remember some of the values my mother gave me. They were such things as do not lie, pay as you go, and live within your means. Those are values in my case that came from the maritimes. Those are values that should exist throughout the House. I find them sadly lacking when it

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comes to some of the submissions made by the other side, the Liberal government in particular.

We can look at the values that come from Rotary International, of which I am a member. Is it the truth? Is it fair to all concerned? There are other significant tests of values. One has to wonder, when the government does what it did with this millennium fund, where those values come from.

Throughout discussions about the budget in the House I go back to the people at home who have certain expectations. They have children in school, in post-secondary education, for which they are paying a considerable amount of money. These young people are taking out student loans. I have two children in post-secondary institutions, one with a significant student loan.

• (1300)

When we look at those kind of issues and the people back home, issues like getting jobs for these young people, we really have to wonder where this government comes from.

We have the millennium fund. I will describe some of the flaws in it in a moment, but I have to ask whether it was just one huge PR exercise or really an attempt to help the vast majority of students in this country.

For those people who do not know, there is a difference in this land between a scholarship and a bursary. I actually had the pleasure in my community of establishing a scholarship bursary foundation fund which carries in it well over a \$1 million today. The difference is this. A scholarship in this land is basically an award given to a young person on the basis of their GPA, their grade point average, or their academic credentials. It has little regard for the financial need of the student. Whereas a bursary is based on financial need.

The government is about to award students with a scholarship based on their grade point average. There is nothing wrong with that, in totality, at times. However, the government has totally ignored the needs of financially impaired students. I can assure members, having been in an educational organization at one time in my life, that those with the highest GPA in school districts end up getting awards, basically from their communities. They do rather well at that. It would have been much better if the government had helped the students who do not have the financial capability to even get into university, much less proceed through university.

This government announced that there was a \$2 billion to \$3 billion scholarship millennium fund. At the same time it suggested that it had balanced the books. We are going to go through this academic exercise of balancing the books for the next three years. The government will say "Look folks, we balanced the books". But there is a big difference that the folks back home do not seem to understand about this government. Balancing the books means

zero. If this government ends up toward the end of the year with a \$3 billion, \$5 billion or \$7 billion surplus, all it has to do is spend that \$3 billion or \$5 billion or \$7 billion on whatever exercise it wants and stand up at the end of the year and say "We balanced the books".

**An hon. member:** Get real.

**Mr. Randy White:** A member over there, who obviously does not understand what I am talking about, says "Get real". The facts are this. That is 100% accurate. As an accountant I have seen it time and time again.

What this government is doing is saying "We will bring all this down to zero, but we are not going to tell you that we could have had a \$10 billion or \$15 billion surplus. We are going to blow it".

This year it said that it would create a millennium fund, make the Liberals look real good, make the Prime Minister look real good, and at the same time stand up in the House of Commons and say "Look, we have balanced the books".

The question is: What happens next year if we are headed for a \$10 billion or \$15 billion surplus?

• (1305)

Is there going to be money paid to Bombardier in grants like we have seen before, only in bigger dollars? Are we going to see the friends of the friends rewarded with yet more money and at the same time, after they blow this money, will they come into this House and sanctimoniously talk about balancing the books?

We are in for a lot of discussion on this very issue. It is fact, according to the generally accepted accounting principles, that the millennium fund should not have been charged to prior year accounting balance sheets.

**An hon. member:** The auditor general agrees with you, Randy.

**Mr. Randy White:** The auditor general, as my colleague says, agrees with me. It is funny. We accountants have a strange way of accounting. If we spend it, it goes on the books in the year we spend it. If we do not spend it, it does not go on the books.

This government seems to think that it can announce something which it will spend in the future, which is considered a contingent liability, but charge it to last year's books to reduce the surplus. That is exactly what it did.

Let us talk about the millennium fund for a moment. It is a scholarship, like I said before. It is given to those with the highest academic performance. It is not given to those who have financial need.

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Ask any of these students who are sitting around in this place. They know what I am talking about. There is not a student in a school district in this country with the very highest of GPA upon graduation who does not get a scholarship.

I question what this government is really looking for. If this government is truly interested in helping young people, perhaps it should consider putting more money into the pockets of their parents who can then give it to their children, just like I would do and just like I have done. It would be much more appreciated.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I was interested in the member's comments about the accounting treatment of the millennium scholarship fund. It certainly has been an issue which has captured the attention of the House, as well as the auditor general and the public accounts committee.

It appears to me that there is a technical problem that is being addressed with regard to the proposed treatment of the millennium scholarship fund.

In fact, as I understand it, if the government were to distribute the scholarships out of the innovation fund of the foundation, it could have, and still could today, disbursed the funds directly to the innovation foundation and charged them to the operations of the current fiscal year because the innovation foundation is a not for profit corporation, a separate legal entity.

The reason I understand that the moneys have not been given to the millennium scholarship foundation, which is the proposal, is that the foundation cannot be legally established and incorporated until after the budget is passed by this House.

I think the member will probably also know, with regard to the auditor general, provided that an action is dealt with and passed in the budget prior to the closing of the books and the issuance of the statements, that will satisfy his requirements.

Given that extra bit of information and the fact that if it were paid through the innovation foundation as opposed to the millennium scholarship foundation, would the member not agree that what we are really talking about is simply timing and has nothing to do with the substance of the legal liability which the government has declared in its budget?

• (1310)

**Mr. Randy White:** Mr. Speaker, I guess with accrual accounting or even cash based accounting timing is everything.

The way the fund should have been established would have been to take the money and declare it a surplus or take the money and identify it in a fund. Yes, that could have been done.

But I think the member is missing another point. The point is that this government had a surplus of approximately \$3 billion. I truly believe that this government made every attempt to bury it.

The problem is, as I have described it, what are we going to do next year? If we know now that we do not have deficits to get rid of, then surely the surplus should be even more next year.

Are my colleagues in the Reform Party going to have to sit here daily investigating the books, trying to find out where this government is burying funds or promoting their friends or providing patronage pots rather than at the year end declaring a surplus? Once a surplus is declared, of course, then comes accountability time.

The public is going to want to say "We don't think you should spend it this way or reserve it. We think you should pay down the debt. We think you should start giving tax breaks". These are the very issues that this government has a problem with. That is why the government is trying to use any kind of surplus dollars.

The answer is clear to me. The appropriate accounting method, the morally appropriate method, to deal with this would have been to have declared a surplus and then manage and spend the money.

**Ms. Val Meredith (South Surrey—White Rock—Langley, Ref.):** Mr. Speaker, I am pleased to have the chance to comment on the budget and the supplementary estimates and to bring a dose of reality to the debate.

Liberals deserve the credit for bringing in the first balanced budget in 30 years. It just goes to show how incompetent the Mulroney Tories were when they failed to balance the budget in similar circumstances during the mid-1980s.

It reinforces the incompetence of both the former Liberal government and the Tory government when we have a national debt that is over \$583 billion. It is because of the incompetence and the negligence of these governments that we are in this situation.

I want to continue the discussion which my colleague just ended on the surplus. This budget should have shown a \$3.2 billion surplus, but the Liberals chose to use it for new spending. They chose to put \$2.5 billion into the millennium fund. While Canadians support funding of essential programs like health and education, the Liberals have used the millennium fund to hide their deviousness.

The accounting has been brought into challenge by my colleague. I would suggest that it is very plainly a manipulation of taxpayers' money. The government has taken \$2.5 billion out of the current budget even though this money is designated to be spent two years down the road.

The auditor general has criticized this imaginative bookkeeping and the government has defended its action. What a surprise. If the

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government truly believes that this is good accounting practice, then I challenge it to allow all Canadians and Canadian businesses to use the same accounting practices in the real world, that is, to write off expenditures before they occur on their income taxes. Regular Canadians would go to jail if they tried to do the same thing.

Let us look at the amount of support the Liberals are talking about. The millennium scholarship fund will offer up to 100,000 post-secondary students grants averaging \$3,000 a year. I had not realized the difference between a scholarship and bursary and that causes even more concern because these grants were supposed to help low and middle income students. Now that is under question.

• (1315)

When one considers that there are 1.7 million full time or part time students in post-secondary education across the country, the millennium scholarship fund will only support 6%. Does this government honestly feel that 94% of post-secondary students are in the high income bracket? When this system is implemented there will be a lot of disappointed and financially strapped students who were given the understanding that help would be there.

Why did the government choose this particular avenue? Why did it choose to only help 6% of the students? I can only imagine it is because if it transferred the money to the provinces under the Canada health and social transfer, the federal government would not really get any recognition. I think the government was concerned over the photo op when handing out the cheques. If it transferred the money to the provincial governments to use for the benefit of all students, it would not get this photo-op.

Another major problem with this is the ego of the Prime Minister. He wanted to have a legacy to leave behind. This country cannot afford to pay for an individual's ego.

Another concern I have with this budget is that it does not address the very serious problem of taxes and bracket creep. This is an area where the government continues to draw more and more dollars out of the taxpayers' pockets. Bracket creep occurs when an individual's pay rises to a point where it enters a higher tax bracket.

While salaries have inched up over the past six years, tax brackets have not. By law, tax brackets are only adjusted when the consumer price index rises by 3% or more in any given year. This has not happened for the past six years. Inflation has risen 9% over the same period of time. Thus individuals whose salaries have just kept up with inflation often find themselves in a higher tax bracket.

In his budget speech the Minister of Finance made it clear that it is deliberate and that he intends to continue with this practice. He stated "Upon coming into office, the government and the Bank of

Canada agreed to hold inflation inside a range of 1% to 3% to the end of 1998. That policy has worked. That is why we are announcing today that we will extend the current agreement with the Bank of Canada for a further three years".

This government has made it clear that it intends on screwing the Canadian taxpayer in this fashion. If this is not the case then I once again challenge the Liberals to introduce legislation to eliminate the 3% threshold for indexing the tax brackets. We know they will not because they want the money.

Let me outline how much money we are talking about. This year the Liberals will have collected an additional \$800 million in taxes through bracket creep. Next year it will be \$1.5 billion. By fiscal year 2000-01 the amount will be \$3.3 billion.

Canadians already pay enough taxes. In British Columbia the average family income is \$57,949. The average tax bill in British Columbia is \$28,461. That is an awful lot of tax from one family. While all Canadians need tax relief, it is nowhere needed more than in British Columbia. With the highest marginal tax rate in North America, it is driving business out of the province.

My constituency sits on the American border. I cannot begin to count the number of businesses that have moved 20 or 30 kilometres south because of taxation. Thousands of jobs have been lost. Millions of dollars in tax revenues have been lost. It is this departure of capital and jobs that has led to British Columbia's woes. Responsibility belongs to both the federal and the provincial governments which are taxing Canadians out of house and home.

• (1320)

The federal government is putting far too little back into that province. Last year, transfers from the federal government accounted for only 9.7% of provincial revenues, the lowest in the country. Other provinces received much higher amounts from the federal government.

Forty-three per cent of Newfoundland's provincial budget comes from the federal government. For New Brunswick that figure is 45.5%. For Quebec, 17.6% comes from federal coffers and 31.8% of Manitoba's provincial budget comes from federal revenue. The Canadian average is 16.9%. British Columbia's is 9.7%. I suggest that British Columbia is getting shafted.

The Atlantic provinces received an average of \$2,000 per capita from the federal government. Quebec received \$927 per citizen from the federal government. British Columbia, lo and behold, received only \$524 per citizen from the federal government. Now that British Columbia is entering a recession, it deserves to be recognized as being in a situation of need by the federal government.

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What do we get from the federal government? "It is the provincial government's fault. It is the fault of the Asian economy. It is everybody's fault but ours. And by the way, don't count on us for any support or help".

The Liberal government is so very quick to take responsibility for the economic upturn and to take credit for the boon in other parts of the country, but when it comes to accepting the blame when an area of the country enters a recession, the government runs a hundred miles. Liberal hypocrisy in its purest form; they accept all the credit but they deny all the blame. The Liberals cannot have it both ways. It will not bode well for the Canadian economy if this is going to be their approach.

The government has shown that it can cruise through economic good times, that it can garner a surplus and use it for new spending. But when the economic cycle starts to go downhill, as it is doing in British Columbia, this government shows that it has no idea of how to handle it. That is very scary for all Canadians.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, the hon. member talked about the millennium fund. It was announced in the Speech from the Throne, in the budget and it is in the legislation today. It is part of the activities for 1997-98. We made it quite clear that we pay for what we announce. We pay our bills. We tend to pay as we go.

It is not really the accounting issue which the Reform Party has a problem with. The real issue it has a problem with is that we are spending \$2.5 billion to improve the lives of students. The Reform Party has a problem with putting money in the hands of those students. That is really the problem.

I will ask the hon. member more of an accounting question. The books close March 31. Adjustments are essentially made in August. At the request of the auditor general those adjustments are audited and scrutinized. Any surplus that comes over and above those adjustments goes directly to the debt, just as it has gone to the deficit year after year after year. Does the hon. member know that? She is arguing about the fact that we are not being transparent. We cannot get more transparent. If our transparency goes beyond the requirements of public accounting, so be it. I will let Canadians judge that.

**Ms. Val Meredith:** Mr. Speaker, it is interesting how the Liberals can look at accounting in one way for themselves and in a different way for the average Canadian.

I have a question for the Parliamentary Secretary to the Minister of Finance. If as a business person I decided to buy a building in three years and I wanted to earmark money I had earned for that building, would the government allow me to use that as an expenditure? I would think not. I would think that would be part of

my income, my profit as a company. I would pay taxes on it. Then I would report the spending of it in the year which I spent it.

• (1325 )

It was very clear with this millennium fund. If the government had not planned new spending on a new millennium fund there would have been a \$3 billion surplus. That is what this government does not want to address with the average Canadian, with the taxpayer. This was not a balanced budget; this was a surplus budget. This government chose to spend the surplus in a way it felt would get the government more brownie points with the Canadian taxpayers, the Canadian voters.

If the government wants transparency, it should talk with Canadians about a millennium fund and see if Canadians support a millennium fund over federal government dollars going into the provincial coffers for education. Under the Constitution education is a mandate of the provinces. If the federal government wants to transfer money to the provinces for education, then so be it. But for the federal government to be spending surplus dollars and hiding it from the taxpayers, that is not right no matter how we cut it.

**Mr. Dick Proctor (Palliser, NDP):** Mr. Speaker, listening to the member's speech, I felt that she gave very little recognition to the Asian situation. Also when she referred to businesses moving south of the border, there was no attention at all to free trade and NAFTA.

Given her concern about the provinces and their fiscal plight, I assume we can expect at the Reform Party convention this spring that it will be agreeing to establish provincial sections of provincial parties from coast to coast.

**Ms. Val Meredith:** Mr. Speaker, in case the hon. member from the New Democratic Party is not aware, we have a provincial party in British Columbia, or there is a Reform provincial party. I will not say that we have it because there is no affiliation between the federal and provincial parties.

I find it amazing that a member of the New Democratic Party would even stand up and comment on the economic situation in British Columbia. The responsibility of that has to be shared with the New Democratic government that is there.

Trying to blame free trade and NAFTA for the downturn in B.C.'s economy is ludicrous. The economy in this country is on a positive swing because of NAFTA and the free trade agreement. The reasons companies are going south, and I have talked to many of them and I have talked to many individuals who are taking their money south, are high taxes and the economic climate that has been created by an NDP government. High taxes are driving our businesses and our jobs south of the border. For individuals from the New Democratic Party to say it is free trade and NAFTA is absolutely ludicrous.

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[Translation]

**Mr. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, I will be sharing my time with the hon. member for Scarborough Centre.

I rise in this House today for two reasons. First, because it is important that I do so as a government member to show that, however imperfect it may be, this remains a historic budget, which will have an extraordinary impact on the future.

I had just come out of a meeting of the agriculture committee and was sitting at my desk when I heard someone viciously attacking the integrity of the members of this House. This person was literally shouting. I thought to myself "My goodness, it's Howard Stern". No, it was the Bloc member for Saint-Hyacinthe—Bagot.

I think a twelfth Oscar should be awarded to *Titanic*, the movie, because looking at the line the Bloc is taking on the budget, one can almost see the last scene of the movie, where the ship is slowly sinking to the bottom of the sea. They cannot think of anything to say.

• (1330)

I will be calling the airlines to ask who supplies them with the little bags, because the symptoms of parliamentary sickness are similar to those of air sickness.

I can hear Bloc members continually spilling their venom and making all sorts of disparaging remarks about the government, especially by attacking the integrity of one of its most eminent members: the Minister of Finance. It would certainly be a good idea to attach one of these bags to each seat as a precaution, to be on the safe side. They may come handy every time Bloc members stand up to speak.

One thing is for sure, every time I hear—

**The Deputy Speaker:** The hon. member for Lévis, on a point of order.

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, I have been listening to the member for Bourassa and I think he has gone too far. Props are not allowed on members' desks and he is talking about unparliamentary props.

**The Deputy Speaker:** The hon. member did refer to such things but did not use a prop in the House, which is against the rules, as the hon. member rightly pointed out. The member used unusual language, but I do not think his remarks were unparliamentary.

**Mr. Denis Coderre:** Mr. Speaker, sometimes the truth hurts. The member for Chambly said I had no manners whatsoever, so I say to him that I will save that. I will not forget it.

What really upsets me is that each time the member for Saint-Hyacinthe—Bagot rises to speak, he speaks about members' lack of integrity. He spoke of almost falsifying and almost lying. Not only is he uttering nonsense, but he said that ethics counsellor Howard Wilson was being paid by the Prime Minister's office to save the Minister of Finance's neck.

This is a mistake, because he should know he reports to the deputy minister for industry. Those who have nothing to say keep attacking members' integrity. He is undermining not only his own cause, but this institution as well. When it suits the members of the Bloc Québécois, they pull out their hair and question this institution's integrity. When it does not, they get upset and raise points of order.

I am going to speak about the budget, unlike the members opposite. There are some important things in the budget. It is an excellent budget, as the member for Frontenac—Mégantic has said. It is true. Why? Because it is historic. We paid off the \$42 billion in deficit that was there when we formed the government in 1993. Canadians have made sacrifices. The result is a zero deficit budget.

**An hon. member:** Delivered on the backs of the unemployed and the provinces.

**Mr. Denis Coderre:** Mr. Speaker, one thing is sure. This is the start. I was in France at the beginning of March. What were they talking about there? The Canadian miracle. French senators and members of the Assemblée nationale asked us "But how did you achieve this?" People complimented us. They said "What a brilliant way to manage the budget".

If the Quebec government, the Bloc's head office, listened a little better and was on the same wavelength as the public—but things will soon improve, because Quebec will have a Liberal government after the upcoming provincial election—we would definitely not have any problems in the health and education sectors.

Unlike sovereignists, who hold referendums, who continually talk about the Constitution, and who say it is the federal government's fault, we have taken our responsibilities and we have the figures to prove it.

The issue of fairness was raised, but it is a start. Nothing is perfect in this world. We had to pay \$42 billion and find fair and—

**Mr. Jean-Guy Chrétien:** At the expense of the unemployed.

**Mr. Denis Coderre:** —equitable solutions to achieve a zero deficit.

But we also did something that hurt sovereignists even more. We talked directly to young people. We decided to invest in knowledge and to make sure young people can reduce their debt load and also—thanks to this government's vision—have their place in the sun, like the baby boomers before them.



*Government Orders*

• (1335)

Of course they are going to come up with examples. They are always going to come up with an editorial. They will tell us that the president of such and such a union opposed it. But those of us from Quebec know how it works: some plant, some little pequiste, some little separatist expresses his opinion. They are good at it. There is no denying it.

When we watched the news, what was the first thing we saw about the millennium fund? Three students from no particular party were interviewed at random. Members opposite will say that journalists are federalists. The young people were asked "What do you think of the millennium fund?" What was their unanimous response? They replied "What we want is not to get involved in these squabbles. The important thing is that, if we can benefit, then, yes, we will". The moral of the story is that the government has understood that sometimes it is preferable to speak directly to students, to speak directly to young people, because they understand how it works.

Members opposite are also going to tell us we are interfering in education. We are not. Access to education and reducing student indebtedness are shared responsibilities. I would like to remind the House that the loans and scholarships program was created with assistance from the federal government, and each year we pay a percentage. They have decided to run things their way. We have no objection to that. We will sit down with them and use the same parameters.

The important thing—and I represent this generation—is that young people be given an opportunity to have access to education. When young people graduate from universities, CEGEPs and high schools, they are in debt. Young people want to enjoy equal opportunities and to be part of society. They want to join the workforce as soon as they graduate.

The debt reduction strategy includes seven components. There are, of course, the Canadian scholarships. The millennium fund is great. About 100,000 young Canadians will receive scholarships. The government also wants to increase support for advanced research and for graduate students, by increasing the budget of the three granting councils. We will help graduate students to better manage their debt, through a tax break for the interest paid on student loans, and through improvements to the Canada Student Loans Program. How can anyone be opposed to these initiatives?

We heard what the member for Saint-Hyacinthe—Bagot had to say. He said they had been energized. Does this mean they had no energy before? It is their problem. He said they had been energized, that they would keep a watchful eye and not let anything go through. The sovereignists can go ahead and tear their shirts. We can give them the addresses of some stores that sell shirts at a good price. Given the number of shirts they tear these days, it will still cost them a bundle, but it will probably benefit the shirt industry.

What is certain is that young people will realize the importance of the government's action.

We are also being accused of not caring about the elderly and the handicapped, and of not providing tax relief for the poor. What is extraordinary in this budget—and I will give you an example because they will surely have questions or criticisms for me—is that we are the first government to eliminate a tax. We said "We will remove the 3% surtax that was put in place by the Conservative government".

If this is not a sign of credibility, a clear demonstration that this government is listening to the people, then I do not know what is.

I rely on the public's judgment. Many of my constituents phoned me. I spend a great deal of time in my riding. My constituents did not criticize the budget. Quite the contrary. They said it was a good budget, a good start, and that the priority was to eliminate the deficit. Then, we should preserve and strengthen existing social benefits—which is what we did in this budget—and tackle the debt. The facts speak for themselves.

[English]

**Mr. Jake E. Hooppner (Portage—Lisgar, Ref.):** Mr. Speaker, I always enjoy hearing the hon. member across the way do a bit of bragging because he is pretty good at that.

• (1340)

I happened to look at one of the World Bank ratings of income per person. It shows very clearly that since 1990 we have slipped from number three to number twelve. The income per person has gone down just about 10 rating points.

That just does not take the cake as far as I am concerned but in today's *Quorum* we see that even the people, including some of the bureaucrats, are saying this is no place for brains in this country, that we had better find jobs somewhere else.

I would like to see where all the gravy is coming from that this member is talking about. I am sure the ordinary people have not experienced it except the guys with the MP pension plan.

[Translation]

**Mr. Denis Coderre:** Mr. Speaker, I will tell my hon. colleague that this budget clearly contains tax relief measures.

Not only are we investing in knowledge, but a decision has also been made to make a substantial increase in development, in research councils. These are things that will have an impact.

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I will also remind the House that lightening the debt load will also have a psychological effect on motivating young people. It is hard for a young person not to be able to see the light at the end of the tunnel. We have a saying in my part of the country "If you're not a revolutionary at 20, you'll end up a pastry cook by the time you're 40".

**An hon. member:** And you are how old?

**Mr. Denis Coderre:** Thirty-four.

We are giving opportunities to young people. I believe in dynamism. The budget is not the only thing. We have also introduced measures relating to small and medium size businesses, via my hon. colleague, the member for Outremont and Minister responsible for the Economic Development Agency of Canada, which in conjunction with this budget will enable us to create jobs.

I remind my hon. colleague that this is working amazingly well, as close to one million jobs have been created in the past five years. These are facts that attest to good management.

[English]

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I could not help but notice as my hon. colleague was speaking to Bill C-36 that the members of the Bloc were squirming in their seats. One was going around actually ensuring that other individuals perhaps did not get up and ask any questions.

I want to ask the hon. member if he can describe for us what the impact this is having in the province of Quebec. The Bloc is here and purports to represent the people from Quebec. But let me ask the hon. member who is from Quebec and who so eloquently demonstrated in his speech the benefits of this budget if he could continue for a couple of minutes and speak to why this budget is receiving such support in the province of Quebec.

[Translation]

**Mr. Denis Coderre:** An excellent question, Mr. Speaker.

The proof that truth hurts and that the budget has had an impact comes when I hear members of the Bloc on the other side constantly whining and making comments. I understand how extraordinary a budget it was.

When you take a rational look at the budget—without the venom—it is clear it has a positive impact and represents a fine beginning.

You have to understand one thing. Quebeckers look at the financial impact, the impact in terms of bursaries, for example. What do they say? They say "Finally, we have a government that keeps its promises".

**Mr. Yvan Loubier:** Liar.

**Mr. Denis Coderre:** The member for Saint-Hyacinthe—Bagot is calling me a liar—

**Mr. Yvan Loubier:** You are a liar.

**Mr. Denis Coderre:** I would send him packing, but that is my problem.

One thing is sure, when you look at the facts—

**Mr. Yvan Loubier:** Who is the liar?

**Mr. Denis Coderre:** Mr. Speaker, would you ask the member for Saint-Hyacinthe—Bagot to be quiet and stop calling me a liar? A chihuahua on the other side has started yapping too much for my liking.

Could you ask him to cool his jets and settle down? When he spoke, I let him speak.

One thing is sure—

**Mr. Yvan Loubier:** You were not here.

**Mr. Denis Coderre:** Yes, I did listen to you. The budget had a positive effect, not only for child care centres, but also for SMBs and young people. I did not receive one complaint at my riding office. Everyone knows how much I am present and I get a lot of calls and mail.

**The Deputy Speaker:** If the hon. member for Saint-Hyacinthe—Bagot has called the hon. member for Bourassa a liar, as he claims, I am sure he will want to retract such words, because he knows they are unparliamentary.

I did not hear him myself, but if the hon. member is present he could provide an explanation. I am sure that if he said them, he will withdraw them.

• (1345)

**Mr. René Laurin:** Mr. Speaker, I do not think it is customary to ask a member to retract something he might have said. Motive is being imputed. You yourself admitted you did not hear the member say anything. I therefore think he should not be asked to apologize.

If the member who had the floor heard noises from I know not where, it is up to him to draw his own conclusions and not to make assumptions about accusations.

**The Deputy Speaker:** Order, please. He was heard by at least two members. I heard shouting from other members when the hon. member for Saint-Hyacinthe—Bagot said something. I did not hear him say the words, but perhaps the hon. member for Saint-Hyacinthe—Bagot can help us out.

**Mr. Yvan Loubier:** Mr. Speaker, when I heard my colleague speaking about the favourable reception given the millennium scholarships in Quebec by students, and so on, I took exception because this is not the case at all. Not only were the millennium

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scholarships not warmly received, but they were almost completely rejected in Quebec. I therefore did say he was a liar.

As requested, I withdraw my words because they are unparliamentary, but they represent my firm belief.

**The Deputy Speaker:** I thank the hon. member for withdrawing his words.

[*English*]

**Mr. John Cannis (Scarborough Centre, Lib.):** Mr. Speaker, I appreciate the opportunity to participate in the budget debate.

First of all, let me congratulate the Prime Minister for his leadership on this issue and of course the finance minister for his fortitude and the vision he has shown toward leading us to a balanced budget.

Most important, I take this opportunity to congratulate and thank the Canadian people because this is indeed their budget, their reward. All their hard work has paid off in a balanced budget; 1998 marks the first time in 30 years that a federal Government of Canada has journeyed into this area. Before we get to the facts and figures, I want for a moment to outline how we got to where we are today by taking us back to 1993.

When I was first elected in 1993 the deficit was \$42 billion and the country's finances were in disarray. This meant high interest rates and of course fewer jobs for all Canadians along with lower revenues overall.

This led to a very dismal economic situation. Our future did not look good but the people in 1993 gave us a mandate because we gave a very clear message of what we wanted to do. We also told them at that time that it was not going to be easy.

In the fall of 1994 we introduced a framework for a better economic policy, a guide that would dictate just what this government was going to do, how it was going to do it and what it was not going to do.

The 1995 budget put that framework into action. All of us took the plunge at that time. The 1995 budget set the country on a course of fiscal responsibility and government renewal. We all knew that these decisions were not going to be easy.

The reduction in government spending was unprecedented in Canadian history. The budget not only overhauled how government works but what government does.

We reduced program spending from \$120 billion to \$108 billion. In short, the 1995 budget initiated that overall departmental spending be cut by 19% in three years.

The 1995 budget also made it clear that subsidies would decline by 60% in three years. The government made the move to

privatize, for example, commercialized government operations where it felt feasible and very appropriate.

As I stated, we changed government operations as a business for future generations. We responded to the need for more than an effective system of provincial transfers. For example, the Canada social transfer made it possible for the provinces to be more flexible and respond to the needs of the people rather than the flexible rules that existed in the past.

• (1350)

Each province has different needs. However, the conditions of the Canada Health Act were and still are being maintained. As the Prime Minister emphasized just the other day on television, health is one issue that we are adamant on maintaining for all Canadians. For this government these conditions remain fundamental and non-negotiable.

We also decided in 1995 to make some very different choices. We chose to work in favour of a strong economy and a stronger country. Many governments have known and talked about the need for reform and renewal. Our government chose to stop talking and to start acting. It was very tough but we made it happen and here we are today.

For a moment let us fast forward to 1998, the first budget of the new mandate. The economic recovery was indeed remarkable. In 1993 the deficit was \$42 billion. Who would have believed we would be sitting here today talking about a zero deficit, a balanced budget? We have been applauded not just within Canada but beyond our country.

In 1993 the unemployment rate was 11.4% and growing. Today, when we look at the more recent statistics, it is almost 8.5% to 8.6%. If we start breaking that down regionally, in the greater Toronto area it is even lower than 8.5%. I believe it is just over 7%. Calgary, for example, is looking for people to hire today.

Also in 1993 interest rates were at an all time high. They were definitely in the double digits. They are now hovering around 7%. Not too long ago they were even as low as 6% to 6.5%.

The burden of debt in 1993 was very unmanageable. Now, with a zero deficit, we can start chipping away at the debt. Anybody who can add one and one will know that we first had to address the deficit before we could start addressing the problem of the debt.

The 1998 budget puts in place the debt repayment plan. We have actually paid down \$13 billion in market debt in the past year alone. In the next three years we predict that we will be able to bring down the debt by an additional \$9 billion.

The economy is now on the move upwards and growing. On the average in 1997 the economy had an overall growth of 3.5%, the best pace since 1994. In fact, our economy has managed to climb

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its way out from the financial basement of the G-7 to being number one and applauded worldwide.

Job creation has rebounded very strongly since 1993. More than one million jobs have been created since 1993. This is not according to what we as politicians are saying or what people are saying. This is according to what the statisticians are saying and the people who are working out there today.

Consumer confidence is back and strong. Canadians are feeling very confident about their economy and about their country as a whole. With this balanced budget we are finally able to introduce initiatives that will leave more money in the pockets of all Canadians who have worked so hard and have been so patient with us and this government. That was reflected with the return mandate to continue the programs that were commenced in 1993.

The government has kept its promise to reduce taxes once the budget was balanced. We know that in 1993 we inherited payroll contributions of \$3.03. Since then they have been going down steadily to about \$2.70 where they stand today. The 1998 budget has targeted tax relief to those who need it the most, low and middle income Canadians. As I said, by July 1998, as the budget states, almost 400,000 low and middle income individuals will be removed from the tax rolls and an additional 4.6 million taxpayers will pay less income tax.

Let me stress that in Ontario alone 91% of all taxpayers will benefit from tax relief. Catherine Swift, president of the Canadian Federation of Independent Business, said: "Putting more money into people's hands is good for the economy". That is what this budget has commenced doing.

• (1355)

Very clearly there are modest tax reliefs right now but it is only the first step, as the finance minister and Prime Minister have stated, and as we all have been stating.

As our economy continues to improve taxes will be reduced even further. This year's balanced budget alone means we can again start investing in our future, particularly in the areas that Canadians have told us are their priorities.

More than 80% of all new spending will go to health and education through increased transfers to the provinces. The 1995 budget made some very difficult decisions with regard to health. We did not have many choices at that time. Our backs were up against the wall. In 1998 we had a choice and we chose to follow the recommendations of the national forum on health and increase the Canada health and social transfer cash floor from \$11 billion to \$12.5 billion, an additional \$1.5 billion on the forum's recommendation.

This measure will provide the provinces with an additional \$7 billion in cash over the next six years to fund health care, education and social assistance. It is now up to the provinces to make the choices of how they spend their moneys.

Will they continue to cut funds from health care in order to keep their election campaign promises of tax relief? In Ontario alone the Tory tax cut agenda will reduce provincial revenues by \$4.8 billion per year. This is more than five times the \$850 million a year in federal transfer cuts to that province. Canadians should realize that the province's insistence of blaming the federal government for all these woes is of course a convenient way of detracting attention from their program.

Another choice the federal government has been given with this year's balanced budget is to introduce the Canadian opportunities strategy.

**The Speaker:** My colleague, although there are five minutes of questions and comments, you will have the floor right after question period.

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## STATEMENTS BY MEMBERS

[English]

### MONEY LAUNDERING

**Mr. John Maloney (Erie—Lincoln, Lib.):** Mr. Speaker, a major element of the illicit narcotics trade and its partner, transnational crime, is the phenomenon of money laundering. It has been estimated by the United Nations drug control program that the annual amount of money laundered as a result of narcotic drug trafficking alone is in the order of \$400 billion U.S.

Money laundering is a major international problem not only because of the magnitude of the sums involved but also because of the affect those sums have on the macro economy and on the financial sector, particularly financial institutions.

There is a continuing concern that financial crimes and money laundering are occurring with varying degrees of regularity and that some affected or vulnerable governments have still not criminalized this illicit activity.

International standards against money laundering require comprehensive legislation, financial regulation and law enforcement mechanisms to combat the problem. Experience shows that effective action can and must be taken now.

\* \* \*

### LIBERAL PARTY

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, membership truly has its rewards and the following Liberals are being rewarded by the taxpayers of Canada for being a member of the Liberal family: a Liberal campaign crony from Richmond, B.C.; a former special assistant for Ontario to the Prime Minister; a defeated Liberal candidate from Hochelaga—Maison-neuve; the multicultural minister's campaign manager in Vancouv-

er Centre; a failed 1993 Liberal candidate in Calgary and a former EA to the Deputy Prime Minister.

Also, the former Liberal president of Madawaska—Victoria riding; a former president of the Liberal revenue subcommittee; a Nova Scotia member of the Liberal Party permanent appeals committee; a defeated Liberal candidate for Louis-Hébert; the defeated Liberal candidate in Winnipeg Transcona; a friend of the Prime Minister's chief of staff; the Manitoba leader's assistant on executive committee; a defeated Liberal MP from Kings—Hants; the failed candidate for the Liberal nomination in Mississauga West.

The list goes on and on.

\* \* \*

### ENGINEERING

**Mr. Mauril Bélanger (Ottawa—Vanier, Lib.):** Mr. Speaker, on March 2, Ms. Chantal Chartrand and Michelle Bennett were presented with the Canadian Engineers Memorial Foundation's \$10,000 engineering students project award.

• (1400)

These two University of Ottawa students received this prestigious national award based on their proposal to include outreach in the adventures in engineering and science program to northern Ontario and to young girls.

They have developed specific initiatives to interest young girls in these fields through positive reinforcement and strong female leadership roles.

This is the first time anyone at the University of Ottawa has been recognized for work of this type. I extend my sincere congratulations to these two remarkable young women.

\* \* \*

[Translation]

### QUEBEC'S FISCAL BALANCE

**Ms. Hélène Alarie (Louis-Hébert, BQ):** Mr. Speaker, during a promotional visit to Montreal, the Minister of Intergovernmental Affairs stated that the sovereignists were once again to blame for Quebec's budget not being balanced yet.

Of course, the Liberal Party of Quebec, which sat on its hands during the nine years it was in power in Quebec, is not to blame. The Liberal Party of Canada, which eliminated the federal deficit by shovelling 52% of its spending cuts into the backyards of the provinces, is not to blame either. No, the separatists are to blame, according to the minister. Go ahead, pin it on the sovereignists, we can take it.

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What concerns me however is that, to replace Daniel Johnson, whose party was responsible for the largest deficit ever in Quebec's history, the Liberals are set to crown the leader of the party responsible for the largest federal deficit in Canada's history, the leader of the Conservative Party. That is scary.

The federalists are the ones who have plunged Quebec and Canada into debt. It is a good thing that the sovereignists were there to take things in hand.

\* \* \*

[English]

### WORLD METEOROLOGICAL DAY

**Mrs. Karen Kraft Sloan (York North, Lib.):** Mr. Speaker, yesterday marked World Meteorological Day. Every year on March 23 we commemorate the coming into force of the convention of the World Meteorological Organization in 1950. Canada is a founding member of the organization and plays a prominent role in its work.

World Meteorological Day is an opportunity to raise public awareness and appreciation for the valuable public weather service that Environment Canada, with its dedicated staff, provides to Canadians 24 hours a day, every day of the year.

Weather events such as the recent ice storm that hit eastern Canada, the Manitoba floods and the Saguenay disaster, remind us how important reliable, accurate weather and environmental information is in helping Canadians protect themselves and their property.

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### ACADEMY OF MOTION PICTURES, ARTS AND SCIENCES

**Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.):** Mr. Speaker, I rise today to offer my congratulations to four graduates of the University of Waterloo who this week won awards from the Academy of Motion Pictures, Arts and Sciences.

Bill Reeves and Bob Krieger earned scientific and engineering Oscars. Reeves was recognized for his part in the development of a Marionette three dimensional computer animation system. This was used to create the first three dimensional computer animated film feature *Toy Story*. Krieger was recognized for his geometric modelling component of the Alias Power animator system, the best commercially available system of its kind.

Paul Breslin and Kim Davidson were awarded the academy's technical achievement award for their creation of the procedural modelling and animation components of Prisms software package used to simulate natural phenomena. This award was also won by the University of Waterloo faculty last year.

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I congratulate these four winners and the University of Waterloo.

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**LIBERAL PARTY**

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, the list of Liberal patronage appointees goes on: the son of a prominent Liberal organizer and fundraiser for André Ouellet the former president of the Longueuil Liberal Riding Association; the former vice-president for eastern Quebec Liberals; a Trudeau era minister and the godfather of the Atlantic; a former legislative assistant to several Ontario Liberal MPPs; a close associate of the Clerk of the Privy Council, Madam Bourgon; the former vice-president, French, for the Liberal Party; a former Liberal Party president and cabinet minister; a prominent Liberal backroom boy and defeated Liberal MP; the defeated Liberal candidate in Kindersley-Lloydminister from 1988; the former western vice-president of the Liberal Party; the former president of the Vancouver Quadra Liberal Riding Association; the former president of the Liberal National Women's Commission and a failed candidate; a key Manitoba organizer for the Prime Minister's leadership race; the president of the Saint Maurice Liberal Riding Association; a friend of former Liberal minister Doug Young from New Brunswick; the 1984 Ontario campaign chairman for the Prime Minister; and the former president of the Manicouagan Liberal Riding.

The list goes on.

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**IMMIGRATION**

**Mrs. Claudette Bradshaw (Moncton, Lib.):** Mr. Speaker, yesterday I met Gabriel and Delila Grey, two very special constituents at the Ottawa airport.

The Greys, originally from Guatemala, arrived in Canada with their landed immigrant status. I cannot say how thrilled I was to finally see them.

• (1405)

Many of their supporters were at the Moncton airport to welcome them back to their homes. The Greys have waited almost two years for this moment.

[*Translation*]

The Greys lived in a church basement in Dieppe for nearly 18 months. On November 7, Gabriel and Delila left Canada for a temporary host country.

This was not an easy decision for Gabriel and Delila, but the people of Moncton rallied behind them and looked after them. I am very proud of the spirit of co-operation and generosity displayed by the people of Moncton, Riverview and Dieppe.

Delila and Gabriel can now resume their lives in Moncton. I wish them the best of luck.

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**GREEK INDEPENDENCE DAY**

**Ms. Eleni Bakopanos (Ahuntsic, Lib.):** Mr. Speaker, at our biannual convention held over the weekend, the Prime Minister stressed the unique character and rich cultural diversity of this country. This diversity is our strength.

[*English*]

It is this diversity that makes it possible for Canadians of Hellenic origin such as myself to join the millions of Hellenes around the world in celebrating Greek Independence Day, March 25, 1821. Canadians of Hellenic origin will be parading their pride and deep affection for their country of origin, Hellas, where democracy was born.

Today, on the eve of the 177th anniversary of Greece's Independence Day, we are joined in the House by a representative of the Greek government, Mr. Yiannis Anthopoulos, Deputy Minister of National Education and Religious Affairs, who also participated in the facilities organized by the Hellenic Community of Montreal.

Celebrations will be taking place across Canada and I encourage all my colleagues to participate.

[*Editor's Note: Member spoke in Greek and provided the following translation:*]

Long live Greece; long live Canada.

\* \* \*

[*English*]

**LIBERAL PARTY**

**Mr. Peter Goldring (Edmonton East, Ref.):** Mr. Speaker, membership indeed has its rewards. Liberal patronage continues: the Liberal campaign manager of Burnaby, B.C.; a prominent B.C. Liberal and oldtime golfing and business buddy of the Prime Minister; the nephew of the Prime Minister; the defeated Liberal MP for Halifax; the former legislative assistant to the Prime Minister; the wife of the former defence minister and director of the Liberal Party; the former president of the Liberal Kindersley-Lloydminister riding; the former Liberal MP for North York; the wife of a former aide to Prime Minister Pierre Trudeau; the failed 1993 Liberal nominee for South West Nova; a former board member of the federal Liberal Agency of Canada; the former executive director of the Quebec Liberal Party; the former Liberal Minister of International Trade; the failed 1993 Liberal candidate in Selkirk-Red River, Manitoba; the defeated 1997 Liberal candidate in Laurentides; and the list of Liberal patronage goes on.

**LIBERAL PARTY OF CANADA**

**Ms. Elinor Caplan (Thornhill, Lib.):** Mr. Speaker, the national Liberal caucus has established the national Liberal caucus twinning program, matching members of our caucus with Liberal riding associations across Canada.

I have the honour of being twinned with West Vancouver—Sunshine Coast. Mr. Hans Krause and the other members of the West Vancouver—Sunshine Coast Federal Liberal Riding Association have greeted me with open arms and Liberal hospitality as their representative in Ottawa.

In April, while the Standing Committee on Health is in Vancouver, I will be taking the opportunity to visit my surrogate riding. West Vancouver—Sunshine Coast is a magnificent area of our country with diverse areas such as Whistler, Squamish, Powell River and West Vancouver.

I am excited about the opportunity to visit this beautiful part of our country and especially to meet with fellow Liberals to discuss how we could continue to build this great country together.

\* \* \*

[Translation]

**MINISTER OF INTERGOVERNMENTAL AFFAIRS**

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, yesterday, the Minister of Intergovernmental Affairs gave the oddest speech.

After a long weekend, in which he was isolated and told that his great constitutional scheme, Plan B, did not exist, the minister lost his cool and said he had had enough.

Before the Canadian Bar Association, the minister sent the Prime Minister and the Minister of Human Resources Development off to do their homework. "There is most certainly a Plan B and you are going to see it in action".

In 1980 and 1995, representatives of the federal government threatened to deprive Quebecers of federal services if they opted for sovereignty. Now the Minister of Intergovernmental Affairs is threatening to continue to provide services whether they want them or not. We have seen things that made more sense.

Who is telling the truth in this government? The Prime Minister, other ministers, members of the Liberal Party, or the Minister of Intergovernmental Affairs?

*S. O. 31*

[English]

**REFORM PARTY OF CANADA**

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, yesterday Reform members outlined their approach to health care.

They want an Americanized, privatized two tier health care system. They want more competition in health care. They want to amend the Canada Health Act to set up a parallel private system, a separate system for the rich and another system for the poor.

The Reform member for Esquimalt—Juan de Fuca even admitted, is it unequal? Yes. Does the Reform Party care? No.

• (1410)

Canadians believe their right to life and treatment for illness and injuries should not be based on income. Canadians should not become guinea pigs for Reform's irresponsible health theories playing around with Canadian lives to put in place a dangerous system in which low and middle income Canadians unnecessarily suffer and die.

We already have a crisis in our health care system. We need reinvestment to strengthen that system. Why should we require people to sell their homes or go bankrupt to pay for necessary medical treatment? We say no to Reform's ill health plan. We say yes to medicare.

\* \* \*

**RADARSAT II**

**Ms. Susan Whelan (Essex, Lib.):** Mr. Speaker, MacDonald, Dettwiler and Associates Limited of Richmond, British Columbia, was selected through the competitive process by the Canadian Space Agency and the government to construct and manage RADARSAT II, Canada's next generation synthetic aperture radar satellite.

The government will invest \$225 million and MacDonald, Dettwiler and Associates Limited will invest \$80 million for the construction of this high tech satellite system.

It will be implemented at half the cost of RADARSAT I through the use of new technologies and engineering that will create a lighter, more capable and more cost effective satellite. It will create approximately 300 jobs across Canada. This will help bring

### Oral Questions

prosperity to all regions across Canada, especially to the province of British Columbia.

Scheduled for launch in 2001, RADARSAT II will contribute valuable new information to areas such as ice navigation, geological exploration and disaster relief operations.

This is good news for British Columbia and all Canadians. RADARSAT II and the Canada Space Agency through the government's support will ensure that British Columbia and Canada will remain a world class developer of satellite technology for earth observation into the next millennium.

\* \* \*

### PENSIONS

**Mr. Gilles Bernier (Tobique—Mactaquac, PC):** Mr. Speaker, when people lose their health it has a tremendous effect on their lifestyles. I am appalled at the government's lack of compassion for those who apply for the Canada disability pension. Today applicants for the CPP disability pension must wait on average close to seven months for a decision on their financial future. It is absurd to be put on hold like this, not to mention the strain it has on their state of mind as they try to recuperate from their illnesses.

It is even more frustrating that they put their faith in their doctors and in the system. Their doctors fill out reports and recommendations for their patients, only to have them rejected by a panel of nurses.

We are seeing the mismanagement of people's lives when there should be compassion for those who suffer from disabilities. We must revisit this system and make the necessary improvements to assure all Canadians in need of the program that it is fair and prompt in its service.

\* \* \*

### LIBERAL PARTY

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, the Liberal patronage list goes on: the 1988 Liberal candidate and long time riding president of Brome—Missisquoi; a former Quebec Liberal MP and past president of Quebec Liberals; the wife of a former B.C. Liberal president who was herself a twice defeated candidate; the Prime Minister's former law partner and chief fundraiser in the 1984 campaign; the former Liberal Party president and 1970 Liberal MP; the Liberal president for Quebec East, 1990-91; the Prime Minister's 1984 Manitoba campaign leader; failed Liberal candidate in 1993 and former riding president in Abitibi; former president of Moose Jaw—Lake Centre Liberal Riding Association; the Prime Minister's leadership co-ordinator for Atlantic Canada in 1990; a former Liberal cabinet minister; the former Liberal riding president for Labrador; the defeated 1993 Liberal candidate in Mission—Coquitlam; and the list goes on and on.

## ORAL QUESTION PERIOD

[English]

### FISHERIES

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, yesterday we asked the government what it was going to do for the British Columbia economy. B.C. is now in a recession. Its unemployment rate is up one half of one per cent in a single month.

Today we got our answer. For starters the Liberals are going to cut B.C.'s fishing quota in half. Up to 5,000 B.C. fishermen and plant workers will be laid off.

My question is for the Prime Minister. Why does British Columbia have to pay the price for federal mismanagement of the west coast fishery?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we know there is a problem in British Columbia. It is the part of Canada that is most affected by the economic situation in the Pacific rim.

● (1415)

We have done everything we can and we are still working on many programs to diversify the economy of British Columbia. For example, we have helped it enormously with improving and maintaining Vancouver airport, one of the most important airports in North America, and many programs of this nature.

In terms of fisheries, stocks vary from year to year.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, here is what a senior cabinet minister from B.C., the federal minister of fisheries, said about this quota cut: "It does not necessarily mean that people do not have work. It just means that they earn a lot less when they do work". He actually said that, it does not necessarily mean that people do not have work, it just means that they earn a lot less when they do work.

Why is the Liberal economic plan for British Columbia fewer jobs and less pay?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the British Columbia economy benefits from the advantages of the economy of Canada. At this moment British Columbia has the lowest interest rate in generations, a climate resulting from Canada's managing to balance its books.

I explained there is a reduction in Pacific trade that is affecting all Pacific countries. It is the situation for British Columbia. It benefited during the rapid growth of the Pacific. Now that there is less growth it is more exposed than the rest of the country.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, this means absolutely nothing to the people of British



*Oral Questions*

Columbia. The only significant natural resource the government directly manages is fish. Yet the fisheries department ignored scientific advice on conservation, it failed repeatedly to deal with foreign overfishing, it has presided over the collapse of the east coast cod fishery and now it is failing the west coast fishery.

Who is the Prime Minister going to ask to resign over these failures, senior bureaucrats in the department, the minister or both?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the report talks about the collapse of the fisheries in the Atlantic, for example, 12 years ago. Members of the committee looked at the original decision. We were not in government at that time. We have put in place some programs to help the fishing community in eastern Canada and the Reform Party opposed the TAGS program.

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, the fisheries minister was asked why so many of his bureaucrats work in Ottawa and so few close to the ocean. He answered: "Ontario pays a substantial amount of the taxes in this country, and simply people moving away from Ottawa and moving jobs from one province to the other will not necessarily be an easy task". This is a big fish story.

Why does the fisheries minister care so much about his own department and so little about fishermen's jobs in Vancouver or St. John's?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I have always been in favour of transferring jobs. In fact, when I was president of the Treasury Board I moved from Ottawa to Surrey, B.C. the taxation division of the department of revenue and almost 3,000 people working there. We have done it on many occasions and I hope we will be able to do it in the future.

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, in 1991 the Prime Minister told the House: "Every minister in the cabinet I preside over will have to take full responsibility for what is going on in his department. If there is any bungling the minister will have to take full responsibility". The Liberal dominated fisheries committee has uncovered an ocean of bungling.

When will the Prime Minister demand that the fisheries minister do his job or put in the member for Grand Falls, Newfoundland who will?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the report looks at the problems since the collapse of the fisheries in the maritimes 11 years ago. The minister was not there at that time. He has now received a report which he will study. We will all study the report and make changes as quickly as we can.

I want to point out to the Reform Party that the problems occurred when there was not even one Reform Party member in the House of Commons.

• (1420)

[Translation]

**MINISTER OF INTERGOVERNMENTAL AFFAIRS**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, my question is for the Prime Minister.

Over the weekend, Liberal supporters did their best to show openness toward Quebec by covering up plan B, but it took the Minister of Intergovernmental Affairs less than a day to bring them back into line. The day after this four-day Liberal convention, he had already renounced the good intentions expressed during the weekend.

Are we to understand that the real government spokesperson on the issue has indicated that the fun is over by making his government's usual threats again? Are we to understand that the weekend party is over and that the government is once again taking the hard line?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we have been saying the same thing all along. We have always explained clearly the headway we were making.

The Minister of Intergovernmental Affairs, like the other ministers, talks about the federal agenda globally. The Bloc Québécois refuses to recognize that we have transferred manpower, that we have improved the situation on five, six or seven issues, that we have passed a resolution in the House of Commons recognizing the distinct character of Quebec, that we have passed a bill giving a veto to the five regions. Each time, the Bloc Québécois voted no.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, at the beginning of the convention, the Prime Minister made a candid remark, stating that there was not plan B, that it did not exist, that it had been made up by the press.

How can the Prime Minister stand behind this kind of statement when, as soon as the Liberal weekend party was over, the Minister of Intergovernmental Affairs reinstated all the means of intimidation in the government's plan B?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, I stated yesterday that, should Quebec secede unilaterally, the Quebec government would not be in a position to take over all the functions currently available to all Canadians without the agreement of the federal government. I presented an argument to this effect.

*Oral Questions*

If the opposition leader can see a flaw in my argument, he should point it out, but he must understand that, failing this, he is wasting the time of the House by asking totally unfounded questions.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, we are going to carry on wasting time. I am going to quote the Minister of Intergovernmental Affairs.

In his role as adviser to the Prime Minister not so long ago, his theory was to make Quebec suffer. Yesterday, the day after the Liberal show on the weekend, the Minister of Intergovernmental Affairs went back to his old line.

Are we to understand that it is not the Prime Minister or the other ministers who set the tone in the government, but rather the Minister of Intergovernmental Affairs? Whose idea it is to punish Quebec and who gave us plan B.

**The Speaker:** The Minister of Intergovernmental Affairs.

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, that is a false accusation and slanderous.

**The Speaker:** My dear colleagues, I ask you to be very careful in choosing your words.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, the Minister of Intergovernmental Affairs made the statement, in case he has forgotten, on March 15, 1995 in Toronto before a group of intellectuals. He said "The more it hurts, the less support there will be for sovereignty".

Is he now going to deny that his entire speech and the government's plan B are based on his long held belief?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, I still believe the member to be an honest man and I will give him the opportunity to prove it.

Two days later, a correction appeared in the same papers to the effect that I had never spoken these words ascribed to me at the time.

Secondly, on another matter, what I said yesterday I said because I am a Quebecker and because I do not want my society to find itself in a situation that flies in the face of democracy in which a government would be trying to grab all jurisdictions not its own in an unacceptable state of confusion.

\* \* \*

[English]

**THE SENATE**

**Hon. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, Andrew Thompson has finally said adios and bid goodbye to the

Senate in order to collect his pension. Instead of using talk about Senate reform as an excuse for not acting, I want to ask the Prime Minister the following question.

• (1425)

Why not seize the opportunity of this vacancy, which now creates a vacancy in the upper house, and announce today that he will not be filling this vacancy as the first step toward the abolition of the unelected, unaccountable Senate of this country?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we have tried and are willing to try to reform the Senate. We have a system of two houses in Canada. The member is proposing something that I cannot do. If I have an institution, I have to use it.

If some day Parliament were to decide not to have it, of course it would be different. But it is not what we are proposing at this time.

**Hon. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, the Prime Minister could easily decide not to appoint a senator and bring a resolution before this House as the first step toward the abolition of the other place. If he does that, he would have the support of our party, he would have the support of several premiers and the support of the Canadian people.

Instead, he wants to spend hundreds of millions of dollars to renovate the Parliament Buildings, millions of that to move the senators to a temporary home and renovate the Senate. Why not save that money, bring in a motion to abolish the other place and do it now?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the hon. member knows very well that the government cannot abolish unilaterally the Senate. It needs the consent of the 10 provincial governments.

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**FISHERIES**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, yesterday the fisheries committee tabled the east coast report. The committee recommended that senior DFO personnel who are viewed by the fishing community as being responsible for the crisis in the fishery be removed from the department.

Does the Minister of Fisheries agree with this recommendation?

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, the minister when he comes back to Ottawa will certainly be reviewing this report and responding at an appropriate time.

I can say one thing for certain. The minister is not going to get into finger pointing and witch-hunting. He will be wanting to develop things forward in a positive fashion for the future.

*Oral Questions*

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, can the parliamentary secretary confirm that he also agreed with the recommendation to remove senior DFO personnel until he came under pressure from within his own government who threatened to remove him from his position as parliamentary secretary?

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** The member could not be further from the truth, Mr. Speaker. If you look at the report and read it, you will see a supplementary opinion and a number of members decided that rather than get into this witch hunting that you seem to be promoting we wanted to move forward—

**The Speaker:** Colleagues, please direct your questions and answers to the Speaker.

**Mr. John Duncan (Vancouver Island North, Ref.):** Mr. Speaker, British Columbians have been following the Pacific salmon treaty discussions and they have seen four years of inaction. They have seen hundreds of meetings, two negotiators and countless empty promises.

What is the result? A 50% reduction in quotas and 5,000 fishermen and fish plant workers laid off.

Why will the Prime Minister not tell the minister of fisheries to stop talking and take action or find someone who will?

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, we have made very significant advances in coming to grips with the United States on getting a solution. We had the Ruckelshaus-Strangway report which recommended a series of steps. We have during the visit of secretary of state Madeleine Albright come to an agreement on a new negotiating regime which will focus specifically on getting an agreement for this spring fishing season and at the same time establish a proper framework of negotiations.

There are two countries to the treaty. We have to get agreement between the two countries. To follow the hon. member's advice—

**The Speaker:** The hon. member for Vancouver Island North.

**Mr. John Duncan (Vancouver Island North, Ref.):** Mr. Speaker, the fisheries minister and the foreign affairs minister do not know who is in charge for starters.

The fisheries minister is always talking conservation, conservation, conservation. What about honesty, integrity and leadership on this issue?

• (1430)

The priority of the fisheries minister has been to avoid upsetting the Americans. Meanwhile 5,000 fisheries workers are going to be out of a job.

Why will the Prime Minister not give the job to someone who will do it?

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, it seems to me that the hon. member has a very distorted sense of priorities. He criticizes the minister of fisheries for being concerned about conserving the fish stocks. If there are no fish, there are no fishermen. We must get a co-operative framework in which the two countries of North America can work together to preserve the fish stocks and preserve the livelihood of the fishing communities.

[Translation]

**Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ):** Mr. Speaker, my question is for the Prime Minister.

The Standing Committee on Fisheries and Oceans is now convinced of the federal government's responsibility in the collapse of northern cod stocks and of its obligation to provide support to fishery workers affected by the moratorium.

Since fish stocks have not yet been renewed, and thousands of fishers still have no way of earning a living, will the Prime Minister admit his government's responsibility for mismanaging the fishery and will he promise to make money available to extend the TAGS program?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the Atlantic fisheries crisis began before we were elected to office. We assumed our responsibilities.

Four years ago, we implemented a program to support fishers and fishery employees. The program is scheduled to end this year, and the government is now looking at what it can do. The Minister of Human Resources Development is working on this right now, and we hope that it will be possible to announce something concrete in the coming weeks.

**Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ):** Mr. Speaker, since the Prime Minister does not seem to have abandoned the idea of extending the TAGS program, can he tell us whether or not he shares the opinion of colleagues in his own party regarding the federal government's responsibility for the mismanagement?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we inherited this problem from the former government. As soon as we formed our government, and although we were in very difficult financial shape, we created a program to provide support to Atlantic fishers at a time when the deficit stood at \$42 billion. We assumed our responsibilities in the wake of the disaster caused by the mismanagement of the Conservative government of the day.

*Oral Questions*

[English]

**THE SENATE**

**Mr. Bill Gilmour (Nanaimo—Alberni, Ref.):** Mr. Speaker, finally after 30 years of absenteeism and chronic abuse of the system, Senator Andrew Thompson has resigned from the Senate.

Since 1993 the Prime Minister has made 28 patronage appointments to the Senate. With Thompson's leaving, we now have another Ontario vacancy.

Has the Prime Minister learned anything from the Thompson and Fitzpatrick scandals, or is he simply going to appoint another unelected and unaccountable Liberal hack to sit in the Senate?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I am very proud of the senators I have named. They are working very well. I believe I put a lot of pressure on Senator Thompson to resign and I am happy to see that he listened to what we asked him to do.

**Mr. Bill Gilmour (Nanaimo—Alberni, Ref.):** Mr. Speaker, obviously the Prime Minister has learned nothing from his past mistakes. He is going to make those same mistakes over and over again.

Even the Minister of Intergovernmental Affairs and President of the Queen's Privy Council admits that "we cannot boast of the most democratic Senate in the world". At least one member on the government side recognizes that the Senate is undemocratic.

Apparently the Prime Minister has learned nothing from the Thompson and Fitzpatrick affairs. When will the Prime Minister allow Canadians to democratically elect their own senators?

• (1435)

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I will repeat that if we were to begin electing a senator at this time, we would perpetuate the situation forever.

I will quote Dennis Anderson, a former cabinet minister in the Don Getty government who chaired the committee which produced the Senatorial Selection Act, 1989. He said that when they are elected "it will be next to impossible to renegotiate the distribution of seats. For Alberta, that is the very worst possibility, much worse than abolishing the Senate".

\* \* \*

[Translation]

**CUSTOMS CONTROLS**

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, there has recently been an increase in excessive controls by U.S. customs, at the Canadian border.

There are even some members of this House who were subjected to these picky controls and to the rudeness of U.S. customs inspectors.

My question is for the Minister of Foreign Affairs. Given the good relations that exist between Canada and the United States, including at the border, does the minister intend to make representations to put a stop to this unacceptable behaviour on the part of U.S. customs inspectors?

[English]

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, as the hon. member knows, last week we indicated in the House that we are in fact engaged with United States negotiators over these kinds of border issues.

We made it very clear there are very basic standards that we apply. The United States has since sent a letter clarifying the situation, indicating that in fact it was not a U.S. border inspector who went through the search and seizure procedure. We concur with that kind of assessment. What we have to do is get on with the negotiations so that once again we can establish a new model for border crossings that will be the model for the world.

[Translation]

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, in light of the comments recently made by Mrs. Albright during her trip to Canada, regarding the wonderful co-operation that exists between Canada and the United States, does the minister intend to remind U.S. official of the comments she made, so that the situation can get back to normal as quickly as possible?

[English]

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, it always amazes me that when hon. members prepare a supplementary question they do not listen to the answer first.

The fact of the matter is that we have raised the issue with the United States. It has responded to say it was not involved. I would suggest to the hon. member that before he asks a supplementary he get the facts right.

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**THE SENATE**

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, my question is for the Prime Minister.

Last week we learned that a former business associate of the Prime Minister's, Ross Fitzpatrick, was awarded the latest snooze seat in the Senate. Yesterday we learned that a former employer of the Prime Minister's gets to sit on the board of the Export Development Corporation.

*Oral Questions*

Will the Prime Minister now table all the names of his former employers? That way Canadians will know in advance who his next appointees will be so that they can check their credentials.

**The Speaker:** My colleague, I think we are stretching it a bit here. If the Prime Minister wishes to address himself to that question, it is out of order but if he wants to address it, the right hon. Prime Minister.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, for the past five or ten years my employers have been the 35,000 voters in the Saint-Maurice riding who have given me the job of representing them in Ottawa.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, one thing that is becoming clear is that a pattern is developing here. If someone was a business associate or a former employer of the Prime Minister's, they are in line for a patronage appointment.

Will the Prime Minister promise today to discontinue this practice so that Canadians will see some confidence restored in the process?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I said and the Deputy Prime Minister said yesterday that Mr. Robert Fung is a very pre-eminent businessperson in Canada. He serves on three committees. Two of them do not pay him a cent and the other one pays something like \$3,000 a year.

I think we should be happy to have people who are willing to devote their time to helping the government give good government to the people of Canada.

\* \* \*

[Translation]

**OLD AGE SECURITY**

**Mr. Maurice Dumas (Argenteuil—Papineau, BQ):** Mr. Speaker, members of AFEAS, the women's association for education and social action, signed and mailed over 35,000 cards to the Minister of Finance, asking him to make substantial changes to his proposed reform of old age security.

Does the Minister of Finance intend to follow up on the requests and recommendations made by AFEAS?

• (1440)

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I already had very successful discussions with representatives of AFEAS. They raised some very interesting points.

As I already said in this House, it is our intention, when the amendments to the legislation on old age security are introduced, to make some changes.

[English]

**FILM AND TELEVISION INDUSTRY**

**Mr. Joe Jordan (Leeds—Grenville, Lib.):** Mr. Speaker, British Columbia boasts the fastest growing film and television production industry in Canada. Major international productions such as the Oscar nominated *The Sweet Hereafter*, and the highly acclaimed *X Files* are but two examples of its success.

What has the government done to help British Columbia develop the strongest possible film and television production industry?

**Mrs. Sue Barnes (Parliamentary Secretary to Minister of National Revenue, Lib.):** Mr. Speaker, I thank the member for his question.

The recently announced film or television production services tax credit which is administered by the Department of National Revenue has only been the latest example of our efforts. This extra \$55 million in support has helped create jobs in British Columbia, in fact over 12,500 jobs in this particular area. This is wonderful for Canada. It is good for Canadian culture. It is especially good for British Columbia.

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**SEARCH AND RESCUE**

**Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.):** Mr. Speaker, last December a plane crash in Little Grand Rapids, Manitoba took the lives of four people. Weather prevented military aircraft from offering immediate assistance.

John Gibson, a helicopter pilot with 23 years experience, used his training to rescue a woman and a two year old boy from the crash site. Why will the Minister of Transport not give this hero a medal instead of an investigation?

**Hon. Fred Mifflin (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, we all have to have rules to follow particularly in the business of flying airplanes and driving ships. Rules are rules. Investigations have to be conducted whenever there is a chance that these rules may have been breached. This is the case and the investigation is under way.

**Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.):** Mr. Speaker, we are fully aware of the importance of air regulations and safety.

This clearly was a special case. This was not someone out joy riding. This person put his own safety on the line to help somebody else.

Why will the minister not recognize the heroic efforts of this man instead of trying to discredit his flying ability?

*Oral Questions*

**Hon. Fred Mifflin (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, I have heard the Reform Party often talk about how rules should be enforced.

Given that Transport Canada's prime concern is safety, is the hon. member and the Reform Party suggesting that safety not be a top concern and that the possible violations of regulations not be investigated? I think not.

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**PAY EQUITY**

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, earlier today the Canadian Human Rights Commission criticized federal government stall tactics on pay equity for setting an "unfortunate example" that invites employers in the private sector to use court challenges to evade the law as well.

My question is for the President of the Treasury Board. How does the government, entrusted with upholding the law, justify not only evading its own responsibility on pay equity, but also setting in place what the human rights commission calls a pattern of resistance that is being used to delay and deny justice for Canadian women across the country?

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, the judgment of the federal court which was rendered last week and the one which was rendered yesterday indicate very clearly that the unions can lose their case in court and that the best way to look at pay equity is to negotiate it.

At present we are trying to negotiate with the various unions a system of pay equity that is equitable for everybody. The courts remind us that for our employees this is the best course to follow.

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[Translation]

**JOB CREATION**

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Mr. Speaker, many Canadians are still looking for those jobs the Liberals claim to have created.

The phone in my riding office has been ringing non-stop with calls from my constituents asking where those jobs are. Worse still, some of the people in my region no longer get EI because of the Liberal government's cuts.

When will the Prime Minister quit attacking the poor and start attacking the real problem, the lack of jobs, and when will he create a long-term job creation strategy to create real jobs rather than band-aid solutions like the ones announced by the Minister of Human Resources Development?

• (1445)

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the government is deeply committed to employment. That is why we have restored order to Canada's public finances and why interest rates are dropping significantly.

That is also why we have created the transitional job fund, which has been useful in the Atlantic provinces, New Brunswick in particular, where it has attracted private sector investments which have led to the creation of real, full-time jobs. Our priority is job creation.

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[English]

**THE ATLANTIC GROUND FISH STRATEGY**

**Mr. Norman Doyle (St. John's East, PC):** Mr. Speaker, many thousands of people in Atlantic Canada have been waiting in anticipation of the federal government announcement on the post-TAGS program. Can the Prime Minister now confirm that the federal cabinet met last week and has already made a final decision that there will be no follow up TAGS program in Atlantic Canada?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, we have been working very hard on the post-TAGS environment. Mr. Harrigan produced a very healthy and very good report that will allow us to make the best decisions possible. We are consulting with the provinces right now. We are consulting with the communities, the fishers and the fish plant workers. It is very important that we address the issue the right way.

We made the announcement a long time ago that TAGS was ending in August. That is why we are now working on the post-TAGS environment.

**Mr. Norman Doyle (St. John's East, PC):** Mr. Speaker, if there is to be no post-TAGS program, the minister should be aware that Canada no longer has fish in excess of its needs and that foreign countries are presently fishing our resources. Will the minister immediately adopt recommendation No. 5, which would no longer permit foreign countries to fish inside our 200-mile limit, taking resources away from Atlantic Canadians who desperately need them?

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, as I said earlier, the minister will respond to the specifics of the report in due time.

We have to abide by international obligations. If we were to kick the foreign fleets out tomorrow we would destroy thousands of jobs in Nova Scotia and I am certain the member does not want that. We have already been offering fish to Canadians first.

*Oral Questions***FOREIGN AFFAIRS**

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, my question is for the Minister of Foreign Affairs. UNICEF is leading global efforts to end the use of child soldiers which include not just the 10-year old boy with an AK-47 assault rifle, but also many thousands of young girls who are abducted and forced into sexual slavery and child labour. What is the Government of Canada doing to address the exploitation of over 250,000 child soldiers around the world?

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, a very important round table meeting was held in Ottawa yesterday. It involved experts from around the world who are dealing with this very serious humanitarian problem.

There are approximately three ways of attacking the problem. First, Canada is working very actively to amend the optional protocol to prohibit the use of child soldiers to make it an international covenant. Second, through the work of CIDA and other organizations, we are developing programs to help end the use of child soldiers in many countries by enabling them to return to their communities to get an education. Third, it is important that a number of private organizations and Parliament speak out against the vicious practice of using our young people in combat. This is something that Canada can once again take a humanitarian lead in around the world.

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[Translation]

**TUITION FEES**

**Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.):** Mr. Speaker, when I visited Montreal last week, a McGill University student asked me about the differences in tuition fees in Quebec. In the present system, students from other provinces are penalized.

We know that the provincial governments are trying to freeze tuition fees, but penalizing students from other provinces is not the solution.

Does the government feel that these different tuition fees are acceptable?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, setting university tuition fee levels is a provincial jurisdiction. It is therefore up to the Government of Quebec to set tuition fees within Quebec.

I have already written to Mrs. Marois indicating that our government did not accept the idea of different tuition fees for citizens of this country, because equal access to these institutions

was important, particularly for our francophone friends in Ontario and for our Acadian brothers and sisters in New Brunswick.

\* \* \*

• (1450)

**RCMP**

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, my question is for the Solicitor General.

Sunday evening, an aboriginal woman and her 9-year old son were shot by the RCMP near Calgary, Alberta, in an operation that turned sour and that seems absolutely unjustifiable.

How can the Solicitor General explain such a violent response from the RCMP and should he not immediately order not an internal investigation but a public inquiry to let everyone know how such a tragedy could have happened?

[English]

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, I think everyone in this House feels badly about the incident that occurred in Alberta. The investigation which is currently being conducted is being conducted under the purview of the province of Alberta.

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**POST-SECONDARY EDUCATION**

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, it is incredible that in Canada we still do not have a national grants program for post-secondary education. The Prime Minister's pet project, the millennium fund, just does not cut it. Even delegates at the Liberal convention called on the government to institute a national grants program. It is shameful that Canada is only one of two OECD countries that does not have such a program.

When is the Prime Minister going to listen to students and his own party members and bring in a national grants program?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, I would ask the hon. member to put that question to me.

The budget has been very, very well received precisely because education, access to knowledge, competence and skills is at the heart of it.

There are grants. The millennium fund will grant 100,000 students with scholarships of up to \$3,000 per year.

We are making major improvements to the Canada student loan program. We are providing grants for students with dependants. I could go on. This is the best achievement we have made in the last three months.

*Oral Questions***CANADA LABOUR RELATIONS BOARD**

**Mr. Jean Dubé (Madawaska—Restigouche, PC):** Mr. Speaker, under section 10 of the Canada Labour Code a person is not eligible to hold office as a member of the Canada Labour Relations Board if they hold any other employment. Yet the Minister of Labour has recently appointed Mr. Paul Lordon as chair of the CLRB, even though he is still chairperson of the RCMP pay council.

Can the minister explain why this was allowed?

**Hon. Lawrence MacAulay (Minister of Labour, Lib.):** Mr. Speaker, my office has spoken with Mr. Lordon today and he has indicated that he is wrapping up his business with the RCMP pay council. In fact, under the conflict of interest code, section 8(b), Mr. Lordon has 120 days to wrap up his business and that is what he is doing.

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**FOREIGN AFFAIRS**

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, my question is for the Minister for International Cooperation.

Millions of children in North Korea are at risk of starvation. With Canada's great tradition of helping the poorest of the world can the Minister tell the House what action she is taking to help the people of North Korea?

**Mrs. Claudette Bradshaw (Parliamentary Secretary to Minister for International Cooperation, Lib.):** Mr. Speaker, over the past year we have contributed over \$10 million for food to help the people in North Korea. Unfortunately the food shortage continues. I am pleased to inform the House that a further \$5 million worth of Canadian wheat will be sent to North Korea by the Canadian food grain bank.

What must be remembered is that \$1 million was donated by Canadians and \$4 million was donated by the government. Canada will also contribute three quarters of a million dollars to UNICEF to provide for the basic health needs of those people.

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**AIR INDIA DISASTER**

**Mr. John Nunziata (York South—Weston, Ind.):** Mr. Speaker, my question is with respect to the worst mass murder in Canadian history.

When the Liberal party was in opposition the leader of the party, the present Prime Minister, promised, in writing, to have a royal commission of inquiry with respect to that particular disaster.

My question is to the Solicitor General. When does his Prime Minister intend to keep that promise and why does his government insist on continuing the cover-up that began in the Mulroney administration?

• (1455)

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, the investigation around the Air India disaster has been one of the most intensive ever conducted by the RCMP. The investigation has been ongoing and that is the reason why it would be inappropriate to conduct any other kind of investigation.

Ultimately, if and when charges are laid that will be up to the Office of the Attorney General of British Columbia.

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**ROYAL CANADIAN MINT**

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, the Royal Canadian Mint has decided to get into a new business, competing directly with a world recognized plant in my riding.

The minister has chosen to ignore some important facts. Westaim can and is ready to assure the supply.

The government's unfair competition with the private sector is putting the jobs of 100 people in my riding at risk. The new Winnipeg plant the government wants to build will cost \$48 million in construction costs and lost savings. All of this is for a plant with unproven production and technology.

Will the minister assure us today that he will stop this project or at least put—

**The Speaker:** The hon. Minister of Public Works.

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, first, the mint has no intention of competing with the private sector. Concerning this project, about a year ago Westaim said it was getting out of its core business, so the mint has the responsibility of ensuring that it has the necessary supplies to produce the coins which we need.

Representatives of the mint and I met with the president of Westaim and offered to work with his company in order that it may continue its business and assure the supply for years to come. However, he refused and decided to do something else. That is his business.

\* \* \*

[Translation]

**OPTION CANADA**

**Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ):** Mr. Speaker, my question is for the Prime Minister.

While the Minister of Canadian Heritage has insisted that all the information concerning Option Canada was in the public domain,



we are still unable to obtain a copy of the letter that the minister apparently sent to the president of Option Canada, asking him to explain how the \$4.8 million were used.

Is the Prime Minister prepared to act right now to ensure that the commitments made by his minister are honoured and that the letter in question is made public, as promised last Thursday?

**Mr. John Godfrey (Parliamentary Secretary to Minister of Canadian Heritage, Lib.):** Mr. Speaker, the hon. member's allegation is totally false. We have followed the guidelines and are conducting an investigation on the subject.

\* \* \*

[English]

#### THE SENATE

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I had hoped to ask a follow up question to the Prime Minister about the Senate, but perhaps the Minister of Intergovernmental Affairs could answer why the federal government is not prepared to set the ball rolling with respect to the abolition of the Senate.

We understand that the House of Commons cannot do this on its own. However, we do have an amending process. We could begin with a resolution in this House to abolish the existing undemocratic Senate and put the provinces and other parties on the spot as to where they stand on the issue of abolishing the Senate. We can always recreate it in a democratic forum if we want to.

**The Speaker:** The hon. Deputy Prime Minister.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I will be pleased to draw the hon. member's representation to the attention of the Prime Minister.

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#### THE ATLANTIC GROUND FISH STRATEGY

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, my question, once again, is for the minister of fisheries.

I have to say that recommendation No. 2, as was stated by one of my colleagues, would cease giving permission to Canadian companies to hire foreign vessels and foreign crews to catch fish in Canadian waters.

The reply from the parliamentary secretary was: Does the PC Party want to put people out of work in Nova Scotia? What we want to do is put people to work in Nova Scotia, New Brunswick and across the whole of Canada.

Considering the thousands of Atlantic Canadians who are unemployed, will the minister inform this House and Atlantic Canadians that he too agrees with recommendation No. 2?

#### Privilege

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, as I clearly said earlier, the minister will respond to the specifics of the recommendations in this report at a later date.

Again I have to spell out to the member that there are certain international obligations. If we kick out the foreign fleets we will lose the leverage to influence the decision to protect world fish stocks in a sustainable fashion. There are, in fact, thousands of workers who depend on the fish that are caught by those foreign fleets for processing jobs in Canada. We do not want to destroy those jobs.

\* \* \*

• (1500)

#### YOUNG OFFENDERS ACT

**Mr. Jack Ramsay (Crowfoot, Ref.):** Mr. Speaker, the justice minister has refused to inform this House when she will bring in amendments to the Young Offenders Act. I ask her again. When will she put public safety first and bring in amendments to the Young Offenders Act? When will she do this?

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, we have always indicated in this House that we are a government that is not going to take a simplistic approach to young offenders. Protection of society is a key value, but obviously so are prevention of crime and rehabilitation and reintegration of young offenders.

The hon. member can rest assured that the response will be tabled in this House in a timely fashion.

**The Speaker:** My colleagues, that would bring to a close our question period for today.

I am going to deal first with a question of privilege. The hon. member for Scarborough Centre.

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#### PRIVILEGE

##### ORAL QUESTION PERIOD

**Mr. John Cannis (Scarborough Centre, Lib.):** Mr. Speaker, my privilege arises from question period when the member for Winnipeg Centre asked a question and he was left alone. But in a response from the minister of labour on pay equity I commented and so did my colleagues around me. He expressed himself with language that is uncalled for in this House, unnecessary, vulgar and—

**The Speaker:** My colleagues, I would hope that if such a thing occurred, I of course did not hear it, but I would hope that hon. members would always speak to each other with great respect in this House.

*Points of Order***POINTS OF ORDER**

## STANDING COMMITTEE ON JUSTICE AND HUMAN RIGHTS

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, I rise on a point of order with regard to a matter that occurred in the justice committee. It is a matter that only this House can address and is a matter of interest to all members of this House.

While I recognize that committees are masters of their own proceedings, the justice committee has gone beyond its authority by ignoring an order of this House.

On March 10, 1998 at the Standing Committee on Justice and Human Rights the chair ruled that a motion passed by this House on October 30, 1997 did not bind the committee. This is confirmed in the letter sent from the chair of the justice committee to the sponsor of the motion, the member for Prince George—Bulkley Valley. In the letter the chair states:

Enclosed you will find a copy of the order of reference on impaired driving dated October 30, 1997. As you can see, no time line was imposed on the justice committee. This project has been considered by both our steering committee and the full committee in planning our future business—we will not reach this project before June.

The order of reference given the committee was contained in two motions. The first motion which carried unanimously read as follows:

That this House call on the government to bring forward a motion pursuant to Standing Order 68(4)(a), to instruct the Standing Committee on Justice and Human Rights to prepare and bring in a bill to amend those sections of the Criminal Code which deal with impaired driving in order to (a) enhance deterrence; and (b) ensure that the penalties reflect the seriousness of the offence and that the said committee, when so instructed, submit its report to the House no later than May 15, 1998.

Subsequent to the adoption of the supply motion, the committee was so instructed by a motion moved by the Minister of Human Resources Development. I was involved in the negotiations of that instruction, so I do know for a fact from where we come on this particular point of order.

As you know, Mr. Speaker, a motion cannot direct or order the government to take action. That is why the supply motion called upon the government to act. The second part of the motion read “and that the said committee, when so instructed, submit its report to the House no later than May 15, 1998”.

• (1505)

The second part of the motion dealt with the committee. The motion directed the committee and as you know, Mr. Speaker, that is perfectly in order for any motion of this House whether it be a supply motion, a private member's motion, or a government motion.

In Beauchesne's sixth edition citation 760(2), it states that “committees receive their authority from the House itself and the authority of the House overrides that of any committee”. Citation 831(2) points out that “a committee is bound by, and is not at liberty to depart from the order of reference” from the House.

In the last Parliament, the 35th Parliament, the Special Committee on Code of Conduct was given a reporting date by the House. The committee could not and did not decide on its own when to report to the House. When the committee found itself crunched for time it had to come back to the House and seek authority to extend its reporting date.

Also in the last Parliament there were two important rulings regarding committees and orders given committees by the House. On June 20, 1994 and November 7, 1996 the Speaker ruled that “while it is a tradition of this House that committees are masters of their own proceedings, they cannot establish procedures which go beyond the powers conferred upon them by the House”.

Mr. Speaker, I would also like to address at this time the fact that there are two motions in play on this issue. If you consider our practices regarding the management of our business, there is often more than one motion dictating the business of the House and its committees. Superseding motions for example are always acceptable motions, such as motions to adjourn debate.

We often pass motions that prescribe the way debate is conducted. The actions in the motions are triggered by events that may happen during debate. For example, during late night debates the words “when the last member rises” often trigger the question being deemed put and the vote deferred to a determined time.

Time allocation motions often address the report and third reading stages of a bill. It presupposes that the report stage will carry and that the third reading debate will proceed and be guided by the time allocation motion. Such an order waits until the business is called even though that business may never be called.

What is disturbing about this issue is that it is the justice committee of this House that is at the centre of controversy once again.

It was the justice committee that refused to report a private member's bill to the House, which triggered a number of questions of privilege and resulted in a Speaker's ruling allowing a new procedure to deal with insubordinate committees.

It was the justice committee that restricted an opposition member's participation contrary to the rules of the House that led to the Speaker's intervention of November 7, 1996.

It was the justice committee that ignored an order of the House in regard to the drafting of a national victims bill of rights that we

*Points of Order*

put forward in this House on April 26, 1996. That has not been dealt with since in the justice committee.

**Ms. Shaughnessy Cohen:** You should not have walked out.

**Mr. Randy White:** I trust I did not hear “I just lied”.

In conclusion, seeking a solution to the problem of drinking and driving is supported by the public and was supported unanimously by this House. Not only did all members speak in support of the motion introduced by the member for Prince George—Bulkley Valley, but all members unanimously supported an amendment moved by a Liberal member, the member for Abitibi, which inserted the reporting date which is the focus of my point of order today.

I would agree with the words of the member for Pictou—Antigonish—Guysborough who said during his presentation in debate “Members should come together without partisan politics and create new legislation that will contribute to the saving of lives”. The Parliamentary Secretary to the Prime Minister said “I support the intent and essence of this question. When the protection of human life is involved we have to do everything we can”.

The justice committee should take note of the sentiments expressed during that debate on October 30, 1997 and respect the decision of the majority by reporting to the House as ordered.

• (1510)

Let me sum up. We the members of this House, in this House, all agreed that there would be a bill received in this House no later than May 15. The question is how does this House become and stay relevant if a committee of the House arbitrarily makes a decision without coming back to this House on the very issue that we all supported, all members of this House from all parties?

**Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.):** Mr. Speaker, there are three things that are very important here.

One is that the justice committee, and in particular the chair of the justice committee to whom some of this seems to be addressed in the person of myself, has every intention of following the order of the House that we received in our committee through our clerk.

Number two, we take very seriously the issue of impaired driving in this country. I have confirmed to at least one justice critic in the last 24 hours the significance of that review and the fact that I am looking forward to undertaking it.

Number three, had the Reform House leader referred to the proceedings of the committee in preparing for today, and he may have, I do not know, he would have found that we even talked at some point about how extensive this review would be.

Having said that, Mr. Speaker, it is important for you to know that when we received the order of reference from Journals branch the order of reference was not time dated. There was no reference in that order to May 15.

As a result of that, apparently the member who is interested in this motion in the first place wrote to me. We have heard part of the letter. The rest of the letter indicates an undertaking, as I recall from writing the letter which I do not have here, that we would deal with this issue as soon as we possibly could.

It is important however for the House to know that this schedule is not drawn up in a vacuum. This schedule is drawn up after consultation not just with a steering committee but with all members of the committee who represent all parties. I point out that the Reform Party has three members on that committee, none of whom has ever suggested that this is of the highest priority to them.

There is a problem here and that is assuming the order we received from the House was not time dated, and I believe that to be the case, then what do we put aside in order to accommodate the interest of a member of Parliament who is not a member of the committee and who does not attend our committee proceedings? Do we tell victims of crime on whose work we are operating that their work is less important than the work of this member? Do we tell persons with disabilities that we are sorry, we cannot work on the amendments to the human rights code right now because we have to do work that has come to us from outside our committee? Do we tell the victims of crime, the police community and others that we are sorry that we cannot do our work to establish a DNA data bank because one member of the Reform Party has another agenda?

This is a terrible situation in which our committee is put. I see you signalling me, Mr. Speaker, but there is a lot more at operation here than would be suggested.

Let me say this, Sir. We have never sought to defy, directly or indirectly or inadvertently, an order of this House. The order we have does not—

**The Speaker:** I am trying to give as much latitude as I can but I think we are getting a bit into debate. Before I go to your point of order may I ask the intervener, the opposition House leader, and I am going to have a look at all the papers, but is it your contention that both of these motions passed by the House were time dated? I want to clear that up.

**Mr. Randy White:** No, Mr. Speaker. As I said there were two motions involved. The first motion was time dated with an amendment from the government.

• (1515)

Subsequent to the approval that night, we did discuss the fact that it has to be a ministerial authority to give direction. We arranged for that. This is not something that only the Reform Party mandated. All parties in this House agreed to it.

*Government Orders*

**The Speaker:** I guess what you are saying is that although it was not time dated on the paper, there was agreement in the House that this also be time dated.

Colleagues, I think I have heard enough. I will take the information under advisement and return to the House very soon. I will not wait long on this. I want to have a look at the documents. I want to have a look at everything that has transpired. I will come back with a decision on this issue.

I think I have heard enough on this point of order unless there is something I have missed.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, following the intervention by the chair of the justice committee, I want to make it clear that this is not the desire of only the Reform Party.

This is not just a member's desire, although a member put forward the motion originally. It is a decision of the House.

It is the decision of the House that cannot be contravened, not just that of a single member.

**The Speaker:** I do not want to get into debate. I have already made a ruling about a House order and I will have that to guide me as we go along.

I think on this point of order I am prepared to look at all the documentation and get back to the House with a decision.

MEMBER FOR WINNIPEG NORTH CENTRE

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, I rise on a point of order. The member for Winnipeg North Centre said during her member's statement that in the course of a health care debate yesterday Reform does not care about health care. She quoted me incorrectly.

That is absolutely not true. I would like the member to withdraw that statement.

**The Speaker:** In the course of debate we have one member who said this and one member who said that. I would hope that in the course of debate we would take these matters into consideration and try to keep ourselves on course for the debate.

I thank the hon. member for his clarification.

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, on the same point of order, I listened carefully to the statement of the member for Winnipeg North Centre.

The phrase that is being referred to, I understood her not to be quoting the hon. member. That was a conclusion that she came to after quoting something the member said yesterday. I think it is correct—

**The Speaker:** That is enough. That is debate.

**GOVERNMENT ORDERS**

[English]

**BUDGET IMPLEMENTATION ACT, 1998**

The House resumed consideration of the motion that Bill C-36, an act to implement certain provisions of the budget tabled in Parliament on February 24, 1998, be read the second time and referred to a committee; and of the amendment.

**The Deputy Speaker:** When the House broke for question period, the hon. member for Scarborough Centre had completed his remarks. There are five minutes remaining for questions and comments.

• (1520)

[Translation]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, in this debate on the budget, the Liberal majority tends to forget that an important issue is at stake, namely that the Constitution has made education a provincial matter.

This bill contains a measure relating to the millennium scholarships, which will mean throwing over all the expertise, the entire student financial aid program that has been established in Quebec.

I would like to ask the hon. member whether he might not find it more appropriate, rather than creating the millennium scholarships, to return the money to the provinces as transfer payments. This would enable the provinces to administer their education system properly, as well as give them the necessary resources to provide everyone with a proper education, rather than targeting some people while leaving most students unable to take advantage of the new measure, which is more or less a Prime Ministerial whim.

[English]

**Mr. John Cannis:** Mr. Speaker, I thank the member for his question which I listened to very carefully. He basically asked if we would turn over the funds in the millennium fund for the province to control. Absolutely not.

The provinces have jurisdiction over secondary and junior education, which is fine. But this post-secondary education program will have the rubber stamp of the federal Government of Canada whether it is the Liberals of today or whoever else it may be tomorrow.

This is not targeting part of the clientele as the member quoted. This is targeting Canada's future, Canada's youth to make sure that when they want to access funds, the funds will be there to allow

them to get the education and the academic skills they will need. As we have said before, a good education is the best equalizer.

[*Translation*]

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, I am going to speak to Bill C-36 with enthusiasm.

You will understand from the start that I oppose it and in particular the matter of the millennium scholarships. I will support the Reform amendment, which provides that the budget does not meet the usual public accounting criteria, as very clearly indicated on many occasions by the auditor general, Denis Desautels.

I was in fact very keen to speak to both the budget and Bill C-36, which serves to implement it. I will first describe the context of the employment insurance fund surplus. Then I will speak to the shameless waste—and I will say why—in the form of the millennium scholarship fund. Finally, I will ask that this money be returned to the provinces in education, to Quebec in particular, or to Quebec at least, if the other provinces are not interested.

The budget provides for a forecast employment insurance surplus of \$6.7 billion. Already there is an accumulation of \$15 billion, which means that the Minister of Finance could give a contribution holiday to all businesses and workers. We could pay all benefits under the law and there would still be an accumulated \$3 billion by the time of the next budget.

• (1525)

In this context, the Minister of Finance is planning for an additional surplus of \$6.7 billion. This is scandalous. Why? It is a scandal because workers pay the surpluses, especially those earning low or middle incomes, because if you earn over \$39,000 you do not pay. You pay up to \$39,000, and the surplus is not taxed.

It is essentially the SMBs that are affected, because the major companies pay salaries over \$39,000 including overtime. Generally, the SMBs pay less than that, especially those hiring a lot, labour intensive businesses.

This is outrageous, because the workers and the businesses are the heart and soul of the economy. In a country with 1.4 million unemployed, we do not purposely try to make the economy unproductive. Some might say “Sure, but economic growth was almost 4%”. We have to be careful.

Even the documents from the Privy Council say that growth not accompanied by strong productivity will provide increased revenues to businesses and will result in a number of jobs being created, but it will not lead to an optimum increase in revenues and wealth. Increased productivity such as the one we have here in Canada, which is the lowest among the G-7 countries and OECD members, thus putting a burden on the economy.

The government is urging businesses to promote innovation by investing in research and development, and also in labour and

### *Government Orders*

management, but it leaves taxes and employment insurance contributions at their current level, which is not good for the economy. The government could say “Okay, we will at least improve the employment insurance program for unemployed workers, so that they will have more money to spend in the economy”. But it is not doing that.

As we all know, the minister announced that contributions would be reduced to \$2.70. But we also know that, given the huge surplus already accumulated, the program could operate with contributions of just \$2. Bloc Quebecois members have been saying for quite some time that the extra 70 cents could be split in two, with one half being used to reduce contributions, and the other half to improve the program. We could do this without any problems.

Again, it is outrageous to have an accumulated surplus in the employment insurance fund, and to also have an anticipated surplus of \$6.7 billion. It is outrageous and it primarily hurts small and medium size businesses, but also all the businesses that will contribute \$3.9 billion to that \$6.7 billion this year, even though they should not have to do so.

In the 1994 budget documents, the Minister of Finance said “We will not increase contributions from \$3.07 to \$3.30, as the previous government had planned. This will result in the creation of 40,000 jobs in 1996”.

• (1530)

If the minister’s reasoning was good in 1994, it is still good today. This means that by not reducing premiums by an amount greater than that of 1994, he is not creating over 40,000 jobs. And that is serious.

That is not all I will speak about, because time is flying, but that is the basic point. It makes no sense. The public has heard about it and people know that it makes no sense.

What is the government doing with the surplus it has thus managed to create? I could remind the House that another reason the government was able to generate this surplus was because there are ongoing, annual cuts in the Canada social transfer. Cash transfers stood at \$19 billion, at which point the government told us: “We are going to be good. We are going to hold it at \$12.5 billion”. The shortfall is the reason for the problems being experienced everywhere in emergency rooms, in health care, in education and in welfare.

In this context, pleased at having generated a surplus, what does the government do? Does it decide to take \$2.5 billion and put it to use right away in the education, health and welfare sectors? No. It decides to hand it over to a foundation that is not accountable, the foundation that will work on the millennium scholarships.

I will say right away that, in addition to constituting interference in Quebec’s traditional areas of jurisdiction—if the other provinces

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do not want to exercise their jurisdiction, that is their business, but we have always exercised it in Quebec—this foundation is utterly wasteful, and I am going to show why.

The federal government amended the Canada Student Loans and Scholarships Act. I sat on the committee that studied this bill. In this bill, it is the government that decides who, in each province, will decide which students are eligible and what criteria will be used. It is the government that decides which institutions are eligible and that negotiates with banks, caisses populaires, etc. for loans and scholarships.

The federal government itself controls its Student Loans and Scholarships Act. Each province already has people familiar with the relative calibre of each institution, who know the requirements, who are able to judge and provide assistance. One does not just throw together a foundation to hand out 100,000 scholarships a year overnight, particularly as the wording of the bill is very disturbing.

Clause 5 of the bill reads as follows:

5. (1) The objects and purposes of the Foundation are to grant scholarships to students who are in financial need and who demonstrate merit, in order to improve access to post-secondary education so that Canadians can acquire the knowledge and skills needed—

And here there is a big mistake in the French version.

—to participate in a changing economy and society.

• (1535)

Out of the blue, a foundation will set the terms for assessing applications received from students across Canada and decide, on the basis of merit and need, who should be granted a \$3,000 scholarship. How much will it cost to determine which student will receive a \$3,000 scholarship? Unless no assessment is conducted, in which case this will be a patronage haven.

What questions will the House be allowed to ask on this? Which politicians will be allowed to ask questions on this issue? And that is not all. The bill states that the foundation shall grant scholarships in a fair and equitable manner across Canada. It states further that the directors, who all have the power to hire, make expenditures, rent premises and what not, are drawn from the various regions of Canada, not the provinces. Quebec is part of the eastern region.

They are appointed to ensure that the board is knowledgeable about—listen to this—post-secondary education and learning in Canada and the needs of the Canadian economy. Do not come and tell me that this is not an intrusion in provincial jurisdictions. It means that, not satisfied with creating duplication by not making use of the existing structure to distribute the scholarships, the government has decided that these scholarships should be distributed based on the needs of the economy. While reference is made to a changing society in the objects and purposes of the foundation,

the directors are expected to be knowledgeable about the needs of the economy.

We have heard a great deal of hogwash about the next millennium, the year 2000. Much has been said about the need for vision, but what do we end up with? There are quite a few problems in Quebec and Canada besides the Quebec-Canada problem. For our post-secondary systems to be of the required level, they must not be exclusively focused on the economy.

This means that the millennium scholarships are scholarships geared toward the economy. But what about culture and social studies? Granting council and humanities council representatives told the industry committee how essential research and studies in humanities were in this society of ours.

According to a Privy Council document entitled “Human Development Expansion and Social Cohesion”, one of the major challenges facing Canada between now and the year 2005 is social cohesion and human development. With the millennium scholarships we hear so much about, as if they were the key to the future, care is taken to select directors who are knowledgeable about the needs of the economy.

If the federal government is concerned about the quality of education, it should not have cut social transfer as it did. Instead, it should have put money into education as soon as it became possible to do so, giving it directly to the provinces.

• (1540)

That would keep costs from rising so quickly. It is not often that the *Gazette* and I agree, but one of its editorialists said “For heaven’s sake. The government has to give the money back, otherwise students will have bursaries, but there will be no institutions worthy of the name university”.

Ask any rector—the president of the University of Toronto, the president of McGill, the president of the University of Vancouver. They are all concerned about the quality of education. They are concerned, and, as we know, the situation is different in the United States. We know that more money is being provided for research. Graphs are easy to do. In Canada, we are going one way, in the United States, they are going in the opposite direction. What we have done in Canada with research is to bring some of it back. It is still very little.

The situation is serious. When we congratulate ourselves because in 2000 we will start giving \$3,000 on a merit basis to needy students across Canada through a foundation and solve all the problems, we are just fooling ourselves and that is dangerous.

Universities are not built in a year. They are a bit like the country’s demography. The fact that we have reached a decision does not mean it will have an effect the following year. At least 25 years are necessary. Maybe it is not 25 years for the universities, but to ensure strong universities it takes teams with support, that

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succeed one another, and that are in contact with other universities in Canada, the United States and elsewhere in the world.

Yes indeed, students need hope, but the possibility of a \$3,000 bursary, if you live in the country or anywhere, is not the solution. In Quebec, the likelihood is greater because the system of loans and grants is more generous than elsewhere in Canada and the costs of education are half as high, which is the very reason we say we are prepared to negotiate with students from other provinces, but we want to keep education costs low.

In these circumstances, this system of millennium scholarships preventing Quebec from opting out to make the most effective use of its bursaries, is most unacceptable. I repeat for those unmoved by these arguments, take a good look at the waste. It is waste, because there already exists a structure under federal control to provide bursaries. There is no point creating another structure from scratch, without the House having any control over it, in order to meet the visibility and honourable retirement needs of a Prime Minister, whoever he may be.

[*English*]

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, when the British North America Act was written and the Fathers of Confederation assigned management of education to the provinces, I do not think they envisaged anything other than that the provinces would treat all Canadian young people equally.

As we heard today in question period—and we had an allusion to it in the member's speech—young people are not treated equally in Quebec. The province of Quebec discriminates against young people from other parts of the country by charging them more for tuition. It costs them more to go to university in Quebec. I do not understand why more is not made of this because it is a clear case of discriminating against people simply based on where they live.

It has nothing to do with culture. A francophone from northern Ontario who tries to go to school in Quebec will be charged more than a young person from Quebec. Yet the Bloc Québécois is asking for total control of the \$2.5 billion in millennium scholarships planned by the federal government.

How can we trust a provincial government that engages in discrimination against young people from other parts of the country who might want to be educated in Quebec?

• (1545)

How can we trust a province that engages in this kind of discrimination to handle the millennium fund, to share it equally with all young people in Canada who are in need? In fact young people in Quebec have an advantage because they pay less. Is it not

far better to give it to a federal government which will treat all young Canadians equally?

[*Translation*]

**Mrs. Francine Lalonde:** Mr. Speaker, I thank my honourable colleague for his question. It will give me the opportunity to clarify some things that were said during Oral Question Period which came very close to being something other than truthful.

It is true that tuition fees in Quebec are very close to half what they are in many other provinces, while Quebec is not the richest of the provinces. Why is this so? Because there is a political desire to foster accessibility.

There was a time when there was a wide gap between those who could afford to go to university and those who could not. My generation wanted everyone to be able to attend, which is why Quebec CEGEPs, which anyone can attend, are the equivalent of first year university in the other provinces. They are free of charge. University itself often costs half what it does elsewhere, because we want many people to be able to attend.

This is a policy choice, and it seems to me that any discrimination there might be is not negative discrimination. It would be a kind of positive discrimination.

It costs a lot of money to train a physician. If medical students choose to come to Quebec because they pay half as much, is it not normal that there be an attempt to negotiate a kind of equity with the government? If our students go to Ontario, they are going to pay twice what they would in Quebec.

American medical students had been coming to Quebec for ages before people started to say "Just a minute now. They are coming to study here, costing us X thousand dollars a year, and then going back home".

So this is not a matter of being petty, but an approach based on looking at what things cost. We are making a collective effort to encourage education. We want Quebec to benefit from it as much as possible. We have nothing against young people from elsewhere coming here to study, but there must be agreements with the governments on this. That seems to me to be far from discriminatory.

When the statement is made that these funds must be administered in the same way, that strikes me as common sense. Where scholarships are concerned, a system is already in place. It is so hard to be fair in this area, to decide whether this person or that person deserves a scholarship, so such a system cannot be left in the hands of just anybody. We know that universities are recognized as having different strengths in different disciplines. One cannot improvise with nothing.

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The Quebec loans and grants program meets students' needs. McGill University students are very happy with it and they do not want another program. The program is fair to all students. Negotiations can take place with students' associations. The program provides not only loans but also scholarships. And more and more scholarships become available as the education level gets higher, because costs also go up.

We want that money to go to the existing program, instead of being used to create another infrastructure, with administrators designing national application forms for all Canadian students and deciding who should be awarded the scholarships. If the scholarships are based on merit, then they are not awarded haphazardly, which implies that a real system is in place. Incidentally, what kind of control do we have over this?

I hope I am convincing people. The general idea may sound appealing, but if you take a closer look, it does not make sense. It is costly. It provides no guarantee whatsoever that young people are the ones who will benefit and, more importantly, that the process will be fair or efficient. It also requires that we put a lot of emphasis at first on the infrastructure.

• (1550)

It is a waste. It seems to go against the idea that, from now on, the government will no longer spend in a senseless way. It will not benefit education, it will not prepare us for the year 2000, and it is not for students.

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, in the early part of her speech the member referred to the scandalous surplus the government was budgeting. The member will well know that the commitment made to Canadians was to balance the budget in the current fiscal year ended March 31, 1998, and to balance it again next year and the year after. This is the budget for the current year with a two year outlook.

The member will also know that the budget includes a contingency of some \$3 billion. If the member looks closely she will also find very prudent assumptions with regard to the interest rate and growth estimates during the periods under which the estimates are being given.

It is very clear that if private sector estimates on interest rates and growth are achieved, which are much more positive than the government is assuming, surpluses will even be larger than projected.

The member must concede that if we are to pay down the debt, if we are to service the debt in an orderly way and get it down to sustainable levels, surpluses have to be achieved.

The member also knows that it is the intent of the government to use 50% of surpluses for important program spending like health, education and social programs. The other 50% will be used for debt reduction and for income tax relief for Canadians.

The member should temper the comments about scandalous surpluses in view of the fact that it is very important for us to have our debt being paid down so that we can continue to enjoy very competitive and lower interests rates which benefit all Canadians.

My question for her has to do with the millennium scholarship fund. She talked about the fund, as have many other members, as a subsidy for people already in the education system to lower tuition and to deal with student debt.

She has missed the point. It is important for us to remember that accessibility to post-secondary education was one of the primary reasons for the development of the millennium scholarship initiative. Many students would like to go on to post-secondary education but cannot afford to incur the costs of living and the costs of tuition. They are not prepared to enter into that obligation.

Some have said that the millennium scholarship fund would only benefit 7% of students. It could be zero per cent of existing students and another tranche of students who would not otherwise go to school.

Would the member not agree that the issue of accessibility is much more important to Canadians than subsidy?

[*Translation*]

**Mrs. Francine Lalonde:** Mr. Speaker, I thank the member for his question in two parts. I must tell him that, if the government really wanted to increase accessibility, it would put money into the existing system that is under its control.

There is a student loans and scholarships act. The structure is already in place, and the people responsible for that program in each province are appointed by the government. These people are much better prepared to give out more scholarships in each province than if the government creates a whole new structure. To me, that does not make any sense, and I would even say that it is outrageous.

• (1555)

The structure already exists, and accessibility would be increased to a much greater extent if we invested money in that structure. The fact that these people are not public servants does not mean that this structure is an infrastructure and a bureaucracy. And who will control all that?

It seems to me that our colleagues from the Reform Party should be concerned about that also. The structure exists. Let us put money into that structure. There is no reason other than visibility to create a different structure. There is absolutely no other reason.



Accessibility will be greater if we invest in the existing structure, and the money will go directly to the students.

The employment insurance fund is at a level where I would dare to say we will never be able to use it up, even with the most serious crisis imaginable. Therefore, we must make plans to make everybody pay, and not only small businesses and workers. Why is deficit reduction costing more to those people making \$39,000 or less?

Proposals have been made to improve our tax system, but in this case, it is always the same who end up paying.

**The Deputy Speaker:** I am sorry to interrupt the member, but her time has expired.

[*English*]

**Mr. John Godfrey (Don Valley West, Lib.):** Mr. Speaker, I shall be splitting my time. I rise today not in my parliamentary secretarial capacity but in my backbench enthusiastic capacity, if I can put it that way.

Our last budget was the first of the post-deficit era. It had a format which I found quite compelling. It was a format which basically dealt to some degree with debt reduction and to some degree with tax reduction. Rather than distributing a series of investments and expenditures across the system it picked one major theme. That theme, as we have been discussing, was the theme of access to higher education. At the centre of that theme was the millennium scholarship fund.

There are many other aspects and elements to this theme including the reduction of past student debt, the ability of mature students with children to get some help with child care, and the ability of people in the future to invest in the well-being of their children and their grandchildren. We took a subject and we swarmed it. We really spent a lot of time on the whole access issue.

If this is the new format for doing budgets in the post-deficit era, what will be the major theme of next year's budget? There are compelling alternatives. There are many who would argue for a health care budget. There are others who would argue for a global warming budget.

Since we have to prepare now for next year, let me advance a third possibility which will feed in as well to a health budget. At the heart of next year's budget we should place young children, specifically children under the age of six. We should attempt to use next year's budget to achieve part 1 of the national children's agenda which is high on the list of provincial and federal governments in order to ensure that all our children, wherever they live in the country, have access not to higher education but to kindergarten in the best state of readiness we can create.

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If a theme or name for this project is needed, it could be called the success by six millennium project. I see it as very much a continuation of this year's budget, a budget which focused on young Canadians as they left the formal school system and headed off toward post-secondary education.

This time we are asking how we can make sure young Canadians as they enter the educational system, notably in kindergarten, are as ready and well prepared as we can make them. These two form a complementarity, a pair of bookends.

Why pick this group of Canadians for next year's budget? What is the compelling argument, need or urgency? According to statistics it is estimated that up to 25% of all Canadian children live in poverty. We have attempted to deal with that through the national child benefit system. That is not all. Our children have other problems. It is estimated that about 20% of Canadian children between the ages of 4 and 11 have serious emotional and behavioural disorders.

• (1600 )

We know from question period the concern of many members of the House over what happens to those children when they become older, when they become potentially criminal.

We know we have problems. We know that 5.7% of the population of this country is born under an acceptable birth weight and because of that two-thirds of all infant mortalities occur in that group. We have problems with not just the zero to six population, but the pre-zero, the pre-natal group as well.

If I were to say what the mission statement, the central theme, of next year's budget should be, it would be simply to ensure that every child in Canada is ready to learn upon entrance to the formal school system.

The challenge is huge because, as with all modern problems, they do not fall into old silos. There are at least six federal departments which deal in one way or another with children, whether it is the Ministry of Health, Human Resources Development or the Solicitor General's department, which has to deal with the product of children who have not been made ready for school or for life.

The justice minister has to deal with crime prevention and appropriate behaviour can best be taught between the years of zero and six.

Then we have the department of Indian affairs. We know that children among our aboriginal populations are severely at risk.

Finally we have the Minister of Finance, who allows all of these potential reforms to go ahead.

We have to, within our own government, get our act together.

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It is also complicated because in our Constitution we do not say who is responsible for young children before they hit the school system.

We know intuitively that it is the primary responsibility of their families, but it is also the responsibility of communities and, in some cases, social agencies and not for profit organizations, along with municipalities, the provinces and the federal government itself.

We cannot afford to wait until we delineate who is precisely in charge of what. We just have to admit that it is a huge challenge for this country and we all have to work on it together.

What we need to do is to have the notion of *projet de société*, as we say in French, a national project, something which rallies us around a great cause that cannot otherwise be achieved.

We know about national projects. We have done them in the past, whether it was building a railway or creating the health care system. We understand that the outstanding characteristic is that this is a job which is so big there is not one part of society which can do this by itself.

The role of the federal government is not to dictate what the answers are. The role of the federal government is to bring us all together for the good of all to undertake a mighty task, which is to make sure that our children are ready for school.

We know from literature the way in which children specifically, and human beings in general, develop. The most crucial period for the development of the brain and social behavioural patterns is in the early years.

We know if children can be given coping skills that will be the greatest single denominator of adult health status of anything we can do. We know it is linked to the health care system because it is linked to the prevention system.

We know that crime finds its origin most clearly in things that go wrong before the age of six. If we know that, why would we not do ourselves a collective favour by taking on this task, huge as it is?

How do we start? The way we start is by actually trying to keep score. We do not know how our population is on a community basis. I have tried to find out in my own part of Toronto, East York, east Toronto, what we are doing for children from zero to six.

After the birth weight of all children is measured, which is taken at the hospital, there is no way of finding out much until they actually hit the school system.

When they hit the school system there is no way of finding out just how well prepared they are. We do not measure that. Until we start keeping score, we are not going to be able to change the collective social institutions, whether it is child care, whether it is

screening for risk, whether it is parenting courses, until we know how we are doing.

The readiness to learn measure has to be at the heart of our "success by six" program. Without measurement, the rest is just guessing.

The measure not only passes a judgment on all of the social institutions in a community which have contributed to that child's state, but it also allows the school system to understand what deficiencies have to be attended to when the child enters school. If that is done the child will not be burdened with inabilities. If we attend to those soon, the child can get on with it and not fall further and further behind.

• (1605)

This is a tremendous challenge. We have already started to do something about it. The federal government in North York, which is part of my community, has started to finance a research project on readiness to learn. That research project involves all sorts of community institutions, including the health care system, schools and social agencies so that they are not simply measuring how children do when they enter kindergarten, they are actually going to start changing the way in which they interact with each other so that children will have a seamless web of services to support them.

The readiness to learn project, which we promised in our second red book and which we promised as well in the Speech from the Throne, is only the beginning. Coming out of that we can then work collectively. I emphasize that this cannot be dictated by the federal government. The federal government has to pull people together on a community basis to work with children.

Starting with that measure we will then be in a much stronger position to fill in the gaps at the community level and at the national level which impede the full human development of our children.

A number of measures are in place now, tools which we might want to make the equivalent of the millennium scholarship fund. We have, for example, the community action program for children which is already in place. That program is a platform, if you like, of 12 agreements between the provinces and the territories and the federal government. It has 550 communities organizing themselves in a holistic fashion around the zero to six population, particularly children at risk. It will allow for a measurement of success to take place which we might wish to convert to a readiness to learn measure.

What we probably need is to multiply that example by about tenfold, but understanding—

**The Deputy Speaker:** I regret to interrupt the hon. member, but his time has expired.

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[Translation]

**Mr. Maurice Godin (Châteauguay, BQ):** Mr. Speaker, I listened to the government member. He started off by telling us about this budget that his party has balanced and about the debt and taxes in particular, which he would have liked to start reducing.

But for the time being, the government will be focusing mainly on the millennium scholarships. The hon. member addressed great national projects in areas like rail transportation, although I personally do not think it was a good example, especially since the \$580 billion debt was accumulated in the past because of these great national projects.

Regarding the millennium scholarships, we know full well that the cost of education is much lower in Quebec than in the rest of Canada, which means that the student debt level is much lower. Instead of trying to bring costs down outside Quebec, they are trying to implement a program that will just add to current government expenditures.

I wonder how the government will ever manage to bring the debt down, if it keeps creating new programs in areas that fall under provincial jurisdiction anyway.

**Mr. John Godfrey:** Mr. Speaker, let us talk about the debt, because there are two kinds of debts. There is the tax liability, of course. But more importantly there is a human debt, the social debt.

• (1610)

For some time now, we have watched our human capital deteriorate. This is now clearly evident in the province of Quebec, Montreal in particular. When studies are done on the condition of children in Montreal, particularly in downtown Montreal, everyone acknowledges that there are problems.

The only way to deal with this human debt, which exists almost everywhere in the country, but particularly in economically deteriorated regions, is to work together, not to get embroiled in constitutional battles, but rather to set an objective that is valid for all, since we all value the place children hold in our society.

I recognize that Quebec is often ahead of the rest of Canada as far as young children are concerned. Quebec has made enormous strides as far as daycare and other things are concerned. To me, the strength of federation is precisely the ability to acknowledge avant-garde models, such as are seen in Quebec, and to follow their example, if I may put it that way, like we did 30 years ago in the health care field, when Saskatchewan played the lead role.

Now it is up to all of us as Canadians to join forces in nation-wide societal projects. We must begin with our children.

[English]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I know that the member mentioned a theme for this particular budget and I know he is also very interested in other areas. I wonder if the member might like to suggest where we go from here with the millennium scholarship fund and the education plan. Possibly he has some insight for us on how we can build on what we started.

**Mr. John Godfrey:** As I have said, Mr. Speaker, if we take next year's theme to be readiness to learn and use that to mobilize all of our resources, whether they are provincial, community based or whether they are with families, rather than simply imposing something—the federal government telling Canadians what to do—then we have a chance to change our thinking as a society about the crucial importance of the early years of development. That is the way we are going to make social progress in this country.

**Mr. Brent St. Denis (Algoma—Manitoulin, Lib.):** Mr. Speaker, it is with pleasure that I join the budget debate. This debate comes at a very interesting time in our country's history, inasmuch as all of our citizens know we are approaching the end of a millennium and the beginning of a new one.

It is heartening for all of us, even for our friends across the way, to know that this government has been able to put the finances of the country on such a firm footing that we are now the envy of countries like Japan, who only wish they could find themselves in the situation we now find ourselves in.

Imagine having inherited an annual deficit of \$42 billion. In a short period of time, from 1993 to February 1998, this government has been able to balance the books, to eliminate the deficit and to give all Canadians, either as private citizens or as business people, a sense of renewed confidence, a renewed vision for all, as we end this millennium and prepare for a new one.

I have just a word about my riding because it will help put into context some of my comments. My riding of Algoma—Manitoulin, a northern Ontario riding, is roughly the size of New Brunswick. It contains a beautiful major part of the Boreal forest, sections of the Great Lakes of Huron and Superior, numerous First Nations communities and communities that were founded either as railway towns, forestry towns or mining towns which today have, for a number of reasons, evolved into renewed communities, communities that hope for great things for themselves and for young people. While I will acknowledge there are challenges ahead, there will always be challenges. It is incumbent on us as elected representatives and as a government to respond to our local leaders and our citizens with vigour, vision and energy.

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• (1615)

As I travelled throughout my large riding, I go into these communities with a sense of pride knowing this government has been a caring government. This is a government which has listened to the voters and has, as its first priority, getting our finances in order. We know that ensuring the sustainability of our social programs, our health care system, our pension system depends on having a strong financial base. To the credit of the Prime Minister and the finance minister this has been done in a very careful and caring way.

I am the chairman of the Standing Committee on Natural Resources and Government Operations and it is our intention, as an all party committee, to pursue a study done in the last Parliament called think rural. It was very important in this last budget, as in previous budgets, that rural Canada receive the attention it deserves.

The federal development agency in northern Ontario called FedNor was due to expire next March but has been renewed at an annual funding of \$20 million a year indefinitely. This program which is an important program for economic development in northern Ontario can now depend on long term funding. Its programs can now become more responsive to the needs of business and communities.

In addition, the Canadian rural partnership which is a \$20 million program will spend \$5 million a year over the next few years. It will be designed to allow local non-profit groups, municipalities and their leaders to come up with new and innovative ways to make sure rural Canada has the best and every opportunity to stay up with our urban neighbours.

It is all too often the case but a fact of economics that with the recovery we are seeing in our economy it is natural that our urban areas feel it first. We are seeing tremendous progress when it comes to job creation. The last report which indicated an 8.6% unemployment rate is the lowest we have seen in decades. I will grant that it is not low enough but I believe we are going to see that rate of unemployment drop continually over the months and years ahead.

I intend to speak with local leaders about the Canadian rural partnership initiative and that will give us an opportunity to pilot some projects in our rural areas which will help prepare our rural communities for the next millennium. The economic growth we are seeing in our urban areas will also, as it should, include our rural areas. We are seeing that happen.

Much depends on initiatives taken at the local level, be it municipal leaders or business leaders. It is incumbent on the government not to be out telling local communities what they

should do but rather to listen to ideas and where appropriate help them get their ideas off the ground.

• (1620)

Some would argue that government has absolutely no place when it comes to being involved with either the private sector or local government but I disagree strongly. The federal government with its national vision can and should certainly be there to partner with local communities.

Take for example the long term vision of this government for pharmacare or home care. A budget of \$150 million has been set aside for local areas to create and experiment with new ideas to deliver pharmacare or home care. This is part of a national evolution toward universal coverage of pharmacare and home care. This is very important to me. It is one thing for a federal government to have a vision, but it has to be prepared to partner with communities and local leaders who must deliver that vision at the end of the day to the grassroots level.

I believe it is wrong to think the federal government is limited to international and military affairs and so on. We have a very important place at the local level, especially as we see the provinces moving away from engagement with local leaders and their communities. We have seen this happen with Ontario.

When it comes to rural Canada, the government has committed to making sure through the Canada access program, CAP, and SchoolNet that all our communities, their schools and libraries are hooked up to cyberspace through the Internet. In the very near term we will see that every community is hooked up.

In addition to the specific initiatives for rural Canada such as FedNor, the Canadian rural partnership initiative, SchoolNet and CAP, a government that can keep interest rates and inflation down, that can keep our exchange rate with the U.S. in particular at a stable state is a government that is helping not only urban Canada but rural Canada. A rising tide raises all boats. It is unrealistic to expect that rural Canada can do well if our cities are not doing well or that our cities can do well if our rural areas are not doing well.

We are all in this together. Whether it is improving the literacy rate of Canadians, whether it is ensuring that our pension programs are secure for the future, which we have done, whether it is providing important tax cuts to selected taxpayers at the low and middle incomes levels, whatever the initiative, I believe this government has put people first. We are prepared to listen. My constituents can count on me to listen to them.

[Translation]

**Mr. Louis Plamondon (Richelieu, BQ):** Mr. Speaker, I have listened carefully to the speech by the member opposite.

I am surprised at his support for the federal government's centralizing attitude. In the last part of his speech, he said that the

government must listen to municipalities, but must intervene. It must listen to the private sector, but must intervene.

He also spoke of great national visions and of national criteria. I wonder if he really believes in the federal system. Let us not forget that the federal government did not create the provinces. It was the other way around. In creating the federal government, the provinces delegated powers and jurisdictions. The federal government must honour its creators—the provinces, that is—and their requests for jurisdiction. It must stay within the limits of the powers granted it.

The member spoke of health and national standards, and I understand that he was speaking of them in terms of better service to the public or assistance to the disadvantaged.

• (1625)

I understand perfectly well that the federal government must help all Canadians to achieve a certain equality, a certain fairness in health care and education, but it could show respect for provincial jurisdictions in so doing.

I could take the example of the millennium scholarships. According to the most recent surveys, 80% of the public in Quebec is against having these scholarships administered by the federal government. All university presidents in Quebec are opposed to these scholarships. The entire education system as well as the two main political parties, the Liberal Party of Quebec and the Parti Québécois, are against them. And what does the federal government say? It says it will go ahead anyway.

If it really wants to help the education sector, why—

**The Acting Speaker (Mr. McClelland):** I am sorry to interrupt the hon. member, but the hon. member for Algoma—Manitoulin now has the floor.

[*English*]

**Mr. Brent St. Denis:** Mr. Speaker, I appreciate the question from the member for Richelieu because it gives me an opportunity to clarify something.

When I said I believe strongly in the importance of the federal government, because of its national view, to be engaged with individual Canadians and their communities, this does not mean the provinces do not have a very strong and important place in that partnership.

As the member suggested, it was an evolution of a federal government through the coming together of the provinces over the generations. However, the federal government was created for a purpose. The provinces clearly saw that it was important to have a national view.

I will take issue with the millennium fund. This fund is in no way interference with the provincial jurisdictions over education. The

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millennium fund will put much needed money in the hands of students who will themselves choose to apply to a particular college or university for their—

**The Acting Speaker (Mr. McClelland):** I am sorry, but we need to get one more question in on this.

**Mr. Darrel Stinson (Okanagan—Shuswap, Ref.):** Mr. Speaker, I listened to the hon. member talking about the balanced budget and taking accolades for the government on that score.

I would like to remind the member that most of this budget was done on the backs of the taxpayers. In the basic rural community that I come from, I have had a number of phone calls with regard to the high taxation level in Canada under both the provincial and federal governments. As a matter of fact, B.C. is the highest taxed part of North America. A large percentage of that is right from the federal government.

I would like to ask the member if he has had any phone calls or questions with regard to the high taxation.

**Mr. Brent St. Denis:** Mr. Speaker, I appreciate the member's question. I have a high regard for his opinion.

Certainly over the period of 1993 until now I have had a couple of questions on taxation, no question about that. However, it certainly is not the issue that he thinks it is which is the one in his riding in B.C. He may want to speak to the B.C. government about that because the rate of federal taxation in Ontario is the same as it is in British Columbia.

He suggests that our tax rates are the highest in the industrialized world or something along those lines. I understand, when we factor in our universal medicare, payroll taxes, sales taxes and so on, we are in the middle of the pack when it comes to the industrialized nations.

**The Acting Speaker (Mr. McClelland):** Unfortunately the hon. member's time has expired.

[*Translation*]

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 Frontenac-Mégantic, Diseased sheep; the hon. member for Winnipeg North Centre, Health; the hon. member for Burnaby—Douglas, APEC summit; the hon. member for Beauséjour—Petitcodiac, The environment.

• (1630)

[*English*]

**Hon. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, I wish to say a few words on the budget bill which is before the House. My comments will be fairly brief.

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Like every other Canadian, I am pleased that we now have the first budget in 29 years that is balanced from a fiscal point of view. I do of course question some of the methods that were used to balance that budget. I am sure the member who has just spoken is also concerned about the tremendous cutback in social programs to give but one example. He comes from northern Ontario and I am sure that those cutbacks have hit very hard.

In terms of the transfers in education and health to the provinces, his good friend the premier of Ontario, Mike Harris, of course is cutting back radically and severely all throughout northern Ontario. That affects the constituents of my friend from Algoma who has just taken his seat in the House. I am sure he too is concerned about some of the methods that are used to cut back on social programs in this country to achieve a fiscally balanced budget.

I am also concerned about some of the other directions we are going in our society. I want to say a few words about that. I remember growing up in this country and seeing the evolution of activism in terms of the government, when we had very activist governments at the provincial and the federal levels. The Pearson days and the Trudeau days. I can go on to more recent times and talk about provincial governments in Alberta under the premiership of Peter Lougheed. That government was very activist in terms of programs for ordinary people.

That seems to have come to an end. Activism for the welfare state and social programs seems to have come to an end. We have been told by neoconservatives it is very passé and that there is not really a role for governments today. That type of activism is gone.

Thinking about it more and more, there is a certain kind of government activism that is very much alive and kicking, not just in this country but around the world. It is not an activism that creates a welfare state in terms of social programs and more equality for ordinary people. It is the kind of activism that creates a welfare state for the large multinational corporations and creates what might be called the corporate welfare bums of the world.

I think here of the trade deals that governments have negotiated on behalf of capital. The World Trade Organization, the WTO. The free trade agreement with the United States. NAFTA which brings in Mexico. I also think of the multilateral agreement on investment, the MAI. All these things are charters. I guess one could say they are charters for investment or charters for capital, or charters for business in this country.

It is the activism of governments around the world that has provided this kind of strong governmental support for capital in the world. We also see all kinds of other examples where there still is government activism for large corporations but not for people.

Investment houses and bankers around the world are very much in favour of strong central banks that are regulated, that can set

interest rates and make all kinds of monetary decisions that are extremely important. They are very much in favour of these banks that are removed from political control, that are almost acting as independent agencies.

This new kind of government activism is not for ordinary people, it is for capital and it is much less democratic. It is also international in nature. That is the kind of evolution we have been seeing. The government is very much part of that.

I remember the campaign in 1993 when the now Prime Minister crossed the country saying "Elect me as Prime Minister and I will tear up NAFTA, I will negotiate NAFTA". He was saying the free trade agreement was not very good. Back in 1988 the then leader of the Liberal Party was talking about tearing up the trade deal. What has happened to that Liberal Party?

The member from Algoma was here in those days working as a valuable assistant to a friend of mine who was his predecessor. He was very involved in those days in fighting the NAFTA deal and fighting the free trade deal with the United States. He was concerned about the giving up of our sovereignty. But all of a sudden that short distance across the aisle which is two sword lengths away has completely changed the orientation of the Liberal Party. It has taken on the mantle of Brian Mulroney and the Conservative Party. That is what has happened to the Liberal Party across the way.

• (1635)

I saw Mulroney on television a few months ago. He said he was quite pleased with the Liberal government across the way. He said "After all, it has implemented and carried on with most of my policies". I know you agree with that, Mr. Speaker. The Liberals are sitting back there smiling. They are in total agreement with this.

There is nothing wrong with the Liberals doing that if they had been honest with the electorate beforehand and told the people "We think Brian Mulroney is doing the right thing. We think he is doing a courageous thing. He is a fantastic prime minister in terms of his policies. Elect us and we will do exactly the same thing and we will do it faster than the Brian Mulroney government can do it". That is exactly what has happened.

The GST is another policy. I remember the Liberals talking about getting rid of the GST, killing the GST. The now Minister of Canadian Heritage was jumping over desks in a committee room going after Conservative ministers for bringing in the terrible GST and talking about the trade deals, that it was a horrible thing that was happening in our country.

Here we are a few short years later. These same Liberals who are now hanging their heads in shame across the way are those who are supporting these Mulroney policies and perpetrating those Mulroney policies on the people of this country.

The old saying is that the more things change, the more they remain the same. All we have are different personalities and in many ways a government now that is more conservative than the Brian Mulroney government of 1984 to 1993. Many of the things that the Liberals are now doing the Mulroney government could not have done politically. The Liberals in opposition at that time would have risen in the House and organized an opposition that would have prevented the government from acting.

This is the kind of trend which is happening. We see this trend toward more and more government activism for the large corporations and large capital in this country at the expense of many small business people. We see this trend toward activism for large corporations in the way they are starting to structure some of their programs.

An example is the Foundation for Innovation. It is handing out some \$800 million worth of grants to companies for research and development and for innovative projects. Again, who is doing that? A board of unelected business people is making the determination as to who gets that money.

There is the millennium fund. Again a board primarily of business people will be determining who gets the \$2.5 billion.

There are the changes to the Canada pension plan and the setting up of an independent investment arm of that pension plan that will soon have assets of over \$100 million. Guess who will be on the board? Again, members of the big business community will make determinations about those investments. Once again it is activism on behalf of large corporations in this country and around the world. That is what is happening in Canada.

We are not seeing that same kind of activism when it comes to ordinary people. We have Liberals across the way who used to be progressive. The member from Toronto used to be very progressive at one time. But I do not see him up in the House talking about tax fairness for example and looking at a Tobin tax on international currency transactions. Those are the things the Liberals used to talk about in their opposition days.

The Tobin tax is named after James Tobin, an economist who won a Nobel prize. He had an idea that we should have a small tax on international currency transactions. This should be discussed among the leaders of the G-7 or the OECD. Yet where is our Minister of Finance and where is our Prime Minister in terms of leadership, in terms of trying to bring about this kind of a financial transaction?

We are seeing a real evolution in the world. Maybe for the first time we can do some of these progressive things. The Europeans have finally thrown off this yoke of conservatism, of Thatcherism and Reaganism. They have elected social democratic governments, like Tony Blair in Great Britain and Lionel Jospin in France.

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[*Translation*]

Lionel Jospin is the long-time leader of the Socialist Party in France.

[*English*]

He is not a liberal; he is a democratic socialist leader. There is a social democratic alliance in Italy. I predict in September of this year for the first time in 17 years that great friend of the Liberal Party, Chancellor Kohl in Germany is going to lose to a social democrat.

For the first time in European history there will be social democratic governments in the four largest countries in Europe, all of them with 60 million people or more. Those progressive governments are being elected in Europe.

I say to the government across the way, why does it not take the initiative now and start talking with our allies around the world about an international tax on currency speculation and currency transactions, the Tobin tax. That is a way of getting billions of dollars around the world to distribute to poor people, to create more equality, to look after disasters like the one in Chernobyl, or big floods, and to help take pressure off some of our social programs.

• (1640 )

That is something we can do, but we can only do that internationally. There has been a great change in the world in the last 10 or 15 years. The power of the nation state is diminishing very quickly. In its place are international agreements which are basically there for capital and for large investors.

The same kind of government activism and government intervention that is creating a haven or a charter for international capital should be done in terms of creating a covenant for people and a covenant for social programs that is international as well. We can do that if we have the political will and the political determination.

We can do it in terms of a minimum standard for social programs around the world and in terms of labour standards and in terms of environmental standards. We can do it on the revenue side by looking at the possibility of a Tobin tax which is a tax on international currency transactions. These are the kinds of things we could do if we had a more progressive government that was interested in intervention and activism and a positive role on behalf of ordinary people and not just on behalf of its friends like Conrad Black and the huge investors in the multinational corporations around the world.

That is the main point I wanted to make. We now have in our country a balanced budget. We are now going to be turning another leaf. We are now going to be opening another chapter of the book of Canadian history. What we have had in the last few years is the

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transformation of the Liberal Party of Canada into the great Conservative Party of Canada in terms of the legacy of Brian Mulroney and his Conservative government.

The books are now balanced. There was a Liberal convention in the city just last weekend. Rank and file Liberal delegates are concerned about the right wing conservative direction of the government across the way. They want to make health care a priority. They are concerned about the MAI. They are concerned about the proposed merger of two of our three largest banks. They are concerned about this right wing drift of the Liberal Party.

I am sure there are Liberal backbenchers who feel the same way. Why do they not get up in this House and start talking about a progressive agenda for the people of the country? An activist government once again that will be an activist government for ordinary people and not just an activist government for multinational corporations.

I am interested to see whether or not Liberals across the way might have some comments or questions and whether or not they will have the courage to question the leadership of the Prime Minister who all of a sudden has changed from red to blue and is dressed in Conservative clothing.

**Mr. Brent St. Denis (Algoma—Manitoulin, Lib.):** Mr. Speaker, I listened carefully to my friend's comments. I have a lot of time for the member but when it is all said and done he is still a member of the NDP which is no reflection on his character at all.

The member made mention of the Liberal convention this past weekend. I was there as one would expect. It was a wonderful convention, probably one of the best national conventions on record of any party.

It clearly demonstrates again that the Liberal Party, unlike other parties represented in this House, takes policy initiatives seriously in co-operation with Liberal members from coast to coast. It is a very positive creative process. There is no question in my mind that the Prime Minister, the cabinet and the government do listen. I am not sure if the hon. member was at our convention. He may have been, I do not know.

**Hon. Lorne Nystrom:** No.

**Mr. Brent St. Denis:** He says no. If he had been there, he would have felt much different about it than his comments would indicate.

The Liberal Party because it represents the vast majority of Canadians in its thinking I suppose takes the best of socialist ideas and the best of conservative ideas and brings those better ideas together in a moderate balanced approach to governing this country.

I take issue with the NDP attitude toward corporations. I am in favour of fair and appropriate taxation for corporations, including banks. But the NDP have this idea or socialists in general have this idea that corporations are people. They are not people. Corporations are owned by shareholders. Those shareholders are average Canadians, their pension funds, and in many cases union pension funds. Corporations are owned by people. Those same people are voters. They are smart enough to know that if we tax a corporation to death, then of course the jobs will be lost that go with that corporation. There has to be a balance. We cannot have a taxation regime that moves jobs out of the country.

• (1645)

If it is all about creating jobs for our citizens I would put the record of this government in front of any person anywhere in the world with pride. We are not there yet. I will concede that. But we are on a track in this country that is the envy of the world. I would take our prospects over the prospects of any other nation for the months and years ahead.

**Hon. Lorne Nystrom:** I am not sure what the question was, Mr. Speaker. I was interested in whether the member might have a comment on the really radical change in terms of the conservative direction of this government. Most commentators have said this government is continuing on with the policies of Brian Mulroney: GST, trade deals, deregulation, privatization and on and on. Those are many of things the Liberals campaigned against in 1993, campaigned against in 1988 and yet those policies are the continuity of Brian Mulroney.

I saw him, as I said, on television a while ago saying that he is very pleased that his policies have been endorsed by the present government. They have been carried on.

What I am saying now is we have a balanced budget in this country. It is time again to have a government that is more activist on behalf of ordinary people and more progressive on behalf of ordinary people. The government has not hesitated to be activist on behalf of capital, in terms of the trade deals, in terms of the World Trade Organization, in terms of the banking system, the regulation of banks and so on in this country. So why not be activist on behalf of ordinary people?

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, the hon. member across the way keeps referring to the fact that we are following on with the Tory policies. I just want to remind the member of the 1989 budget and the fact that the Tories increased the manufacturers sales tax and excise taxes, increased surtaxes, increased high income surtaxes, brought in large corporation capital taxes. That is the Tory policy. That is not the Liberal policy.



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But let me go on and address a couple of the points that the hon. member made when he talked about the millennium fund being stacked with CEOs and business people in this country. If the hon. member checked there will be a student on that board. There will also be university presidents. I am sure he will find a few friends of the NDP from the university presidents. If he cannot, I suggest that is his problem.

We have struck a balance to ensure that those individuals who are going to partake in deciding where that \$2.5 billion is spent are really a reflection of Canadians.

On the CPP as well, where the member talks about it being stacked by CEOs, every province of this country provided input into who would be part of that board.

He mentioned Tony Blair. How does he respond to Tony Blair when he said in his campaign that the Labour Party is committed to strict control of government borrowing and lives by the pledge that sound public finances are essential to long term stability? He went on to say spending is not the solution to every problem. It is how the money is spent that counts.

If we put that to the test this government has met the test and has certainly been a reflection of what Canadians have been telling us. We have taken a balanced approach. We will continue to take that balanced approach. We continue to deal with the finances and we are now investing in Canadian priorities irrespective of what the hon. member says.

**Hon. Lorne Nystrom:** Mr. Speaker, I do not know if the member knows his political history very well, but I certainly would agree 100% with what Tony Blair has said. That has been the whole legacy of the Government of Saskatchewan for example. If we go back to 1944 in Saskatchewan when Tommy Douglas was elected, Saskatchewan always had a balanced budget. There was always a fiscal responsibility there. It is the same thing in the 11 years of Allan Blakeney. With the current government of Roy Romanow Saskatchewan was the first province in modern times to balance its budget. Saskatchewan also has the second lowest per capita spending in terms of government costs in Canada.

We have come from a legacy in our party of being very responsible with taxpayer money. It has been Conservatives over the years—

**An hon. member:** Oh, oh.

• (1650)

**Hon. Lorne Nystrom:** The member from British Columbia laughs but the NDP governments, the CCF governments, going back to 1944 in Saskatchewan, have always balanced their budgets. The member knows that.

It is his friends in the Conservative Party, the Grant Devine government, who ran up in nine short years the largest per capita

debt in the country, even higher than Newfoundland. It is his friends. They were the reformers of the day who ran up the debts. It was the Brian Mulroney Conservatives who ran up the debts, the friends of the Reform Party, the fiscal conservatives.

If we want to learn something about being responsible financially, look at the history of the CCF-NDP in Saskatchewan. It was always balancing budgets and at the same time had the most progressive social and economic legislation anywhere in North America.

**Mr. Tony Valeri:** Mr. Speaker, I have a very quick comment to follow up on what the hon. member said.

His leader proposed the program in 1997 with tax increases amounting to \$8 billion but spending increases of almost \$20 billion. That leaves a shortfall of \$12 billion.

The hon. member just got up and said how his party is very concerned about finances and to ensure balance. There is a \$12 billion difference and the NDP never did explain how or where it would find the \$12 billion. I will give the hon. member a chance.

**Hon. Lorne Nystrom:** Mr. Speaker, that is Liberal mathematics. I do not think the Canadian people will believe him on that. Once again I tell him about the fiscal record of the Saskatchewan government. The experience speaks for itself.

Here is a government that was left with a humongous deficit, a humongous debt that was run up over nine short years by a very conservative government, very similar to some of the Reform Party folks today, similar to the Mulroney government the Liberal member opposite supports.

It turned this around within two short years. We are the first government in Canada provincially to balance the budget. We have now had five successive balanced budgets.

One can be fiscally responsible and progressive at the same time. That is exactly what has happened in the Saskatchewan NDP governments, the CCF governments. That is now what is going to happen in places like Great Britain with Tony Blair.

**Mr. Steve Mahoney (Mississauga West, Lib.):** Mr. Speaker, I was interested to hear the previous speaker not cite the example of Ontario under the NDP in his very eloquent defence of what one could only call a dramatic shift in the philosophy of this party at certain provincial levels dating back to the Tommy Douglas days.

Tommy Douglas was a great Canadian, I might add. He contributed tremendous things to our country. Regardless of political stripe, we have to be proud of the legacy of someone like that.

It is interesting to see what has happened in Saskatchewan. The member does not mention the hospital closings, the privatization and the shift in the burden, the changes. The reality that Mr. Romanow faced when he took office was that they were going to

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literally devalue the financial status of that province if he did not make some dramatic adjustments.

I am sharing my time with the hon. member for Scarborough Southwest.

Take a look at the policies of Tony Blair and the Labour Party in England. Mr. Blair is showing in my view the fact that there need to be adjustments from the extremes.

It is interesting. The Liberal Party has been in that position for years. What does it say, we represent the radical centre and not the extreme of the left.

**An hon. member:** The flushing middle.

**Mr. Steve Mahoney:** The flushing middle. Let us leave that out of it. Leave my personal descriptions out of this.

In all seriousness, though, there is a recognition in economics that we simply have to change the way all governments of all stripes around this world have behaved over the past 50, 60 or 100 years. There is no question about that.

We could all do our mea culpas if we want but the fact is to accuse this government of carrying of the mantle of Brian Mulroney is absolutely mind boggling. What we inherited—

**An hon. member:** It does hurt.

**Mr. Steve Mahoney:** It does not hurt, it is ridiculous. It is not true. The member opposite chirped and I will respond to him because I actually intended to raise the issue. I am not afraid to talk about the GST brought in by Brian Mulroney.

• (1655)

Business people in my riding will say please stop already with all the changes. “I have already converted all my cash registers and my accounting procedures and my ledger sheets. I already have a system in place to handle the debits and the credits on the GST. I would not mind if you would lower the rate to make the cashflow a little easier but please do not go through another major overhaul”.

We have attempted to harmonize and we have successfully done so in eastern Canada. The response in Ontario from the Chamber of Commerce, the retail associations and the consumer was do not do that, it will just to complicate business lives.

I hear members talk about great success in other parts of this country. I spent five years suffering in opposition as I watched Bob Rae and Floyd Laughren attempt to spend their way to prosperity. Imagine, they attempted to intentionally spend \$10 billion more than they were bringing in so they could run deficits and then increase the total debt of that province to the point where there was a very serious problem. Now the other extreme has come in. They can pretend to be Tories in there but the reality is they are closer to their Reform cousins. It is only because they made a deal not to set

up a Reform Party in Ontario that the Reform backed off, Harris was elected and now he has gone to the other extreme.

**An hon. member:** Are you still crying?

**Mr. Steve Mahoney:** A little. It hurt but I got over it. I would not be here if I did not get over it.

This is what we have done, what is in the budget and what we are talking about today. We have said enough of the overspending. The \$42 billion deficit is history but we are not going back to the days where we could spend on any kind of program, social or otherwise. We have to live within the means of this country. Canadians understand that. I would have liked it if we could have given more in the form of tax decreases but I believe that is coming.

Everyone seems to want to talk about the conference of this weekend which was a great success. Imagine saying that backbenchers should have the courage to get up and criticize the Prime Minister. He only got 90% voter approval from our party. I happen to be a proud member of the Liberal Party. I think I was listening to the grassroots when 90.19% of the people at that convention gave a ringing endorsement to the Prime Minister, the leadership and the plans put in place by this government.

Help me to understand what we in the backbench are supposed to criticize. Members can be assured that we fight within caucus, we fight within committees for things we believe in but why would we criticize our Prime Minister for bringing in the Canada millennium scholarship fund? I guess members opposite do not want to support students. We heard, we listened, we saw the demonstrations, we saw the students taking over the bank in downtown Toronto, we saw them marching on legislatures around the country saying give them an opportunity to survive while they learn. They cannot be expected to come out of post-secondary education with debts of \$30,000 and \$40,000 and not give them some opportunity for relief.

What did we do? We brought in some tax relief for students who graduate with debt. We brought in interest relief. We even went as far as to say that if the circumstances warrant, there is a process in place to forgive the debt.

The socialist answer to post-secondary education is that it should be free. There should be no obligation for any of the participants to pay for it at all. It should become part of the social safety net. Most Canadians, certainly those I represent, would totally reject that idea.

• (1700)

If one takes a look at the cost of education in Canada, there is no question that it is a burden on students. They do have to work hard to get through. The tuition fees for a world class university in Ontario such as the University of Toronto, York University, Guelph, McMaster and Western in London are about \$3,800 a year.

These are post-secondary education institutions which are second to none in the world.

However, if we were in a university in the beloved Reform Party's United States of America, we would be spending between \$30,000 and \$50,000 on tuition. We do not have that situation in this country. However, even though the students have to struggle and work at part time jobs, they wind up with a debt.

Most Canadians would hope that the debt would be manageable and the opportunity would be there for students to pay down their debt once they had jobs and became productive members of society by earning money and paying taxes. That is what this government believes.

This budget has clearly shown that we believe in a balance that creates incentives and jobs for young Canadians. We want to ensure that our young people have a chance to learn in order to earn money and pay back what they had to borrow while they learned. That is not radical, centre, left, right or anything. It just makes darn good sense. I know that Canadian youth will benefit from this millennium scholarship fund and from the financial leadership of the Minister of Finance and the Prime Minister of this government for many years to come.

**Mr. Darrel Stinson (Okanagan—Shuswap, Ref.):** Mr. Speaker, again we get into a balanced budget scenario here.

Before we get into that, the member mentioned disagreeing with his leader, the Prime Minister. Maybe he has learned to not disagree with the Prime Minister in the same way the hon. member from York South—Weston has learned. He now sits over on this side of the House.

I will ask the member the same question I have asked other members on that side today. I have had a number of phone calls from my constituency in regard to the high taxation levels in Canada. I have only heard one member from over there say he has had two phone calls on it. I would like to know if the member himself has had any phone calls on the high taxation levels that this government is imposing on honest, hard-working citizens in this country.

**Mr. Steve Mahoney:** Mr. Speaker, I would be happy to share the phone log of my office. Of course I have had a few calls about that. I had those calls when I was in the provincial legislature. Who likes paying taxes? We would all like to reduce taxes. However, until we are able to get the books of this country balanced, which is what this government has been doing since 1993, how can we possibly talk about taxes?

Let us take a look at what happened in Ontario. The Ontario government came in with a huge deficit and a huge debt and automatically reduced provincial income taxes by 30%. Those taxes have come down by about 22%, with more still to come.

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What is the outcome of that? If we decrease taxes before we get rid of our deficit and start paying down the debt, then we have to take it from somewhere.

People can say that health care has not been cut in that great province, but it is nonsense. If we talk to the people lying in beds and cots in emergency departments we will see exactly where the 30% tax cut has come from.

Let us do it with a balance. On the weekend, the Prime Minister said that one of the things we want to do, in addition to supporting health care, is to look at reducing taxes. I am confident we will do that.

**Hon. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, my question for the member across the way concerns the GST.

His solution now is to harmonize the GST. We are going to have the polls closing in Nova Scotia in about 55 minutes and one of the issues down there was the harmonized GST. I predict we are going to see the NDP rock and roll tonight and increase its seats massively in the province of Nova Scotia. We will see that in about an hour and a half.

I want to ask the member to answer very precisely a very precise question. Was it a mistake on behalf of his party in 1993 to go across this country and promise to abolish the GST? We saw what the deputy Prime Minister did. She resigned her seat and faced a byelection.

• (1705 )

Was it a mistake? Does he feel guilty about it? Does he feel badly about the fact that they told the Canadian people one thing and are now doing something else?

Was it a mistake to promise to abolish the GST and then to—

**Mr. Tom Wappel:** We did not promise to abolish it. What election were you in?

**Hon. Lorne Nystrom:** I heard the Prime Minister. We can play clips of the Prime Minister on television where he said "Elect me and the GST will be gone". He was going to abolish the GST. Liberal members have said that also. I heard the platforms of Liberal candidates in 1993 who said they would abolish the GST. That is exactly what they said.

Was that a mistake? Please answer the question very honestly and very straightforwardly. Was it a mistake?

**Mr. Steve Mahoney:** Mr. Speaker, I do not want the member to put words in my mouth. I did not say at any time that the solution to the GST issue is to harmonize. What I said is, that is indeed what happened in some parts of this country, particularly on the east coast. It is something that has been rejected in the province of Ontario, which is the largest province. It does a tremendous amount of business. That is because the business community has

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said "Don't make more changes to the tax system which are going to drive up our costs so we will have to try to keep up with you".

I said that if we could lower the rate of the GST, businesses would like that.

The fact of the matter is that this government did make a promise and that promise was to eliminate the \$42 billion deficit. We have done that. We have balanced the books. We have started to pay down the debt and we will start to relieve the tax burden on Canadians.

It is the Canadian people who have paid the price, who have suffered and who have worked with this government to abolish the deficit and start paying down the debt.

**Mr. Tom Wappel (Scarborough Southwest, Lib.):** Mr. Speaker, it is a delight to be able to stand and offer my few comments on Bill C-36, the budget implementation act. I support the budget and therefore I am quite pleased to support any legislation to implement it.

I want to describe the budget and the budget implementation act by using one word, credibility. I want to do so by looking at history.

I was first elected by the people of the then riding of Scarborough West to come to this place in 1988. In 1988 we were in opposition. We listened very carefully to the government of the day, the Conservative government. I am addressing now historical fact which can easily be checked by examining the records and by examining *Hansard*.

Michael Wilson was the finance minister. At that time, in 1988 and early 1989, there were no Reform members in the House. There were no Bloc members in the House. Michael Wilson, year after year, stood and made promises. Year after year those promises were broken. Year after year he blamed the previous government. Year after year the debt and the deficit kept growing. What did the Conservative government do?

In 1986 the general surtax was brought in. What for? To pay down the deficit and to pay down the debt. Were they successful? No they were not. The debt and the deficit kept increasing, yet every year Michael Wilson would stand in his place as finance minister, except for the year the budget was leaked, and remind everyone that this year his promises would come true. It was like shooting fish in a barrel to be in opposition. We knew he would not fulfil his promises. He had no track record. He had no credibility. Everything he said did not come to pass.

The Conservative government implemented the general surtax in 1986, which was followed by the GST. Hon. members will remember that the debate was centred around modernizing the tax system, getting rid of the old tax. Sure there would be more money coming in, but what would they do? It would be revenue neutral.

They would only charge sufficient GST to bring in the same amount of revenue as the old manufacturers' sales tax. If they were wrong in their calculations—and remember, Mr. Wilson was always wrong in his calculations—if there was an excess, they would apply it to reducing the deficit and the debt.

• (1710)

There was a huge excess in the GST coffers. An election was coming so what did the Progressive Conservatives do? They gave GST rebates and GST refunds instead of applying that money to the debt. It was great for the people who got the cheques, but it did not help reduce the debt. What happened to the debt? It kept rising. What happened to the deficit? It kept rising.

We campaigned on a number of things in 1993, including getting a handle on the debt and the deficit. We promised that we would eliminate the deficit and we were elected. We were given a mandate to do that, among other things. Lo and behold we had the Reform Party here. It was not the official opposition, but it was here. When our finance minister stood and delivered his first budget he pointed out that he was going to do two-year rolling targets. He did not want to say things on which he would be unable to deliver. He only predicted two years into the future, using very conservative business estimates.

What was the Reform Party's mantra? Of course they have forgotten about it now. It was very simple. It was "Oh, these are Liberals. They will never do that. All Liberals ever do is spend. You cannot believe the Liberals. They will never pay down the deficit, never mind make inroads on the debt, because they are Liberals".

Day after day in question period on the first budget the Reform Party stood and said "This government has no credibility. They are Liberals. We do not care who the finance minister is. We do not care who the Prime Minister is. This government has no credibility. They are Liberals and they are going to spend us into bankruptcy".

What happened? In each budget the finance minister was more than right. That makes it difficult for members of the opposition, I admit. It is sure nice to be on this side where the finance minister says he is going to deliver and he delivers. In each budget he has delivered he has neither overestimated nor overspent. He has been measured in his responses.

Conservatives cannot say this because they can hardly throw stones at their own glass house, but the Reform Party, not having been in government and not having understood how things worked realized "Hey, we have been yelling at the Liberals now for three years saying they are not going to pay down the deficit. Guess what? They are going to pay down the deficit, so we had better change tactics. We thought they were going to do things differently, but maybe they are doing things differently because now they

have changed tactics. What are their tactics now? Their tactics are to cut taxes”.

The Reform Party was not telling us to cut taxes when we were cutting the deficit. They were making fun of us that we would never cut the deficit. This budget shows us that the deficit is gone. It is gone for good. It was the Liberal Party which got rid of it and a Liberal finance minister who delivered on everything he said in the budgets. That is credibility and that is what we start with in a budget. We start by saying that we are going to do something and we do it. Then we go beyond that and do a little more.

What was the Bloc doing throughout all this? Quebec does not have enough. We can listen to parrots for only so long. The fact is, we run a country. There are 10 provinces and two territories, soon to be three territories. We have to divide everything. We have to run this country equally to make sure that all Canadians from all provinces and all regions are looked after as best we can.

Here we have this budget which, like all the other budgets before it, will come true. Why? Because all the other budgets have come true and the finance minister has the rolling targets.

What is going to come true? One, no more deficit. What happens when there is no more deficit? We still have a big debt. Like everybody who has a big debt we want to pay it down. We are going to pay it down. How do we know that? Because we have said we are going to pay it down and each and every one of the predictions that the finance minister has made in the time he has been finance minister have come true and these will come true as well.

That is the Liberal way. It is not about slashing to reduce things. We have to do things in a measured, orderly way to reduce the deficit to zero, which has been done, to start reducing the debt, which is a legitimate goal, as well as to help ordinary Canadians.

• (1715)

Yes we agree we should cut taxes. I pay too many taxes in my opinion. Ordinary Canadians want to pay less in taxes. It would be wonderful if we could cut taxes across the board. What have we done? We have at least started.

The 1986 general surtax that was brought in by the previous government has been eliminated for the vast majority of Canadians. We have come up with some innovations with respect to helping low and middle income Canadians. We have to start somewhere. We are not going to start at the top like the Tories and help the rich first and work down. We are going to start by helping low and middle income Canadians.

What did we do? Beginning in July of this year the basic personal exemption will increase. What does that mean? That means 400,000 low income Canadians will no longer pay any federal income tax. If some province wants to try and go in there

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and pick up the slack and steal some money from these folks they will have to deal with it at the ballot box.

The 3% general surtax will be eliminated for people with an income of up to \$50,000 and reduced for those with incomes up to \$65,000. What is that going to mean? That is going to mean \$1.4 billion dollars in tax relief for 14 million low and middle income Canadians by the year 1999-2000, 90% of all taxpayers.

While we are doing this we are paying down the debt. The deficit is gone. We are paying down the debt. We are doing what the Reform Party wants and what most Canadians who have any common sense when running their own families do, and that is starting to pay down the debt. But we are also starting to give tax relief.

Because this budget has credibility and because the finance minister has credibility, I know that in budgets to come there will be more tax relief and greater debt payment. That is why I am pleased to support this budget.

[*Translation*]

**Mr. Gérard Asselin (Charlevoix, BQ):** Mr. Speaker, first of all, I appreciate the summary of the financial history of Canada. However, I think the hon. member went back too far. Going back to 1984 would have been sufficient. We would have heard of a former Prime Minister, namely Pierre Elliott Trudeau, who led a Liberal government for twenty years or so. We are too young to go back as far as the member did.

In 1984, the Canadian debt—and that was before the Conservatives took office—was \$187 billion. The Liberals are ones who had been in power. They were originally responsible for the Canadian debt.

When the Liberals took over from the Conservatives in 1993, the debt was \$500 billion. Today, the accumulated debt has reached \$585 billion. This means that, between 1993 and 1997, the Liberal government has let the debt grow, just from accrued interests of course, because it is not doing anything any more. If the debt continues to grow when there is no spending, it has to be from accrued interests.

I would like the hon. member to comment on this. When the Liberal Party was in the opposition, it voted against the GST and free trade. If it had not made cuts in transfer payments to the provinces and in employment insurance, if it had acted on the auditor general's recommendations, I think it would have achieved a zero deficit just the same.

[*English*]

**Mr. Tom Wappel:** Mr. Speaker, I thank the hon. member for his question.

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I only had 10 minutes so I could only go back to 1988. If I have the consent of the House I could go back to 1867 if hon. members would like to hear it.

When I was in opposition I did not vote for the GST. The Liberal Party fought the GST every step of the way. I was the revenue critic for the Liberal Party at that time. I went across the country advising businesses not to pay the GST until the law was actually passed. You will remember, Mr. Speaker, that the Conservative government was trying to collect the tax months before the legislation went through the Senate and indeed received royal assent.

Let us talk common sense. Of course the accumulated debt increased from \$500 million to \$585 million during the three years that we were in our original mandate. Why? Because we were still paying down the deficit. We cannot pay down the debt until we get rid of the deficit. We have gotten rid of the deficit. Now we will see the figures go down.

• (1720 )

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I am going to stand here and do exactly what the hon. member asked us to do, which is to congratulate him. I am going to congratulate him and the Minister of Finance. Why am I doing that? Because they finally opened their ears and heard the Canadian people.

I do not think that if he were truly honest he would exclude the Reform Party's influence in this. We are the ones who came here and for the first time in over 30 years it became respectable to talk about governments becoming smaller, spending less and getting the fiscal house in order.

The thing I take exception to is that the Liberals try to pass it off as if we are already out of the woods. The fact of the matter is, now that we are in tax time, for every \$1,000 taxpayers send to Ottawa, \$300 is for interest. There is a lot of urgency to reducing and paying off the debt so that we can start cutting those interest payments, so that we can reduce taxes and have money to spend on the programs we value.

The finance minister keeps setting these loosey goosey targets. The present target is to pay off the debt in 200 years. That is \$600 billion at the present target of \$3 billion a year and 200 years is not good enough.

**Mr. Tom Wappel:** Mr. Speaker, I always listen carefully to the member for Elk Island but he lost me in that last comment. We will pay the debt down as fast as we possibly can in a measured way. It may take time. It took time to accumulate. We cannot do it overnight but it is going to be paid down. It is going to be paid down over successive governments with successive finances.

I appreciate the member's honesty in congratulating us. Obviously we listen to Canadians but I can tell the hon. member that

when there was only one Reform member, the hon. member from Beaver River, even before that we were already talking about this in caucus.

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, on February 24 this year the finance minister brought in the first deficit free federal budget in 28 years. It is a budget balanced on the backs of taxpayers, the unemployed and the provinces.

The Liberal government has been able to sell itself to Canadians on this balanced budget yet it is due to the efforts of all levels of government and individual Canadians over the last 15 years that this has finally happened.

The finance minister should have sent a message of growth for the economy and hope for Canadians by delivering broad based tax cuts. We know now about his priorities. Broad based tax relief is off the table and massive Liberal spending is back.

The Liberal government has once again broken its promise. During the election it campaigned on the promise that the surplus would be spent in two parts, 50% to new spending and the other 50% to debt and tax relief.

The 1998 budget had no economic plan, no plan for growth, no targets for employment, no targets for job creation, no targets for tax reductions and no targets for debt reductions. The only visible target the government has put forward is that of spending. This is a budget from a government that has lost sight of the real needs of Canadians.

Last month's budget made one thing very obvious. The Liberal government is trying desperately to correct the problems it has created by past policies. An example would be the Minister of Finance's sudden attention to and concern for students. Suddenly the Minister of Finance has a plan to help students, a plan designed to offset the effects of his cuts to the provinces, a plan that causes tuition fees to rise too high in the first place.

The Canadian millennium scholarship fund, the pet project of the Prime Minister, is getting a lot of attention. It sounds wonderful but consider just how wonderful it really is. Here are the specifics. The fund is \$2.5 billion. There are 100,000 scholarships. Students can receive an average of \$3,000 each year with a cap of \$15,000 over four years. The only stipulation is that the students will have to wait for two more years before they will see any of the money.

When will the government realize that the students face debt problems today? Dangling a carrot in front of them and then saying wait until the year 2000 just does not cut it. A student who appeared on the CBC national news in February put it best. This particular student was quoted as saying "Of course they balanced the budget and that is why I have a debt of \$30,000".

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• (1725)

The issue of student debt should be one of utmost importance to all Canadians. Student debt does not just affect all students. It is an impediment to sustained economic growth in our country. Canada simply cannot afford to have a sufficient portion of its young people so heavily burdened by debt.

The cuts by the Minister of Finance to transfer payments for post-secondary education have forced provincial governments to cut funding to colleges and universities. In turn these institutions have no alternative but to raise tuition fees on the backs of students. As a consequence student debt has risen dramatically.

In 1993 the average student graduated with a debt load of \$9,000. Today a student graduates with a debt of \$25,000 to \$30,000.

The Liberal government thinks that by involving its millennium scholarship endowment fund it is solving the student debt problem. While it may put some additional funds in the pockets of some students, on the whole it is not the answer to this crisis. Let me explain.

The scholarship only helps a very small limited number of students, approximately 3% to 4% of those going to universities and colleges. The scholarship does not address the structural problems such as cuts to transfers and the cost of obtaining an education. These are the root causes. These are the issues that need to be directly addressed by the federal government.

Young Canadians want to work. They want to work in Canada. The challenge for this government is to create employment opportunities. This is done by giving them a fair start in life. This means making education affordable, implementing responsible fiscal policies, offering a competitive tax system that will allow Canadians to spend and save.

Let me remind the House that transfers to the provinces increased by \$6 billion under the previous Progressive Conservative government. Since the Liberal government took power in 1993, the transfers to the provinces have decreased by \$6 billion. We now see the repercussions of these decisions.

We have been advocating tax cuts for Canadians as a primary task for government. Recently Canadians were hit with increases to the Canada pension plan with still no substantial offsetting relief in the EI premiums.

The government continues to collect \$6 billion annually from excessively high unemployment insurance premiums. May I remind the House that the current EI premiums are at \$2.70 and it is recommended that at \$2 this program could be sustainable even in a recession.

Sure the budget was balanced. The important part is how. I have answered that. On the backs of each other. Many Canadians have faced higher taxes and have lost their jobs. Businesses are closing due to the economic environment. Canadians have experienced the effects of cuts to our health and education system and have been offered no reasonable relief. Working Canadians have seen their personal disposable income decline by 1.3% since 1993.

Overall we just need to look to our neighbours to the south to see the incredible difference in tax levels, unemployment figures and job opportunities. Brain drain, high taxes, high student debt, high unemployment, lack of job opportunities all go hand in hand. One feeds on the other.

In the budget the basic personal tax credit was raised by only \$500 to \$6,956. The PC government would have taken advantage of this balanced budget opportunity to give every Canadian a significant tax break by raising this credit to \$10,000.

While we are pleased that the government decided to cut the 3% general surtax for low and middle income Canadians, unfortunately the Liberals missed the opportunity to make this tax relief broad based. Again we must keep young Canadians in Canada and give them the opportunity their parents had. It is crucial that we solve the alarming trend that we know as brain drain.

Another important issue the government did not address in this budget is the year 2000. We just heard in the industry committee that as high as 30% of the industries in Canada could go bankrupt or out of business in the year 2000. I have been quoting—

**The Acting Speaker (Mr. McClelland):** If the hon. member for Markham would excuse me, the time for debate on this bill today has expired. When the bill comes back to the House again the hon. member will have three minutes on debate plus questions and comments of five minutes.

[*Translation*]

## BILL C-36—NOTICE OF TIME ALLOCATION MOTION

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, it was not possible, unfortunately, to reach an agreement pursuant to Standing Orders 78(1) and 78(2) with respect to the proceedings at second reading of Bill C-36, an act to implement certain provisions of the budget tabled in Parliament on February 24, 1998.

• (1730)

Pursuant to Standing Order 78(3), I give notice that, at the next sitting of the House, a minister of the crown will be moving a time allocation motion for the purpose of allotting a specified number of days or hours for the consideration and disposal of proceedings at that stage.

**Some hon. members:** Shame.

*Private Members' Business**[English]*

**The Acting Speaker (Mr. McClelland):** It being 5.30 p.m. the House will now proceed to the consideration of Private Members' Business as listed on today's order paper.

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## PRIVATE MEMBERS' BUSINESS

*[English]*

### TAXATION

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP)** moved:

That, in the opinion of this House, the government should consider implementing a tax credit or tax rebate that would compensate parents for the substantial costs of enrolling their children in youth activities.

He said: Mr. Speaker, my private member's motion which we are debating reads:

That, in the opinion of this House, the government should consider implementing a tax credit or tax rebate that would compensate parents for the substantial costs of enrolling their children in youth activities.

The intent of this motion is to provide a tax credit or rebate to parents to help defray the costs of a variety of programs such as recreational and academic; summer camps; sports teams; fees for hockey, soccer, baseball, et cetera; music or band programs, theatre or artist programs; camping and outdoor clubs; scouts, girl guides, et cetera. Obviously it is only a motion. It is not a bill. Any particular tax rebate program like this might have to be more specific as to what was included and what was excluded.

The point I am making through the motion is that parents are under increasing pressure to be able to fund and to pay for the many programs they would like to have their children enrolled in. They are being hit from all sides in this respect.

Parents face new and growing costs to keep their kids in school and in community club youth programs. If we talk to people who have children, they say that one of the features of parental life these days is fundraising. Parents always have chocolate bars on the dining room table. Their relatives are afraid to come over because they do not know what they are trying to sell them next, whether it is chocolate bars or this, that or the other to fund various programs at school.

Kids are marketing things at the door such as Christmas cards and various other things in order to get extra resources to buy things that I frankly think should be paid for by the school through the public treasury and the funding of our public education system through the tax system. That is happening less and less.

Parents are being asked, either by the school or by the various other programs their children are enrolled in, to engage more and more in either the payment of extra fees or the raising of extra money through fundraising.

Schools are feeling the broad range of cuts by federal and provincial governments with respect to education and youth programs. There has been a lot of downloading from the federal government to provincial governments, to school boards and to municipalities. We see the elimination or the reduction of a lot of youth programming.

• (1735 )

This is not a problem that would be addressed in particular by what I am speaking about tonight. For instance, I have learned that in my own community the city of Winnipeg wants the community clubs to take over wading pools. The community clubs are already volunteer organizations. They are already stretched, yet this level of government expects volunteers to take over a program that is very important to a lot of children during our hot summers. Even though it gets cold in Winnipeg, it gets hot in the summer and wading pools are very important. That is another matter which has to do with the reduction of program funding.

There is also the problem of extra fees which the motion addresses in particular that are more and more expected of parents. They are required to pay extra amounts to provide their children with these positive experiences. The government should look at a way to recognize the value of children being enrolled in these kinds of programs. We should not have a society in which any child is prevented from being enrolled in these programs by virtue of the fact that parents feel they cannot afford it.

We need to encourage youth to engage in these kinds of positive activities. In parliament quite appropriately we spend an awful lot of time talking about the Young Offenders Act and the more punitive dimension of how to deal with youth crime. We also need to spend more time talking about the other half of the equation, which is making sure that we provide opportunities for positive learning activities that play a preventive role in dealing with the root problems of youth crime, or at least dealing with elements of the root problems of youth crime.

The experience of many people over the years has been that involvement in an organization which demands of a young person a great deal of time, energy and commitment keeps them from having time on their hands. It keeps them from the temptation to become involved in other things that are less wholesome. Much is to be said for youth being involved in these kinds of programs and activities.

There is merit in the government looking at ways in which it might extend more support in this regard than it does now. We need to break the cycle of youth crime, and I believe that healthy youth



programs contribute to the maintenance and development of cohesive and safe communities. The evidence on that is pretty convincing.

The motion will not pass because it is not a votable motion, but I hope the government would consider what members of Parliament have to say and will look to incorporating some of the suggestions made today, not just by me but perhaps by others, into any kind of comprehensive strategy for youth in Canada.

If the government were to implement such a policy, it might want to look at how the tax rebate could be designed to give a bigger break to middle and low income Canadians who need it more than others. There might be some kind of ceiling on it. It does not necessarily have to be available to everybody.

Such programs have been instituted in other jurisdictions. In Minnesota, for instance, an educational tax credit and deduction was brought in to assist parents in this way. It is not identical to what I have in mind, but I am just saying there are examples of how this can be done. I recommend that the government have a look at that. It may see elements of a solution in what has been done in that state.

It is time for all levels of government to look at how we can begin to rebuild our educational and recreational programming because they have taken a beating over the last 10 years or so. We need to begin to invest in our children's future again. I think this is one of the ways we can do it. We could recognize the expense many families have in order to provide these kinds of experiences for their children. This measure would go a long way toward doing that.

● (1740)

I have a few other points I would like to put on the record. I have been very disturbed, for instance, in my own riding by the way the community clubs have been treated by Revenue Canada.

A community club in my riding was audited, assessed and told that there had been certain hockey fees on which it was supposed to be charging GST. The club did not know it was supposed to be charging GST in this category of program. The next thing we know, it is told that it owed Revenue Canada something in the neighbourhood of \$10,000.

This is a community club run by volunteers. I do not know how many other community clubs across the country have been affected in this way. It seems to me that if Revenue Canada wants to instruct the club by telling it that it has been doing this wrong and from here on it needs to charge GST, that is fair enough.

However, for Revenue Canada to tell the club, a volunteer organization where people are working nights and weekends to help make that club a success, that it owes \$10,000 and interest is

### *Private Members' Business*

not a very wise policy when at the same time we are talking about the Young Offenders Act and what we can do about youth crime. Here we have a community club that is doing its best to keep as many kids active in sports and on the ice instead of on the street, and it is being told it made a mistake and it has to pay through the nose. I think that should have been waived.

We have had some success in waiving the interest but personally I think the whole thing should have been waived. I believe we need to look for other ways to encourage community clubs and other groups involved in youth programming rather than make them vulnerable to the kind of situation Park City West Community Centre in Transcona found itself in.

I look forward to the comments of other members on my suggestion.

**The Acting Speaker (Mr. McClelland):** The Parliamentary Secretary to the Minister of Finance.

**An hon. member:** This will be good.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I thank the hon. member across the way for saying "this will be good". I hope he appreciates that.

I am pleased to speak to this private member's motion. It certainly reflects a concern for children and families, which is commendable and which the government fully shares. That philosophy was reaffirmed in last fall's Speech from the Throne which stated:

One of our objectives as a country should be to ensure that all Canadian children have the best possible opportunity to develop their full potential.

That objective may appear in harmony with today's motion which suggests that government consider providing tax relief for parents who enrol their children in youth activities. While the intent is admirable, I am afraid the motion fails some important tests both in terms of priority and practicality.

To explain, I want to begin by reminding the House that the federal tax system already provides significant assistance to low and middle income families with children through the Canada child tax benefit. It represents an investment of over \$5 billion a year and is growing dramatically. In the last two budgets the government dramatically increased the annual assistance provided to low and middle income families through the child tax benefit.

Since July 1997 over 720,000 low income working families have received increased benefits as a result of restructuring and enriching the working income supplement. Overall benefits have increased by \$850 million over three years.

Again, as announced in the 1998 budget, the government will add a further \$425 million in July 1999 and another \$425 million in July 2000.

*Private Members' Business*

I want to step back to Motion No. 306 and the issue of priorities. First, the government's dramatic fiscal progress and our capacity for new investment are still quite limited. We must make sure that investments including tax cuts meet the key priority of doing the most good for those with the greatest need.

The child tax benefit does this by targeting aid to low and middle income families. However, today's motion would represent a new and costly tax break and one that could provide the greatest share of the benefit to affluent families, in fact those who need it least.

• (1745)

Of course the cost of this motion would depend on the parameters applied such as the level of credit or the number of children for which it could be claimed. However, let me give a mid-case scenario as an example.

Let us assume for the moment a thousand dollar tax credit at a rate of 17%. In other words, a tax benefit of \$170 for each eligible child is in place. If this was claimed by the parents of just half of all Canadian children, the cost would be about \$570 million a year. That is a substantial amount of money.

A practical problem with this motion is the following. How should we define appropriate youth activities? Should the government be subsidizing golf or tennis lessons? Where do we draw the line between personal development and leisure?

Remember, parents of modest means can use the child tax benefit to help their children undertake youth activities if they feel that this is a good use of their family resources.

It reflects an important aspect of our tax policy and operating philosophy. We feel it is parents who are best placed to decide how the financial resources of their family should be allocated.

By creating a special tax break just for youth activities, it is the government that is determining family priorities.

Let me step back to the issue of what would qualify as an appropriate youth activity. Consider the administrative problems and costs of determining eligible activities requiring parents to provide receipts, and then processing these claims, all on top of a tax system which I am sure the hon. member opposite would agree most people already find quite complex and time consuming.

On the issue of what would be an eligible youth activity, there is a final point that I would like to make. The government already provides real tax assistance to many activities that would clearly qualify under the hon. member's motion.

Boy Scouts and Girl Guides, for example, are done through the tax exempt status of charitable or non-profit organizations. Because they are income tax exempt, they are able to offer their programs to members at a lower cost, making them accessible to the widest range of Canadians. It appears to me that this is an

efficient, effective and fair method of meeting the same fundamental goal in today's motion.

In conclusion, it should be clear why this House cannot endorse today's motion. First, it would be a very costly addition to our already expanding program of tax assistance to families with children.

Also, it would provide assistance to many families that need it least without giving real aid to Canadian children and families in real jeopardy. Then it would be costly and difficult to administer.

Finally, the motion ignores the fact that there is a form of tax assistance, exemption for charitable and non-profit organizations, that already helps many youth activities and the involvement of children.

Considering this, we should have no hesitation in rejecting today's well intentioned but flawed motion. As I pointed out, government provides over \$5 billion of assistance to families with children and is enriching that assistance.

This is a better way to help children than that proposed in this motion.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I am pleased to rise in debate on Motion No. 306. I want to commend the hon. member for Winnipeg Transcona for what is a well intentioned and commendable effort.

His objective clearly is to provide some form of tax relief for families in need to assist them in making choices for their families with respect to youth activities.

First of all, I see several technical flaws with the motion. For instance, the motion fails to define what constitutes youth activities, fails to define youth. There is no standard definition of youth in any of the tax statutes.

The cost of this tax expenditure is nowhere defined in the motion. Therefore while I think it is well intentioned, the motion itself has not been well thought out.

My principal objection is that the motion seeks to make choices for parents by defining exactly what kind of activities they can use to reduce their taxes payable. I think this is entirely the wrong approach.

The hon. member has touched on a very real problem. Families with children have experienced a shrinking disposable income now for over 15 years in this country.

• (1750)

Year after year they find there is less money at the end of the day in their bank accounts, in their wallets and in their cheque books to fund the kinds of important activities for their children and

families, activities that supplement the basic education of children in the school system.

He is right in pointing out the plethora of fundraising activities which families find themselves participating in to finance recreational programs and other educational athletic programs and so forth. But the hon. member for Winnipeg—Transcona suggested during his remarks that instead of Girl Guides and minor hockey teams going out and raising these moneys by selling chocolate bars and cookies, the funding for these programs should come from the public treasury.

With all due respect to the hon. member, there actually is some value in young people learning that there is no such thing as a free lunch. To suggest that Girl Guides should apply to the federal government for a grant as opposed to going out and trying to sell their wares, to learn about the free enterprise system, to learn about charity and learn about the reliance on other people's good will is misguided indeed.

My principal objection is that the motion seeks to apply a band-aid where radical surgery is needed with respect to the taxation faced by Canadian families. Canadian families on average now spend more on taxation than they do on food, shelter and clothing combined. As I have said in this place many times, I think quite frankly such a tax burden is morally questionable, a burden that consumes more than the basic necessities of an average family. The family tax index which calculates the total burden of all direct and indirect taxes on average families suggests that the average Canadian family spends over 40% of its annual income on taxation to the three levels of government.

Just last week the C.D. Howe Institute released a new study which suggested that the average marginal tax rate faced by Canadian families was over 53%. Essentially what we have done in this Parliament and in this country is create a situation where families are working harder and harder. We have more two income families leaving children at home alone in the young formative years in order to go out into the workforce to pay for the taxes that have been levied on them by politicians in this place.

The solution to that problem, the solution to the frustration faced by so many families in financing the basic needs of their children is not to use the tax code as an instrument of social engineering. It is not for politicians in this legislature or any other legislative assembly to pick and choose which activities are more deserving of exemption from taxation than others. Picking and choosing certain activities is a form of social engineering. What we ought to strive to do in this Parliament is to let families make the choices that they need to make according to their own priorities. It is the principle of choice, it is the principle of freedom which ought to animate all the decisions we make in this place, particularly with respect to the tax system.

### *Private Members' Business*

The Income Tax Act was introduced in this place as a temporary war tax act in 1917 to finance the needs of the then Dominion of Canada during the great war. It was a temporary act which totalled 12 pages. It read 12 pages in length. Today's Income Tax Act now numbers over 1,300 pages and includes several hundred more pages of associated regulations which deal with the application of this hugely complicated tax code.

We now employ over 43,000 bureaucrats in the Department of National Revenue to administer that 13,000 page tax code.

• (1755 )

It took 43,000 bureaucrats to administer a tax code so complex and so lengthy that no person in this country understands it. I dare say those of us here who write those tax laws have never read a substantial portion let alone the entire Income Tax Act. I suggest that even the most expert tax authorities in this country do not have a comprehensive understanding of the behemoth, the monster we have created in the Income Tax Act.

The reason this tax code grows and grows is well intentioned but ultimately shortsighted efforts like the motion before us today. Parliamentarians and governments have sought to use the tax code as an instrument of social engineering, placing level on level and layer on layer of complexity to create innumerable deductions, exemptions, credits, write-offs and loopholes in the system. Each one of these creates new complexities within the legislation which requires more bureaucrats to administer it. This creates a greater need for private sector tax practitioners to interpret it and apply it. Meanwhile the poor bedraggled taxpayer at the end of the year is faced with an incomprehensible requirement.

It is interesting that we are discussing this as we approach the end of the tax year. Millions of Canadian families are going to be sitting around their kitchen tables late at night with their pocket calculators, pencils and their reams of paper trying to understand this byzantine, incomprehensible, opaque tax code we have imposed on them because of the innumerable regulations, exemptions, deductions and credits which have been inspired by motions like the one before us today.

What my colleagues and I in the Reform caucus propose to do is rather than carving out little loopholes in the tax code, as the hon. member for Winnipeg Transcona proposes, we propose to deliver general tax relief to all Canadian families. This will enable them to make choices about how to dispose of their scarce income. We would do this by raising the basic personal exemption to \$7,900 not for some families like this government has proposed but for all families. We would raise the spousal amount to \$7,900.

We would convert the current child care tax deduction which discriminates against traditional families to a refundable credit available to all families. In sum, we would deliver \$2,000 of tax relief for the average Canadian family. This would be appreciably greater for low income families with children at home. Let families make the decisions by allowing them to keep more of the money

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they have earned rather than taking it from them and using the tax code to engineer social outcomes.

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I am very pleased to speak today to the motion brought forward by the member for Winnipeg Transcona. I will repeat it so it is fresh in our minds: "That, in the opinion of this House, the government should consider implementing a tax credit or tax rebate that would compensate parents for the substantial costs of enrolling their children in youth activities".

I think an element is missing from our tax system, from our wealth distribution system, that could be useful to our society in that it could prevent certain tragic situations. Let me explain.

We are talking about youth activities. We can think of anything that can complement family education: piano lessons, violin lessons, participation in sports like judo, hockey, baseball, all those things that complement a child's education. The discipline that a child will acquire by taking piano lessons for many years, for example, the fact that he or she will learn that it takes a lot of work to become a good pianist and that results cannot be achieved without effort, all this will help that child through his or her whole life. I think the motion before us would help us reach that goal.

• (1800)

When the Liberals tell me that we cannot afford that, I say that we have a tax system that provides credits for professional hockey teams, and as long as businesses can benefit from tax deductions for that kind of thing, we should provide a deduction for parents who have to pay for their kids to take piano lessons, to play hockey or to participate in other types of educational activities.

The government cannot, on the one hand, agree to deduct money for professional hockey teams and, on the other hand, claim that it is not possible to change our tax system to meet such needs.

The other element is that these costs can sometimes be considerable. For example, a family with three children could spend several thousands of dollars per year on such courses. With a tax credit, the costs involved would be less for each family, and it could allow some children to take courses that their families would otherwise not be able to afford.

Earlier, the Reform Party member mentioned that this is the time of the year when people prepare their tax return and that they do not want to be stuck with an additional credit. I happen to see things very differently. There are parents who have kept receipts for such costs, for youth activities that are not tax deductible. These people

would be very happy if they could get a deduction for such costs. These are positive and useful activities that benefit children.

Another important element is that it would promote volunteer work. In all these organizations, there are volunteers who put in several hours every week. In the municipality of La Pocatière, which is located in my riding, there is a judo club and some music schools where piano and violin teachers do a lot of volunteer work. If we could increase the number of students by reducing costs, it would promote and recognize the volunteer work done by these people.

It would also encourage new initiatives. Again, last year, a music teacher came to see me about starting a music class in a school in Saint-Alexandre-de-Kamouraska at the primary level.

There is the cost evaluation. Obviously this is not easy. Contributions must be sought from parents and from institutions. If there had been such a tax measure, it would have been an incentive for this new kind of initiative. I think that this sort of effort would be beneficial, and an investment in society.

I think this is very important. We should be investing in these activities so that fewer young people get off on the wrong foot. The best way to prevent juvenile delinquency is to make activities available to young people that give them a chance to develop their potential so that they can decide what they want to do with their lives. If the traditional educational system does not give them this opportunity, this kind of activity can help them to discover interests and demonstrate their potential.

If we look at it in terms of investment, it is no longer simply an expenditure, as the Liberal member was saying earlier. I am extremely surprised, but this is becoming more and more of a reality: the Liberal Party and the Reform Party have similar views on this issue.

For example, the Liberal and Reform members tell us this will be complicated. They wonder how youth activity will be defined, and if it will not create additional bureaucracy. I think this is hiding behind the principle itself. What they are actually saying is that they do not want equalizing measures in our society. They want everyone to have fewer and fewer equal opportunities, when the member's very motion says:

—the government should consider implementing a tax credit or tax rebate that would compensate parents for the substantial costs of enrolling their children in youth activities.

The member for Winnipeg—Transcona did not have to write today's Income Tax Act. He is merely drawing the House's attention to the relevance of doing something along these lines. I would have expected the government's attitude to be more one of being willing to consider this motion, to see what can be done.

In today's society, what can we do to give everyone a more equal opportunity?

*Private Members' Business*

• (1805)

How, for instance, will we ensure that the children of parents with low income will enjoy this sort of benefit? This sort of consideration can be examined in committee. Legislation may have to be amended as a result.

We already have a tax credit for charitable donations. I think we could quickly and precisely link the sort of tax credit sought in the member's motion to the existing tax credits for charities. This way parents could be strongly encouraged to ensure their children will participate in such activities.

Parents who, at supper time, are organizing the week's courses and setting their own schedules up accordingly, will not say, as the Reform member did earlier, that this is not a matter for the government.

Under such circumstances, parents who have an opportunity to give their children more training will do so. They must also have equal opportunity, because in recent years there has been more pressure on taxpayers and particularly on parents in terms of family income. Would this not be a way to distribute wealth better?

Productivity in society has increased a lot in recent years. Banks for one are making huge profits. We are looking for ways to redistribute this increased productivity in society.

Would it not be a drop in the bucket, but nevertheless significant and valid to say that one way the government could ensure gains in productivity are returned to the people would be through this tax credit or a remittance of taxes to parents wanting their children to fully benefit from activities for youth.

I think all Canadians—children, parents or the agencies providing the services—would find that this was a fair and important act. I encourage the House to consider this sort of argument.

While the motion is not votable, I hope the government, in response to the arguments raised here, will pay attention and include such action in the next budget.

**Ms. Diane St-Jacques (Shefford, PC):** Mr. Speaker, I am pleased to take part today in the debate on the motion by my colleague for Winnipeg—Transcona. As my party's spokesperson on policies for children, I am greatly interested in everything relating to children's lives.

I must, however, admit that I am confused as to the content and scope of this motion. First of all, I believe it is essential to know what age group is targeted. Young children or adolescents? The answer to this will certainly have an impact on the extent of the activities addressed by the motion.

I wonder also about the activities eligible for the tax credit. Is the NDP member referring to hockey, ballet lessons, piano lessons? I do not know the answer but I do feel more clarification is required.

Perhaps the NDP member could inform us as to how the institutions or organizations providing these activities for youth would be accredited. What, for example, are the criteria for determining that this or that body is accredited to issue tax receipts? Is it limited to not-for-profit organizations? Are private sector institutions included? What are the criteria for obtaining the status of a tax receipt-issuing institution? Once again, the answers will have a definite influence on the impact of the motion.

Just think for a moment about the efforts and resources required to set up such an initiative. Would the government structure be even more complex than at present?

As well, the additional costs institutions will have to meet in preparing and issuing tax receipts will have a negative impact on the charge for activities. Prices will go up, and fewer families will be able to take part. Is the primary objective of the motion not to encourage more parents to enrol their children in youth activities?

Unlike the NDP, our party seeks solutions that will lighten the structure of government, and cut down on red tape.

• (1810)

The Progressive Conservative Party believes that the top priority is to implement an economic growth program. We also believe that tax relief should take the form of substantial personal income tax reductions. Taxes are too high in Canada. They kill initiative, they slow down and divert potential job-creating investments.

Our priority is to put more money back into the pockets of taxpayers; they will know better than the government what it should be spent on, be it on registered education savings plans or what not.

The government must also develop a job creation strategy, not a strategy to subsidize piano lessons. This is a matter of priority. Instead of the NDP government-pays-all approach, we are in favour of a co-operative approach with the private sector.

For example, sports teams could have corporate sponsors taking on the costs associated with buying equipment in exchange for displaying their corporate logo on the players' shirts. This kind of co-operative approach has proven successful so far.

It is not a priority for the government to interfere in this area. Many others require attention. Eliminating child poverty and adequate funding for health care are priorities.

Public funding should indeed be restored to the level necessary to ensure health care. Other steps could be taken to alleviate the

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taxpayers' burden, including full indexation of the child benefit and personal income tax brackets as well as reducing employment insurance premiums.

As long as there are children living in poverty, sick people who are not receiving adequate treatment, needy seniors and unemployed workers, we in the PC caucus will be there to defend their interests.

[English]

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, I am pleased to have this opportunity to add my comments to the record regarding this very important motion by my colleague, the member for Winnipeg Transcona. It was a privilege to second this motion.

We are often preoccupied in this House dealing with very serious problems in our society, the high unemployment of young people, the lack of opportunities for our youth to use their talents to their fullest, the burden on families, parents and communities to address the recreational needs of young people. Clearly if we in this House intend to find meaningful solutions to the problems of unemployment among young people, to the problems of a sense of feeling hopeless and helpless, to the problems of pursuing less than desirable activities in the areas of delinquency and crime and membership in gangs, we have to provide the services and recognize the needs that will deter young people from undesirable activities.

My riding is probably no different from those of many in this House. It is an area of very high unemployment, very high poverty, with a crying need from parents everywhere for governments to address those issues. It is a cry for help, not for charity, not for handouts but a cry for parents to help themselves deal with the concerns they are facing on a daily basis.

My community is probably not unlike those of many others in this Chamber in terms of the lack of adequate recreational facilities and supports. It is interesting on every turn that those community centres that were providing opportunities for young people to be involved are being shut down, inadequately resourced, without responsible action taken on the part of any level of government.

My intention today in support of this motion is threefold. First, if we are serious about the issues that we grapple with on a daily basis then surely as members of the federal Parliament putting pressure on the government we can effect some changes at the fiscal level in our taxation system that will be a meaningful contribution to the debate.

• (1815)

The second purpose is to say that the federal government also has a role to support community efforts through co-operative

financial efforts, through provincial-municipal co-operation in terms of recreational facilities.

There is a centre sitting idle in my community. It used to be the north YM-YWCA in Winnipeg. That organization ran out of the funds it needed to stay open. No level of government was prepared to fill the gap, to find a way to ensure that centre could be reopened. It would have given young people a meaningful place to fulfil their need for leisure recreation and to apply their talents. It was a project, an idea and a need that was not met by the federal-provincial infrastructure program.

We in this House tend to raise our voices about problems with young people involved in crime and gangs. Surely the federal government has a role to work, to listen and to address those needs. It can work hand in hand with provincial and municipal governments to find ways to open facilities that mean something to young people, not to close them. They can find ways to put programs in place which truly address the wishes and desires of our young people.

My hope today is for us to think in terms of the needs of families and parents who deal daily with the dilemma of trying to ensure their children are occupied and are busy enjoying life, that they are not lured on to streets into undesirable activities. We in Parliament can play a real role.

The motion proposed by the member for Winnipeg—Transcona is a very good place to start. It will help to deal with the tremendous burden families have of trying to find the necessary funds for their kids to participate in often costly recreational activities. Often the costs are beyond the reach of many parents. Certainly many parents in my own constituency do not have the economic wherewithal to pay for hockey equipment, to pay the fees, to drive their kids to and from activities. They must juggle their demands as workers with the need to be very caring and attentive parents.

It is a tremendous need which needs to be addressed. This is a good place to start. I ask all members to give serious consideration to supporting this motion.

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I am delighted to speak on this motion. It is put forward by an NDP member, although I do not like to say that because this is private members' business and when we deal with private members' business we should take the political designations out of it.

I have had occasion to get to know the member. I am impressed with his sincerity and his genuine desire to help families and to help people who are facing tremendous financial stresses and pressures in our country nowadays. I dislike having to say that I like this member, I like his ideas, I like his general principles and then immediately say that I am going to speak against his motion. I must do that for a very simple reason.

*Private Members' Business*

The member has proposed a motion that would selectively give assistance to families that are raising children. The motion states that the House "should consider implementing a tax credit or tax rebate that would compensate parents for the substantial costs of enrolling their children in youth activities".

• (1820)

There is such a wide range of activities that our children engage in. Are we talking about summer camps? Are we talking about sports and music lessons, which have already been mentioned?

Another example of where the costs are tremendous is in providing an education for our children and teenagers. Are we going to extend a tax credit to people who choose to enroll their children in private schools, as my wife and I did? We had specific reasons for that and it took a considerable sacrifice on our part to do it. However, I do not regret it for a moment. It was money that was very well invested.

The truth is that we paid for those tuition fees with after tax dollars because the income tax system does not permit a deduction of those fees. If I were to speak in favour of this motion, then I would say that should also be included. For example, to pay an annual tuition of \$4,000 a year for my young boys to attend the school of their choice and our choice, that \$4,000 tuition required that I earn about \$8,000.

My colleague from Calgary mentioned that the marginal tax rate is over 50% in Canada. This means I would have to earn over \$8,000 in order to write a \$4,000 cheque to the school. This would be a tremendously high proportion of a family's income. That extends to every area.

I then think of my children as young people on their way to university and college. It cost quite a bit of money to provide them with either transportation and room and board at home or with housing and tuition, the cost of books and cost of clothing, all of those costs, while they were students. According to our Income Tax Act, those costs were not deductible even though for us to help our guys, because they could not get a job or got a poorly paying job with few hours, we had to subsidize their education. It was fairly costly.

I would also like to commend my children for working very hard and very long hours in order to earn as much as they could. Here again, should that be with after tax dollars when we start paying \$8,000 a year to educate a young person in college or university?

I would think that if we are going to provide deductions for hockey lessons and trombone lessons so that one day when they are prime minister they can provide some music, it should surely be acceptable to provide deductions to the parents or other relatives who are actually paying the fees to further the education of these young people.

I would like to propose something which is actually much better. Instead of introducing into the Income Tax Act new provisions, new categories where the items can be either deducted from income or entered as a tax credit eligibility, it would be much superior for us to simply try to get rid of our debt so that we can stop charging 30 cents on every \$1 for interest. We thereby would provide tax relief to all Canadians at all levels with more disposable income. We could all use it.

It would help our economy. It would help our students and young people. It would help all of the families if we had a reduced tax load. More of them would be able to have jobs. More of them would then add to the economy. They would have a higher disposable income and more money in their pockets in order to provide for the needs of their families, whatever those needs are, the actual explicit expenditures they encounter or indirect ones.

• (1825)

Many families nowadays are really struggling. We have heard many times in this House that in order to have a balanced budget in the home both parents must work. As a result we have the social needs of the children, their parenting needs and also the tax needs to provide for the ability to look for day care or whatever is needed for the children, many of these things. The government should be out of the tax picture.

I would love it if in this country parents could have a free choice as to where they use their money for educating, training, or providing recreation for their children. Certainly they should have the choice of whether or not they want to actually parent their children themselves or hire others to do it. There are too many people who because of our excessively high rate of taxation simply do not have that choice. We are slaves to our tax system.

The member for Winnipeg—Transcona mentioned in his speech, and I have had the same experience, that charitable organizations have to charge the GST on the different functions they do to try to raise money to behave in a charitable way in their community. I do not know how this government can do that and still have any collective conscience.

I do not know how the Minister of Finance, the Prime Minister and all those individual Liberal members over there can sleep at night knowing that what they are doing is wrenching every dollar they can from Canadians in order to provide for the things that they value. It gives them such a sense of power to be able to tax Canadians and then decide where they will give it back.

We have noticed lately that if these people are good Liberal members with a paid up membership they are more likely to be eligible to receive a government appointment and things like that. It is unconscionable.

Whenever I think of voting for a bill that spends money or of approving an expenditure of a committee, I like to think in my mind of any family back in my riding whose whole annual tax bill in some cases will go to provide for that expenditure. We need to

*Adjournment Debate*

become much more conscious here of the burden we are putting on people.

**The Acting Speaker (Mr. McClelland):** The hon. member for Beauséjour—Petitcodiac will have two minutes.

[*Translation*]

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Mr. Speaker, I thank you for giving me these two minutes. This is a very important issue.

I was a single mother for a long time. My son played hockey and it was always an additional cost in my budget. I always had to find ways to pay for registration fees, equipment, etc. All these things cost money.

I support the motion, but I am somewhat concerned by what the Reform Party member says about our taxes. It is true that Canadians pay a lot of taxes. We often hear that the government should reduce taxes, but the Reform Party never talks about the big corporations that do not pay their fair share. Reform always says that ordinary people pay too much taxes and it is true.

However, I was very concerned when I heard the hon. member say that the government should stop collecting taxes. This really concerns me. As we know, they want to give up our national programs, which are so important in this country, such as our health care program.

• (1830)

We invest in post-secondary education. We have social assistance for those who have nothing. We should think twice when Reform talks about taxes. What is its real objective?

We pay taxes for one reason: to get services. Americans may pay less taxes, but look at how much it costs when a mother delivers a baby, or when someone seeks medical help for a bout of the flu.

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## ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

### DISEASED SHEEP

**Mr. Jean-Guy Chrétiën (Frontenac—Mégantic, BQ):** Mr. Speaker, on February 20 in this House I asked a pertinent question of the Hon. Minister of Agriculture and Agri-Food concerning the sheep disease scrapie.

Before proceeding, I would like to reassure all of the members of this House that scrapie does not cause any human health problems.

The problem that it does cause is for the farmer, as generally the whole flock has to be destroyed.

In the few minutes available to me, I would like to touch on the Canadian Food Inspection Agency, on carcass disposal procedures, and on compensation.

First of all, the new food inspection agency. It must be kept in mind that this agency was created out of thin air by this government. Since it began operations on January 1, 1997, barely 16 months ago—call it happenstance if you will—the number of flocks infected by scrapie has been rising to such an extent that one wonders whether the cuts affecting inspection do not bear a direct relationship to that increase. The reason I say this is that, when the flock at the Lennoxville research station in the riding of Sherbrooke was dispersed, the government saw fit to release sheep infected with scrapie into circulation. That is serious.

The agency must now be asking serious questions as to how the carcasses were disposed of on February 16, five weeks ago. An order was passed here in Ottawa to have the agency pay the costs of this disposal. I thought the carcasses were to be incinerated but I was wrong. Since the decision was made to pay, the carcasses are being collected by the thousands and deposited in regional landfill sites. Often this creates problems with runoff water, and our government tolerates or organizes this sort of animal disposal.

Finally, compensation falls far short. The government must sit down with the sheep producers. In this regard, I would like to pay tribute to the availability and especially the knowledge of three producers. They are Georges Pharand, Réjean Raymond and Giovanni Lebel, all from the lower St. Lawrence. They met in camera with the Standing Committee on Agriculture and were no doubt a valuable source of information for all committee members.

• (1835)

I am obviously impatient to hear the government's response to these three questions.

**Mr. Paul DeVillers (Parliamentary Secretary to President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, scrapie is a naturally occurring disease that has been around for over 200 years.

The present scrapie program in Canada is one of the best in the world. It was launched in 1945. There is no known link between scrapie and human diseases. There is therefore no reason to alarm the public.

All animals that show clinical symptoms of scrapie or are felt to present a high risk of contracting the disease are ordered destroyed under the supervision of the Canada Food Inspection Agency. The carcasses of such animals are incinerated or buried.



Farmers are compensated for the animals ordered destroyed under the Health of Animals Act. In addition, recent amendments to the regulations now guarantee payment of compensation for the associated costs of disposal.

Compensation encourages owners to report diseases and to play an active role in the fight against them, as well as in the efforts to track down their origins. Responsibility for maintaining consumer confidence in access to international markets rests with farmers, the industry and the government.

Canada's scrapie program is recognized as one of the most rigorous in the world. We will continue to work closely with the industry to combat this disease.

[English]

#### HEALTH

**Ms. Judy Wasylcia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, I am pleased to have this opportunity to go into more detail about the question I raised in this House on March 10 regarding home care. I am hoping that this forum will finally result in some answers from the Liberals and some assurances that their government is standing up for medicare.

There is a clear sense of urgency about the issue of health care and about the need for home care. There is not a Canadian anywhere who has not experienced personally and directly problems stemming from the inadequacies of our health care system or who does not know someone who has experienced some horrible situation in our health care system. They know we have a health care crisis.

They want this government to provide more than words and more than election promises. They are desperately looking for federal leadership, for a role by this government to preserve and strengthen medicare. They do not want anything to do with the kind of leadership, if we can call it that, being offered by the Reform Party. They reject totally the Reform policy, articulated so clearly yesterday, to establish a parallel private, for profit two tier health care system. They reject absolutely that kind of system. They want to see this government act now and act quickly to prevent that kind of idea from gaining any ground.

Canadians deeply care about medicare. They want to see medicare preserved and strengthened. They believe in a universally accessible, publicly administered, single payer health care system. They know it requires certain things on the part of this government. It requires a reversal of the trend that we have seen over the last few years of government offloading and cutbacks. They know it requires a commitment to reinvest in health care, especially at a time of budgetary surplus. They know it requires new and innovative directions to health care like home care.

#### Adjournment Debate

I submit to this government but specifically to the Minister of Health that his argument that we need more time to study home care before this government is prepared to act is completely misplaced and a fallacious argument. We have no shortage of studies, experience and examples about home care, how it can work and the kind of benefits it will achieve. What we need is action now. We need money on the table.

• (1840)

There are several reasons why home care is so critical right now. It will help to address the current crisis in our hospital system because if we do not have home care, people stay longer in hospitals. We know it is a cost effective method. We know that it is a responsible public policy responding to an aging population. We know it will take pressure off the families and particularly women who are left with the primary care of parents and aging relatives. We know it will stop the emergence of privatization in the home care field and we know that it will create jobs and create a boom for our economy.

In conclusion, it is absolutely clear that the best health system in the world did not just create itself. It took leadership and vision. We need that leadership and vision from the Liberal government now to preserve health care, to strengthen medicare and ensure that we have a national home care plan as soon as possible.

[Translation]

**Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, some people are wondering why the government is not investing in home care today if it is so urgent.

The government knows full well that Canadians need help to provide care at home and in the community. That is why, in the last budget, it gave back \$1.5 billion in transfer payments to the provinces for this year and that is also why, in the 1998 budget, it increased tax relief for caregivers, as promised.

Finally, it is why the government has invited Canadians as well as experts in home care from across Canada to meet in Halifax last week to discuss the measures that should be taken with regard to home care.

The message from the national conference on home care was very clear. Delegates agreed that a national approach is required in the area of home care. Participants at the conference have asked us to find the best solutions, not only the quickest. They want us to do things right.

The government started to work on that last year in response to recommendations by the National Forum on Health. We responded immediately by creating, for a period of three years, the federal-provincial-territorial fund for health services adjustment. Home care is one of four priority areas for evaluation and innovative projects.

*Adjournment Debate*

We know that the provinces and territories provide home care services to their residents. However, we have a variety of standards, services, eligibility criteria, user fees and funding levels across the country. It is a complex situation.

There is a lot more work to be done. We have to form a partnership with the provinces, hold further consultations with Canadians, define priorities, develop a plan and make careful investments to reach our goal. We are planning to do that over the next 12 to 18 months. That is what we will do.

[English]

## APEC SUMMIT

**Mr. Svend J. Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I thank the House for its indulgence in permitting me to speak while seated as a result of my recent injuries.

It was on December 11, 1997, the day after international human rights day, that I posed a question to the Prime Minister concerning the role of the Prime Minister's office during the recent APEC summit in my home city of Vancouver, British Columbia.

I spoke of deep concerns about the events that took place in the time leading up to the summit as well of course as the events that took place during the summit itself.

During the lead-up to the APEC leaders summit which was held in Vancouver at the end of November 1997 it was very clear that the Liberal government refused to put human rights on the agenda of the meeting despite pleas from my colleagues in the New Democratic Party and NGO delegates across Canada to do so.

Its lack of funding for the people's summit for NGO delegates to travel from Asia demonstrated that the government was determined to stifle any dissenting opinions about the role of APEC in promoting human rights, environmental, labour and social standards.

For example, rather than bar Indonesian dictator General Suharto as a war criminal under Canadian immigration law, the Liberal government arranged to meet with him in Indonesia prior to the summit and assure him that his security concerns would be addressed.

• (1845)

We saw during the APEC summit exactly how that promise to General Suharto was kept. Who could forget the images on television of peaceful protesters being pepper sprayed by the RCMP as the motorcades with Suharto and other known human rights abusers drove by?

One of the eye witness accounts from a UBC student, Darren Lund, said it all. He said that it was blatant that excessive force was used against peaceful students. He witnessed as police emptied

over 20 large canisters of pepper spray indiscriminately into the crowd. He thought it was a shameful way to show students how economic and corporate interest can supersede fundamental human rights.

There were many other violations. Protesters were detained without charge and forced to sign release conditions that abrogated their right to protest by saying they would not return to UBC during the APEC meetings.

There is the case of Jaggi Singh, who was arrested while walking with his friends to the student union building at UBC. He was forced to the ground by a plain clothes policeman, thrown into an unmarked car with tinted windows and driven away to a detention centre in the outskirts of the city. It sounds more like Argentina in the 1970s than Canada in the 1990s.

Women protesters were being singled out for strip searches in prison. Police forcibly removed the Tibetan flag that was flying at the graduate students' centre. Aboriginal Musqueam Chief Gail Sparrow was prevented from speaking on human rights, and law student Craig Jones was arrested for peacefully holding signs that read "free speech", "democracy" and "human rights", even though they were posted outside the APEC restricted security zone.

I call today on our government to order an independent public inquiry into these very serious events. An inquiry by the RCMP Public Complaints Commission is not enough. Certainly it can look into the complaints against the RCMP, but we must look into the role that the Prime Minister's Office played, for example, in interfering directly in the agreement that was arrived at between the University of British Columbia and those who were involved in the RCMP in organizing this meeting.

Finally, as former MP Marion Dewar said, in this, the 50th anniversary of the Universal Declaration of Human Rights, pepper spraying protesters is no way for Canada to demonstrate leadership.

**Mr. Nick Discepola (Parliamentary Secretary to Solicitor General of Canada, Lib.):** Mr. Speaker, in response to the hon. member's question I would like to essentially put things in the proper perspective first.

The APEC conference and the security evolving around the APEC conference was one of the largest events in Canadian history. It involved over 3,000 police officers.

As international law dictates, it also involved Canada having a responsibility to protect the 18 heads of state who were attending the conference.

To that end, there were clearly defined zones for the demonstrators to freely demonstrate in public view of the 18 heads of state who were attending.

*Adjournment Debate*

There were numerous complaints received since that incident and those complaints have been addressed directly to the Public Complaints Commission.

The Public Complaints Commission, as we know, is an independent administrative tribunal. It also has civilian members on it. They have the power to review all the complaints. They have the power to even conduct investigations and hold hearings. We look forward to those hearings.

On December 3, the Chair, Shirley Heafey, began the investigation into the RCMP's actions. On February 20, 1998, she also indicated that there would be a public interest hearing, which the member is calling for.

The hearings will start on April 14, 1998. We have every confidence that the Public Complaints Commission will do its job, that it will investigate everything it feels is necessary to investigate. We await the report.

In view of that report and the investigation that is ongoing, I would like to limit my comments at this stage.

## THE ENVIRONMENT

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Mr. Speaker, the minister of the Department of Fisheries and Oceans is sacrificing Canadians' health, environment and economic well-being to benefit the activities of large oil companies.

The minister's weak response in the House last week was a pathetic attempt to answer the question I had put forth, asking if he would commit to implementing the Gold report recommendations and say no to retroactive fees.

By dodging this vital question, which affects the protection of Canada's waters from oil and chemical spills, the minister demonstrated to all Canadians why the problem associated with the Department of Fisheries and Oceans is not limited to the bureaucracy itself. This is a minister whose discretionary powers are used to circumvent the protection of fish habitat and ignore Fisheries Act regulations.

• (1850)

His decisions regarding the Cheviot mine and lack of action in the New Brunswick aquaculture are a testament to the minister's absolute disregard for environmental matters. The bottom line is that he is ignoring a panel of inquiry by not implementing the panel's recommendations.

Presently the DFO is determining the bulk oil cargo fee, which is designed to extract funds from oil companies to clean up their spills. A handful of major oil companies presently profit from the bulk oil cargo fee by laundering their fee through their own certified response organizations.

Moreover, the oiled wildlife response organizations subcontracted by the certified response organizations have no guaranteed funding to provide essential environmental and safety services, while the certified response organizations automatically receive the

bulk oil cargo fee whether or not they perform the duties expected of them.

The Canadian Coast Guard is unable or unwilling to monitor the establishment, collection and allocation of the fee on an equitable basis. Furthermore, the DFO consistently refuses to publish reports on the fee structure and to consult the principal stakeholders involved in the bulk oil cargo fee.

What is worse, the certified response organizations receive guaranteed funding and make a great profit from it without providing the service. In some cases they state they can provide the service but end up utilizing expert organizations such as Maritime Atlantic Wildlife to carry out the service.

In addition, the certified response organizations claim that oiled wildlife response is not part of their mandate so they can pocket more money at the expense of both the environment and inevitably the taxpayer.

As a result of such activities, I propose that the DFO take immediate action toward the following three points: the creation of a non-profit, independent, national oil spill agency that would determine the fee structure, collect the fee, specify a fixed percentage for the other parties according to the need, such as oiled wildlife response organizations, and monitor the oil spill response organizations; forbid oil companies from owning any share in certified response organizations; and forbid non-Canadian owned response organizations from benefiting from the bulk oil cargo fee.

Over the last 31 months the fairness and equity of the bulk oil cargo fee have been well analysed. The overwhelming view of both government and independent studies demonstrate there are serious legal and viability problems. It is also the view of many including myself that it was the Tories who were responsible for creating this collusive, monopolistic practice by putting the interest of corporate greed ahead of fundamental principles.

Today I ask the Liberals to stop putting the interests of oil companies' pocketbooks ahead of the health of Canadians, our environment and our economic well-being.

**Mr. Paul DeVillers (Parliamentary Secretary to President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, the current oil spill preparedness and response regime was put in place by the previous government to supplement the Canadian Coast Guard's existing capacity to respond to a major oil spill anywhere in Canadian waters.

The hon. member can be assured that Canada's preparedness capacity has been significantly increased since the *Nestucca* and *Exxon Valdez* spills of 1989, with teams and equipment in place in

*Adjournment Debate*

all regions capable of responding to spills of up to 10,000 tonnes. That is more than 10 times the size of the *Nestucca* spill.

Further, in the event of a catastrophic spill, equipment and personnel would be moved in from other regions and from other countries to protect our marine environment.

The government strongly supports the principle that the potential polluter pays the cost of the preparedness system. This means that those who transport oil in Canadian waters must pay a fee to cover the cost of equipment and infrastructure that stand ready to combat a spill should one occur.

After extensive consultation, industry stakeholders agreed on the basic structure of a business based regime that would ensure that all potential polluters shared these costs.

• (1855)

Some major oil companies then invested approximately \$50 million in response organizations in order to put this preparedness system in place. No other companies made that investment. However, all potential polluters have an obligation to pay their share of the system.

The gold panel made a number of sweeping recommendations on the governance of the regime along with a different approach for deriving fees. Taken as a whole these recommendations constitute a complete reworking of the existing regime.

The minister accepts the panel's concern but has an obligation to consult with the stakeholders who worked with the government in creating the regime rather than imposing the new system proposed by the panel. A decision by the Ministry of Fisheries and Oceans on fees is now imminent.

Our goal is to create an integrated public and private sector system where prevention is encouraged, preparedness is required and the best possible response is available in all Canadian waters in the event of a spill.

[*Translation*]

**The Acting Speaker (Mr. McClelland):** 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 6.56 p.m.)

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