



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, March 31, 1998**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Tuesday, March 31, 1998

The House met at 10 a.m.

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*Prayers*

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• (1005)

[*Translation*]

## REPORT OF COMMISSIONER OF OFFICIAL LANGUAGES

**The Speaker:** I have the honour to lay on the table, pursuant to section 66 of the Official Languages Act, the annual report of the Commissioner of Official Languages for the calendar year 1997.

[*English*]

Pursuant to standing order 108(4)(b), this report is deemed permanently referred to the Standing Joint Committee on Official Languages.

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## ROUTINE PROCEEDINGS

[*English*]

### NUNAVUT ACT

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.)** moved for leave to introduce Bill C-39, an act to amend the Nunavut Act and the Constitution Act, 1867.

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

\* \* \*

[*Translation*]

### CONSUMER PACKAGING AND LABELLING ACT

**Mr. Eugène Bellemare (Carleton—Gloucester, Lib.)** moved for leave to introduce Bill C-389, an act to amend the Consumer Packaging and Labelling Act (nutritional value of food).

He said: Mr. Speaker, it is a pleasure to introduce at first reading this bill to amend the Consumer Packaging and Labelling Act, which provides for the listing of the nutritional value of food products.

[*English*]

My private member's bill stipulates that any processed food intended for retail sale must include labelling which lists the exact nutritional value of the product. Proper food labelling is an essential tool in the fight against nutrition related illnesses such as heart disease, cancer, tooth decay and diabetes.

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

\* \* \*

• (1010)

### PETITIONS

#### KIDNEY DISEASE

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, today is the last day of Kidney month.

I am here to present the first of a number of petitions signed by thousands of people in the Peterborough riding and across the country, including Ken Sharp, who has been on dialysis his entire adult life, almost 25 years.

The petitioners are interested in a bioartificial kidney project which might, in the end, provide relief for those who are on dialysis. They point out that 18,000 Canadian citizens suffer from end stage kidney disease and that those on kidney dialysis and those successfully transplanted recognize the importance of the bioartificial kidney and of present treatments.

The petitioners point out that dialysis services across the country are inadequate. Therefore, these petitioners call upon parliament to work and support the bioartificial kidney which will eventually eliminate the need for both dialysis or transplantation for those suffering from kidney disease.

\* \* \*

[*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.

*Government Orders***GOVERNMENT ORDERS***[English]***BUDGET IMPLEMENTATION ACT, 1998**

The House resumed from March 25 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.

**Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.):** Mr. Speaker, I am very pleased to be here this morning to take part in the debate on the implementation of certain provisions of the budget.

We have seen something different from the government this year in that it has finally introduced a balanced budget. The government predicts that this will be the case over the next three fiscal years. However, its actions in this have not changed dramatically.

As we have seen time and time again with this government it has taken measures to limit debate on various bills, including this bill. It seems that it does not want members to do their job, that is, to examine these bills in this place and to represent the views of their constituents.

The government has with this stage of Bill C-36, as it has time after time, tried to restrict the voices of millions of Canadians so that it can have its way and pass bills which may not serve the best interests of the people and of the nation.

The official opposition has introduced an amendment to this bill which states:

That the motion be amended by deleting all the words after the word "That" and substituting the following:

"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 Canada Millennium Scholarship Foundation, fails to guarantee that appropriate and objective accounting standards will be followed as advocated by the Auditor General."

I have had the pleasure of sitting on the public accounts committee and listening to the reports that the auditor general brings to that committee.

Before I speak to the specifics of the measures that the Minister of Finance brought forward in his latest budget which are being implemented by this bill, I would like to take a moment to talk about the auditor general.

The individual appointed to this position serves parliament as the watchdog of government, government finances and government departments. He works for parliament, not the government.

This individual is charged with ensuring that the government is wisely spending taxpayers' hard-earned money and making sure that taxpayers get good value for their money. In today's economic environment getting good value for our money is something that we all must do.

• (1015 )

Under the scrutiny of the auditor general the government has had to become more prudent in its fiscal management, and I have the greatest respect for the office of the auditor general and for this mandate.

Bill C-36 contains legislation intended to implement many of the announcements made by the government in this year's budget. The bill is divided into 13 parts, each of which either establishes a new program, amends existing legislation to alter program delivery or authorizes the federal government to engage in some new activity.

The scope of this act includes the Canada millennium scholarship foundation, assistance to reduce student debt, grants to encourage savings under registered education savings programs, and incentives under the Employment Insurance Act to provide a premium holiday in 1999 and the year 2000 for employers who hire young people.

Low income families will qualify for the Canada child tax benefit. There are some minor changes, mainly cosmetic, which affect old age security and veterans allowances. Other provisions of this bill include a wide variety of items such as raising excise taxes on cigarettes, reducing the excise tax on air transportation and allowing certain native bands to impose a 7% value added tax on alcohol, tobacco and fuels.

Although many of my constituents in Cariboo—Chilcotin express some happiness with the fact that the books finally are balanced, they certainly do not feel this is the government's victory. They feel this is their victory. They are the ones suffering the enormous tax burden like most Canadians. They are also suffering the enormous cuts to health and social programs, a lot of them at the provincial level after transfer payments were cut.

While watching programs and services that directly affect their everyday lives such as health care and declines due to cutbacks, they have seen the federal government dole out millions of dollars on such things as free flags. This is discouraging. Many of my constituents understand that we simply cannot continue living as we have become accustomed to in past generations, we have to start taking responsibility for ourselves and our families. We have to stop living beyond our means.

My constituents are angry at the lack of prioritization by this government. They would rather have a much smaller and more affordable bureaucracy. They would rather see cuts in the senior levels of the public service than cuts at the service levels. They would rather have money go to programs and services which

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would benefit everyday lives instead of going into programs which are more symbolic and do not have a direct impact on everyday lives. We saw that in the flag program and we see it again in the millennium scholarship fund.

The Minister of Finance has stated in question period that my party is against education simply because we oppose this bill. That simply is not true. What we oppose is the manner in which this government has established this fund. After reading the editorials from my local newspapers and listening to my constituents, the biggest disappointments from this year's budget are that there is no tax relief and the government is not putting a real down payment on eliminating our huge debt.

I am sure it comes as no surprise that my party feels there is a better way of dealing with putting our fiscal house in order. We would introduce debt and tax relief measures as a way to stimulate job creation and economic growth. This would help alleviate the much publicized brain drain which sees many of our brightest citizens leaving Canada in search of jobs and lower tax jurisdictions.

There is also the view of many of our critics that we oppose many of the universal social programs that have become a cornerstone of Canadian society. Again this is simply not the case. We do oppose the view that these universal social programs run by the bureaucrats are the best and the only way to care for the poor, the sick, the old and the young.

We support a greater focusing of social policy benefits in hopes of targeting benefits to those who really need the help, doing so in a rational and compassionate manner. Over the past decade in particular we have had to change how we live in this country.

● (1020)

We are all more dependent on our families than we were before. We have had to take more responsibility for ourselves and our loved ones and we have to live within our means on shrinking budgets. Our standard of living is much lower than it was even five years ago.

I am sure there is a great deal of pride in the fact that we as a society are able to look after ourselves, our loved ones and those who look to us. But Canadians also have a lot of resentment over the abuses within our system, the money that is wasted and the intrusion in people's lives.

I hear time and time again from those in my riding the resentment of my constituents over the smugness of the bureaucrats running these programs who say their way is the best and the only way. It brings out real hostility and resentment. People are sick of governments that arrogantly impose their ivory tower, socialistic philosophies which have diminished us culturally, socially and economically.

I am in full support of the amendment brought forward by my party and in opposition to this bill and the tactics of limiting debate that the government is insistent on using in passing this bill. Not only is it censoring both me and my colleagues and the members of the House in speaking on behalf of their constituents, it is also censoring our constituents as a result of the time allocations it has imposed on the House of Commons.

The government's action immediately preceding and with the announcement of this year's budget denied Canadians their first real budgetary surplus in decades. As seen in the plethora of spending measures in this year's budget, including what many perceive as the Prime Minister's only real legacy, the millennium fund, we have seen this government return to its tax and spend ways. The government had a wonderful opportunity this year. It could have given Canadians some real tax relief and start to make payments on our debt after years of mismanagement.

The Liberal government made a clear choice this year to keep Canadians overtaxed by introducing new programs that will only help a small percentage of Canadians. The message from my riding of Cariboo—Chilcotin is clear. What a let down. I urge all my colleagues to join me in opposing this bill.

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, Bill C-36 moves the government forward in its commitment to implement the Canada child tax credit.

I will take a few minutes to talk about this because I know the men and women in Etobicoke—Lakeshore who daily have to plan for their children and who daily in some way have to respond to the needs in their communities would like to find out a bit more about the child tax benefits and to see how that child tax benefit measures up in the goal of building a strong economy.

Let me start by quoting the Minister of Human Resources Development who described the challenge in two simple sentences: "Opportunity denied in childhood too often means chances lost as an adult. Children are our future, so there is no better place for Canadians to invest".

Bill C-36 speaks to that investment in our children. The vast majority of Canadians know how lucky we are to be living in Canada. Most of our children receive a pretty good start in life but some are not so lucky. I am speaking of the children who unfortunately experience emotional, behavioural, learning problems that affect their school performance and personal development, and those caught in the cycle of poverty.

Others suffer from physical problems such as disease, disability or injury. This is not only a personal tragedy but also a loss to the nation as a whole. And so Canadians believe that their government should make it a priority to invest in the well-being of our children, the future of our country.

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• (1025)

Governments already provide substantial support for families with children but we need to do more. The issue is not just how much support we provide but also how we provide that support. In particular, we must do everything we can to tear down the so-called welfare wall. We must ensure that parents on social assistance who rejoin the workforce will not lose all their benefits and services.

The federal, provincial and territorial governments have been examining ways to bring down the welfare wall and to improve assistance to children in low income families. We know the discussion that goes on around our country.

The proposed approach is a national child benefit system under which the federal government will provide an enriched Canada child tax benefit. In turn, the provinces and the territories would redirect some of their spending into better services and benefits for low income families, especially the working poor.

The 1997 budget started us on that road. It proposed a two step enrichment of \$850 million to the existing \$5.1 billion child tax benefit. The \$850 million annual increase includes \$600 million in new funds in addition to the \$250 million for the working income supplement proposed in the 1996 budget.

I am showing here the direction in which this government is going from 1996 to 1997 to this budget. In the first step, which took effect last July, the working income supplement was changed to provide benefits for each child instead of per family. The maximum working income supplement is \$605 for one income families and \$1,010 for two child families. It increases by \$330 for each additional child.

The second step will occur this July when the working income supplement will be combined with an enriched child tax benefit to form the Canada child tax benefit. The maximum benefit for low income families will be \$1,625 for one child families and \$3,050 for two children families and will increase by \$1,425 for each additional child.

Those individuals who will benefit from this will definitely know that we are heading in the direction to alleviate their situation. More than 1.4 million Canadian families with 2.5 million children will see an increase in federal child benefit payments by July 1998.

As part of the national child benefit system social assistance payments made by provinces and territories will be adjusted in accordance with the increase in the child tax benefit. The provincial and territorial governments will then reinvest the savings from social assistance to improve benefits and services to all low income families with children whether they are on social assistance or working. We hope that in the province of Ontario this will definitely happen.

Provinces are currently finalizing their reinvestment plans and are considering a variety of options including provincial income benefits, earned income supplements, extension of medical and dental benefits to low income working families and increased support for child care. To ensure that aboriginal children on reserves benefit like other children from this initiative the Minister of Indian Affairs and Northern Development is working with first nation leaders and provinces to develop appropriate reinvestment strategies.

The national child benefit system is an important initiative that deserves the support of all members of this House. It will increase support to low income families and reduce barriers to work, building on the respective strengths of the federal and the provincial governments in achieving shared goals. As part of the national child benefit system the federal government has committed to further enriching the Canada child tax benefit by \$850 million annually.

The 1998 budget allocates \$425 million as of July 1999 and a further \$425 million as of July 2000 to fulfil this commitment and this commitment is to be worked out further with provincial and territorial partners.

• (1030)

The federal government will continue working with the provinces and territories as well as with the first nations to reduce child poverty and barriers to work.

There can be no more worthy effort than a new partnership on behalf of Canada's children. This is why the government is more determined than ever to improve assistance to children in low income families. This is why the government is more determined than ever to open up a broader and brighter horizon for low income families and their children by bringing down once and for all the welfare wall.

That is why I ask members of the House to support Bill C-36 which moves us closer to a goal that all of us in the House should support.

**Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.):** Mr. Speaker, I am pleased to have the opportunity to speak to Bill C-36, the budget implementation act.

The recent Liberal budget could have been historic since it is the first time in decades that our books have been balanced. However, the Liberals missed an historic opportunity in the budget to deal with the issues of most concern to Canadians.

High tax levels, a crippling national debt, bracket creep and job killing payroll taxes have all been passed over by the government, despite the fact that these things affect the quality of life in our country, that these things reduce our standard of living.

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Canadians are subject to some of the highest tax rates in the world and the Liberals did nothing in the budget to address the situation. In 1993 Ottawa collected \$125 billion a year from taxes, but thanks to the Liberals Ottawa will suck \$166 billion out of the pockets of taxpayers in 1998. By the year 2000 Canadians will be paying \$48 billion per year in higher taxes than when the Liberals were elected. That increase is equivalent to \$5,000 per Canadian family. It is these taxes that are sucking the lifeblood out of our economy and forcing many of our highly skilled workers to move to the more tax friendly United States.

In the recent budget the Liberals should have addressed bracket creep but they did not. This insidious tax constantly pushes taxpayers into higher tax brackets even though their income remains unchanged. Even the OECD called on the government to eliminate this sneaky tax. Bracket creep represents taxation by stealth since taxes automatically increase each year.

The government has collected an extra \$22 billion since bracket creep was introduced by the Tories in 1989. Considering the present government's tax and spend mentality it should come as no surprise that it opted to maintain bracket creep, to maintain high tax levels and to maintain a source of income for its big government programs. The 1998 budget contains \$11 billion in new spending initiatives for 25 new government programs.

What it does not contain is real tax relief. It utterly fails to recognize that there is a \$583 billion national debt. The debt load costs \$45 billion each year to service. That is \$45 billion less for important social programs like health care and education. It is \$45 billion thrown into the wind each year with no direct benefit for Canadians. That is what our national debt load represents. Yet the Liberals are patting themselves on the back for taxing Canadians to death in order to eliminate the deficit. Meanwhile the monstrous debt load looms over our heads.

The finance minister had nothing to say about the serious debt situation which we now face. In fact budget documents show the national debt remaining unchanged through the year 2000. In typical Liberal fashion the government believes that if it ignores the problem it will go away.

It is not possible to sweep \$600 billion under the carpet. Ignoring the debt today means that it will be passed on to the next generation tomorrow, and that is wrong. According to the budget that is what the Liberals want to do. The truth is that there was a surplus in 1997-98 of \$3.2 billion but the Liberals blew it on new spending.

• (1035 )

If the Liberals had applied the surplus against the debt, we would have had an interest savings of \$235 million a year over the next three years. Rather than show a surplus on the books and face questions over excessive taxation, the Liberals simply spent the money.

Speaking of the nation's financial books, the auditor general accused the finance minister of cooking the books. His accusations are well founded in standard accounting practices as a matter of fact, standard accounting practices the government has stubbornly refused to accept.

The amendment put forward by my colleague from Medicine Hat addresses this issue. The problem is that the Liberals have assigned \$2.5 billion to the Prime Minister's Canada millennium scholarship foundation despite the fact that not a single scholarship will be handed out until the year 2000. It is not standard accounting practice, except in Liberal circles, to cost future liabilities into current budget figures, but then a lot of strange things go on within Liberal circles such as patronage appointments to the Senate in exchange for certain financial remuneration.

This is not the first time the Liberals have used this method of accounting for purely political purposes. The auditor general twice criticized the government for doing the same thing with the Canada foundation for innovation fund and the \$1 billion payment to Atlantic Canada for the HST.

The amendment put forward by the member for Medicine Hat would deny passage of Bill C-36 because the Liberals are cooking the books for pure political gain. I think this is obvious to all members of the House, and I urge them to support the amendment.

I would like to continue discussing the budget by pointing out the opportunity that was missed to lower taxes, particularly payroll taxes. Even the finance minister's department states that payroll taxes kill jobs. When the finance minister appeared before the finance committee in October 1994, he said that high payroll taxes were a tax on jobs and that it was ludicrous. He certainly has changed his tune in the last few years.

The CPP premium hike introduced this year is the largest tax grab in Canadian history. It will kill tens of thousands of jobs. Likewise, the minister has kept EI premiums at artificially high levels and he applied the huge EI surplus against the deficit.

EI premiums for employees are \$2.70, but the break even point is \$2. EI over the last few years has been taking in \$8 billion more each year than it pays out. These high EI premiums represent nothing more than a tax on jobs. To the minister these high premiums have become necessary revenue to apply against the deficit.

The CFIB and small business continually cite high taxes, particularly payroll taxes, as the largest impediment to growth and expansion. If the government wants to address unemployment it must get our tax levels down and encourage firms to hire.

The Liberals just do not get it. Government does not create jobs. High taxes most certainly do not create jobs. Big government and high taxes kill jobs. They are an impediment to economic growth and lower unemployment. The Liberals do not have a plan to create

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jobs as demonstrated by progressively higher taxes in each subsequent budget since 1994.

However, Reformers have a plan for getting Canadians back to work and strengthening the economy. We would reduce job killing payroll taxes and capital gains taxes in order to encourage investment in Canadian businesses. We would eliminate the 3% and 5% income surtaxes introduced by the Tories and only tinkered with in the budget. As well, Reformers would increase the amount of the basic personal deduction and extend the child care expense deduction to all parents.

In all, our efforts would reduce taxes by \$15 billion by the year 2001. This amounts to \$2,000 per family of four. This plan is directed toward providing a brighter future for Canadians, a future filled with hope and opportunities.

Unfortunately, when we examine the Liberal government's obsession with high tax levels and its continuing yearly tax increases, the hopes of many Canadians are erased and many opportunities will simply never arise. Therefore, for these reasons I cannot support Bill C-36. I urge all other members of the House to oppose the bill.

[*Translation*]

**Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ):** Mr. Speaker, I rise today to speak to Bill C-36 introduced by the Minister of Finance and known as the Budget Implementation Act, 1998.

• (1040)

A lot could be said about this budget, but I will begin by pointing out several of its shortcomings, particularly in so far as the Department of Canadian Heritage is concerned.

In recent days, the Minister of Canadian Heritage has passed herself off as the great defender of the rights of francophone and Acadian communities. Her grand statements are beginning to sound like science fiction.

A hard look at the numbers and at what is actually going on reveals that the Minister of Canadian Heritage is cutting official language education funding by \$22 million. This is particularly hard on independent schools and associations of independent schools at a time when francization needs are glaring.

On March 18, the minister announced that the Official Languages in Education Program was being renewed for a further five years, with stable funding, meaning that, despite the fiscal turnaround, the savage cuts of recent years are continuing.

The Commission nationale des parents francophones du Canada, an organization representing 11 provincial and territorial federa-

tions of francophone parents outside Quebec, reacted to this announcement in a release quite rightly entitled "Political will in free fall".

It says, and I quote: "The announcement of another large cut in the Official Languages in Education Program for the next five years represents another disappointing chapter in the increasingly sorry turn that the future of official languages in Canada is taking—. The ongoing erosion of the Official Languages in Education Program is indicative of the erosion in the political will of the Canadian government with respect to the development of minority francophone communities. It can be expected that teaching in French in the francophone communities will become a priority as resources dwindle".

While the federal government was paying \$268 million into this program at the time the Liberals were elected in 1993, the Liberals reduced payments to this program this year to \$152 million, or a reduction of 43% over six years.

According to Mrs. Johanne Lacelle, the president of the Commission nationale des parents francophones, "We are disappointed, because the educational needs in minority communities are pressing. We are still far from having the quality education that would put us on an even footing with others. Funding should be doubled or tripled rather than reduced. Assimilation is on the rise in all of the francophone communities. More and more francophones are losing their first language, while more and more anglophones are acquiring a second language. These are the results of the present language situation in Canada".

Let us recall that the Commission nationale des parents francophones revealed in 1996 that the bulk of the funding to provinces for official languages in education was going to anglophones learning French as a second language. Finally, only the minister herself thinks that everything is fine and that francophones can be helped by reduced budgets.

We have also called upon the Minister of Canadian Heritage, both here in the House and in the heritage committee, to substantially increase the funding allocated to the court challenges programme. The purpose of this program is to provide financial support to cases taken before the courts by groups or individuals who feel that their language rights have not been respected.

Finally, the minister has announced that she would not pursue her plan to cut 9% from this program. What great progress for francophones. By cancelling this cut, the minister will have to find the \$250,000 this 9% represents elsewhere in her department. So who will pay the price this time?

At the present time, there are about 10 cases before the courts, or in preparation, contesting provincial decisions on school administration or the creation of French language schools.



Unless the court challenges program receives a substantial increase in funding, some of those cases will have to be either abandoned or deferred, as the money will run out before the year is over. The past has shown that continuous recourse to the courts was the only way francophone minorities could ensure any sort of respect for their rights by the governments of the anglophone provinces, despite section 23 of the Constitution.

In another vein, the 1998 federal budget makes no provision for funds for the multimedia sector or for loan guarantees to develop content in the new media, including the Internet.

• (1045)

Yet, this was promised in the second red book, and the advisory committee on the information highway recommended setting up a \$50 million fund. Last week, at the Standing Committee on Canadian Heritage, the representatives of Telefilm Canada indicated how important investment in the multimedia sector is to the development of television programs, videos and films.

The Liberal government could and should also have announced the immediate abolition of the GST on books. While the minister allocates \$31 million a year to her program to assist publishers, the Minister of Finance pockets some \$120 million in revenues from taxes on reading material. By continuing to tax books, the Minister of Finance is nullifying his colleague's efforts. He is undermining the industry and limiting public availability of written material, thus hurting both culture and education.

That is some of what is missing in the 1998 budget, which confirms that the Liberals are promoting certain values in their speeches and election campaigns but neglecting them when they deliver their budget. It is all very well for the government to set ambitious objectives for its departments, but these are unattainable without the necessary financial means.

Part 7 of Bill C-36 is intended to implement the raise in taxes on cigarettes announced by the Minister of Finance before the budget was tabled. While the Bloc Québécois supports such an increase, it deplores the fact that the minister did not include measures to support sports and cultural events that may lose their sponsorship by tobacco companies, following the adoption of Bill C-71 by the federal government.

I should point out that the Quebec government took the initiative regarding this issue by pledging to allocate part of the revenues generated by the tax increase on tobacco—that is about \$12 million—to a Quebec fund for culture, sports and health. This initiative will be confirmed in the budget to be brought down by the Quebec government.

Parts 1, 5 and 10 of Bill C-36 deal with the government's millennium scholarship fund, the measures to support registered

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education savings plans, and federal assistance to students. In spite of these stopgap measures, one wonders whether the federal government truly wants to improve education, considering that, between 1993 and 2003, it will have cut over \$10 billion in that sector, including \$3 billion in Quebec.

These federal cuts, which are partly responsible for the lower quality of our education system, have resulted in soaring tuition fees, thus contributing to the indebtedness of a whole generation of students and to a major increase in personal bankruptcies by graduating students.

Instead of providing financial solutions to these students, the federal government ties them down for a long time. With this bill, the Liberal government amends the Bankruptcy and Insolvency Act to extend from two years to ten years the period of time during which a discharge does not release the bankrupt from the reimbursement of his student loan.

I cannot talk about education without deploring once again the chronic underfinancing of research and development, as we are about to enter the 21st century. This situation directly impacts on students, because they do not have access to modern teaching and research infrastructures, and because they are deprived of the stimulating presence and expertise of teacher scientists.

I will conclude by saying that the federal government should stop talking about its noble values and boasting about its great initiatives. Instead, it should find the means to implement these projects and to take concrete and effective action, while respecting the jurisdictions of each level of government.

[English]

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, it gives me great pleasure to enter the debate on Bill C-36.

I would like to discuss a specific aspect of the legislation which perhaps many members have not mentioned. It has to do with the authorization in the act to allow the Canada Development Investment Corporation to dispose and transfer its assets and liabilities including the Canada Hibernia Holding Corporation.

All Canadians have been interested in the Hibernia oilfields for many years. It was back in 1965 that the initial investigative work was done in the oilfields to see whether this would have a significant potential for some of our poorer provinces.

Some people may wonder why the member for Durham is talking today about the Hibernia oilfields. My wife's family has deep roots in the province of Newfoundland. This is also something which all Canadians want to share and rejoice in. I do not think people realize that if the government disposed of its financial interest in the Hibernia oilfields, currently it would be about \$2.5

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billion. We can imagine what a positive impact that would have in hopefully increasing a surplus in future years.

• (1050)

The Hibernia project represents a partnership of Canadians for Canadians. I was in Newfoundland a couple of years ago and I discussed a number of the financial aspects with legislators there. They were very concerned about some of the cutbacks in the CHST and how they were going to be able to maintain some of their basic services through the CHST and also through the equalization payments system.

During various periods in the history of Newfoundland a depopulation has occurred. That has been a benefit to ridings like mine. A great number of people from Newfoundland are now residing in parts of Ontario. They had to leave Newfoundland because there was no employment. Unemployment levels in Newfoundland are still unacceptable. With the economic activity that is going to be generated by Hibernia, unemployment levels are going to decline.

A substantial investment in capital has already occurred in the Hibernia oilfields. Most of this money has been spent in Canada. Capital expenditures of over \$5 billion have already gone into this project and 55% to 60% of these capital expenditures were Canadian. Sixty-six per cent of all employment was Canadian. Today as we speak there are over 250 jobs on that rig. Of course that money goes back into the economy of Newfoundland.

They are currently projecting to increase the production up to 20,000 barrels a day. As the entire platform is developed they are talking about 135,000 barrels of oil a day. That is a significant and major oil discovery on our east coast. It is going to have a tremendous impact on the economy of Newfoundland.

That is good. We all benefit. The federal government taxes these people when they make profits. The province of Newfoundland will get royalties from this and it also will get the spin-off jobs. This is very positive for increasing the economy of Newfoundland.

I should mention the recent discovery at Voisey's Bay. This is a long term project. When it gets going, Newfoundland will also be able to reap some benefits in the mining sector. The mining and resource sector is anticipated in 1998 by the Conference Board of Canada to increase its revenues by over 80% in the province of Newfoundland. Unemployment rates will decline due to this to 17.9%, which is still unacceptably high but is significantly lower than it has been in the past.

In St. John's and other communities in Newfoundland there has already been a tremendous increase in residential construction. The Conference Board of Canada estimates that in 1998 the renewal of the housing sector will increase 14.8%.

Some foresighted government years ago which saw the need to put in that seed capital to get the Hibernia project going was very wise indeed. This is a great opportunity for the people of Newfoundland to acquire economic benefits and to build a truly indigenous economy for themselves.

A concern I have about this issue is from time to time I hear people especially in resource based economies challenge the equalization payments system. The equalization payments system is based on certain income levels that exist within a provincial jurisdiction and then it tries to equate them with the three wealthier provinces. Through that process there have been payments to provinces to help raise their standards so that we all have equality.

That is what is so great about this country. As Canadians we agree that we have to have basic standards, standards in health care, standards in social services, standards in unemployment insurance benefits, et cetera. That is what makes this a great country.

• (1055)

If people were to sit down and ask what it is that Canadians understand, it is that we have over the years created these sharing arrangements. The people of Ontario and the wealthier provinces like Alberta and British Columbia from time to time have realized the importance of sharing in this way.

I have heard people argue from time to time that the resources from a resource based economy should be excluded from the equalization formula. This means we would exclude the resource sector from the calculations. The equalization payments would be skewed to allow the provinces that are utilizing their resources not to have to include them in the calculations.

I do not have to tell anyone that the province of Alberta for years and years has been a net contributor to the equalization payments system and an economy very heavily dependent on the resource sector.

Those people were able to buy into the argument. It seems that the new provinces, those now coming on with a higher resource sector must do so as well.

I understand the arguments I have often heard members speak about. They say that Newfoundland's infrastructure has deteriorated over the years, that they need time to build it up. They do not think they should be penalized by seeing their equalization payments decline at the same time that this is occurring. They want to be given some breathing room, to be given a chance to catch up.

I understand the merits of that having been to Newfoundland and having understood that its infrastructure certainly is in need of significant capital injection. However the reality is that we must as

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a country all live with common standards. For that reason, I believe it would be unwise for us to pursue that.

Right now the province of Newfoundland receives equalization payments of somewhere around \$1.4 billion. We should all be rejoicing, including the people of Newfoundland, and saying that those equalization payments are going to come down.

Maybe one day Newfoundland will be a net contributor to the equalization payments system. That is great. Once again it shows how Canadians care and that in good times and bad times we can live together.

I also want to touch on one aspect of this legislation which I think perhaps a lot of members have overlooked. It is the ability to allow the government at any time to dispose of Hibernia by orders in council without bringing further legislation to this House.

It is a very significant time. Clearly somebody is thinking of doing just that. As we talk, international oil prices are fluctuating. It is clear that the government is going to be prudent in selecting a timeframe in which to undertake this.

We should know that our investment in Hibernia is really twofold. We have a direct investment via the Canada Hibernia Holding Corporation. That is an 8.5% interest in the entire operations. Some of the bigger players are Mobil Oil, Chevron and Petro-Canada. Interestingly enough we still own 8.3% of Petro-Canada so indirectly Petro-Canada also has an interest in the Hibernia oilfields.

I just wanted to intervene at this time to talk about the equalization payments system, about how the rest of Canada, including the people of Durham, are very thankful that this has been a success for the people of Newfoundland. At the same time I want to give them a little reminder that we are all in this club together. We are all going to play by the same rules. When things get a little better for Newfoundland, it will also have to play by the same rules. I am sure most people of Newfoundland believe that.

In closing, I wish the people in Newfoundland well. I was very happy the other day to see the first tanker shipment of oil leave the Hibernia oilfields. It marks a new day for the people of Newfoundland.

• (1100)

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, it is my pleasure to address my comments today regarding Bill C-36 and my concerns regarding education in Nova Scotia and the country at large.

With this budget and with the policies and directions this Liberal government has implemented over the past five years, it has

created an educational deficit in this country which threatens our ability and our children's ability to grow and prosper in the future.

In my home province of Nova Scotia funding for post-secondary education has been ravished since the federal Liberals imposed their severe cuts to education with the Canada health and social transfer in 1995. The provincial Liberals have matched the feds cut for cut. The results are rapidly rising tuition fees, spiralling student debt and a serious threat to accessibility.

Here are some sad, I would say outrageous, facts regarding public education in my province since the advent of Liberal cost cutting federally and subsequently provincially. Between 1993 and 1996 \$50 million has been taken from provincial grants to school boards. That is nearly a 10% decrease. I have personally watched the tortured process by which school boards fight over whether to cut full day elementary classes, band, speech therapists or class sizes. In the late hours of these meetings we hear them bickering over elements of education, none of which are frills but are all essential to the growth of our students. Yet that is what they are being reduced to doing now.

Between 1994 and 1996 there have been 764 teaching positions cut across the province of Nova Scotia. That was a 7.5% reduction. Meantime enrolment has dropped by just 1.1%. Is it any wonder some classrooms are overcrowded and many teachers stressed out? Specialist teachers have been hit especially hard. By 1997 the education funding review work group identified a \$33 million deficiency in special education funding. All these cuts are directly related to the severe cuts imposed by the Canada health and social transfer.

In Nova Scotia there is also a new twist to public education which has been brought about again by Liberal cuts. There is not enough money for textbooks, special needs students or the replacement of some of the overcrowded and substandard schools, yet the Liberals found the cash to indulge in a new scam which is called public-private partnerships to build new high tech schools. The government has gone into partnership with some companies such as IBM and Systemhouse and others of its corporate backers to build and run schools. They will not reveal the terms of the partnerships or the long term costs.

When Liberal friends and corporate backers who make up the consortium building the private schools could not find the private money to finance the construction, the government quietly loaned them more than \$45 million interest free.

Here are some more facts about post-secondary education in my province since the budget cuts to education. In Nova Scotia funding for university and community colleges dropped from \$270 million to \$230 million this year. On average Canadian students who graduate now have over \$24,000 debt in student loans. Declining government support means that universities must rely on tuition fees for an increasing share of their revenues. Nova Scotia students are paying more than 22% of the university revenue in their tuition, this versus a national average of 14.5%.

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The average tuition for arts undergraduates in Nova Scotia is over \$3,700. This is the highest in the country. On average Nova Scotia undergraduates paid \$500 more than the next most expensive province, Ontario.

The cost of living for Canadian students in 1996 was over \$12,000. Expenses for an undergraduate arts student for the 1997-98 academic year at Dalhousie totalled \$9,000 in tuition, room and board and additional fees. Only the University of Toronto was higher among 10 universities surveyed by Statistics Canada.

• (1105)

It is not a surprise that Dalhousie, one of the proudest and oldest universities in the country, is now on strike. There are 117 professors at Dalhousie who have been laid off. This university is now in the throes of chaos and again it has to do with our lack of commitment to post-secondary education in this country.

I think it is no surprise that the people of Nova Scotia have voted very roundly against what they see as Liberal cost cutting to some of their essential services and that includes education. They have voted with their ballot against Liberal policies in Nova Scotia and continue to do so also federally because they are concerned about the future of their children. I think this budget is going nowhere to allay their fears on that score.

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, I want to give a few thoughts on Bill C-36, the implementation act of the budget. This is a large piece of legislation and of course it results from some of the things that were tabled in the budget in late February. I want to look specifically at some of the issues that are talked about, the millennium scholarship fund for instance.

There are a few other things I should preface my remarks with, and that is the situation we are in fiscally in the country so that all these budget implementation things could happen at all. Of course when the budget was tabled last month the government talked about finally being in the position to have a balanced budget.

That is super in terms of Canadians saying we do not have to deficit finance anymore and hopefully it will never happen again, but the question of course is how did we balance the budget and how is it that we are operating at a zero deficit.

I would hate to be critical of government members patting themselves on the back so hugely that they would dislocate their shoulder. That would be a most unfortunate thing.

But looking at how the budget was actually balanced there are a few questions to be asked. I know Mr. Speaker would be just as concerned as I to know some of the answers to this.

In 1998 the government will collect \$35 billion more in taxes than it did in 1993. I do not know whether this could be called cutting spending. I hardly think it would qualify under that category. I think of my home city of Edmonton where taxpayers have been asked to kick in \$35 billion as part of the larger economy of the country, \$35 billion more in taxes.

For my part of the country and my city, that equals about \$1 billion just for the city of Edmonton. That is a lot of people working and a lot of people sending in their taxes to Revenue Canada to kick in our portion of this increased tax and revenue for the government of Canada. It is about \$1 billion coming out of Edmonton alone.

When I think about it I would be amused if I were not so sad. When the relocation of the superbase happened in Edmonton it was treated as though this was a gift of largess from the government. It said you lucky folks, guess what is happening to you in Edmonton. You will be getting the western Canadian superbase and we will spend hundreds of millions of dollars making sure that happens.

That is wonderful and there is increased economic activity in Edmonton. We sure appreciate that but when it is treated as though it is some sort of gift from someone on high, it could be understood that the gratefulness is not quite that exciting.

• (1110)

After all, if we are sending \$1 billion more into the Government of Canada, then a \$100 million return on a superbase is not exactly a great investment on our dollar. When the government talks about partnerships and investments, I am no mathematician but I know that if I get \$100 million spent in my community and then the government turns around and takes \$1 billion in extra taxation and revenue from me then I am not exactly what one would call a winner in that area.

We need to realize that the government is going to be collecting \$35 billion more in taxes than it did in 1993 when it came in. Who is paying that? It is the taxpayers who are sending out their cheques to Revenue Canada. People all across the country want the budget balanced and this budget has done that.

However, there is also the debt which is the accumulation of all these deficits that have added up over the years. The total debt now is \$583 billion, which is an amazing amount of money. Frankly, I do not even know how many zeros that is. However, if we break it down to the average family we are looking at every family of four in this country from Newfoundland to British Columbia being saddled with an extra mortgage of \$77,000. This is just scandalous. I am not sure that any government should be standing up patting itself on the back and saying it is terrific.

We need to make sure that debt reduction is the number one target but frankly I do not see it here in the budget. When the

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budget was delivered, the Liberals said that if there was any money left over people could rest assured that they would put some of that money toward the debt. There was a wink, wink and a hand on my wallet in my back pocket. They were going to make sure to look after the debt.

I look at pages in the House of Commons who are coming along the generation behind those of us who are getting a little older. Who is going to pay that debt? I am sure every member in the House, regardless of political party, understands that we have close to \$600 billion of debt. Who is going to pay it? We can stand and brag that we do not have to worry about this anymore because we are paying off our Visa with our MasterCard, but I think that certainly defeats the purpose.

The government has slashed payments to the provinces by \$7.4 billion. That is an incredible amount of money. That is 16.5% of the reduction of the deficit.

Mr. Speaker, when you travel the country, as I am sure you do, and talk to people they say what their priorities are. They want to have a good health care system in the country. They want good, sound education programs. They want to make sure they have secure pensions when they reach retirement age. I think everybody universally feels the same way about that.

However, here we are debating a bill which includes the millennium fund right now which concerns post-secondary education. How much help is it going to be? It will touch 6% of the students in the country. I think the far wiser thing the government could be doing is moving forward and realizing that what is important is not just to reduce the debt but to offer tax relief to all the provinces. With a higher amount of money in transfer payments, the provinces unilaterally could then offer universal tuition reductions. I think that would be a lot better than picking students who are going to be able to benefit from this millennium fund.

If we talk about students, and I think of our pages who are in university right now, they are going to have their first degree under their belt by the time this millennium fund even kicks in.

When we look at how serious it is to offer real help to students and then look at this implementation of the Canada millennium fund, it looks to me like the Prime Minister, before he heads out at the turn of the century, wants this to be his shrine. He wants this to be his personal legacy. He will go out on a roll as the architect of this and they will build a statue saying he was the one who brought in the Canada millennium scholarship foundation.

If the government were seriously concerned about students it would do something in this budget to increase the transfer payments it slashed so harshly. It should put back the transfer funds to the provinces to ensure that under their jurisdictional powers they would have the money available to offer universal tuition cuts. I think that would be a very refreshing thing.

• (1115)

Regarding tax relief there is not a lot in the budget that offers real cash back to the people who are paying billions and billions of tax dollars to the government. The government will put a dollar in the pocket of taxpayers and say that is wonderful. Then the old hand comes around to the wallet again and it takes \$2. That is not good arithmetic. It is not good politics. It is not good optics. I know you would certainly agree, Mr. Speaker, that government has to watch where it has its hands.

If we look at the ultimate amount of money the government brings in, it is absolutely staggering. I am looking at the budgetary numbers in the budget in brief. Budgetary revenue is the amount of cash the government is bringing in. In fiscal year 1998-99 it will be \$151 billion. All those zeros would hardly fit on a ledger sheet. They would have to be written very small.

The government is spending \$104 billion on program spending. There is a balance of \$46.5 billion. The government says that is a lot of cash and it is terrific that it has \$46 billion.

Do we know where that exact amount of money is going? It is going to interest payments on the debt. It is frightening when we see that kind of thing happening because interest payments will just gobble up all the cash that should be going to other programs.

There are many tremendous programs, worthwhile programs. We see some of them in the bill. Should we be thinking about education? Absolutely. This is what we talk about, that future generations need to have an education. Is the government really concerned about education, helping students and making sure that tuition fees are low? No. Instead it builds a shrine to the Canada millennium scholarship foundation. What good does that do other than provide a trophy, a plaque or a statue? It does not do a lot of good.

Let us look at the amount of money going to various projects. Talking about education again, the Canada Student Financial Assistance Act on paper looks absolutely super. We sit down and ask questions about whether this is the best way to address student finance. I do not think so.

Tuition should be lowered and transfer payments should be put back to the provinces. We should make sure that the provinces are able to deliver excellent quality post-secondary education so that kids are able to learn, get their degrees, get good jobs and pay taxes back to the government. That is what it is all about.

**Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.):** Mr. Speaker, today is March 31, the end of fiscal year 1997-98. Today the budget book of the federal government is balanced for the first time in almost 30 years. It will be balanced in

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the forthcoming two years, resulting in three consecutive balanced budgets in almost 50 years.

It can be said that the post-deficit era has begun. It is an era of new optimism and expanding opportunities for Canadians as we prepare for a new century.

We now have an economy with historically low interest rates and inflation. Thanks to lower interest rates, the monthly payment on a \$100,000 mortgage is now over \$250 less than it was in January 1995, a savings of over \$3,000 per year. The monthly payment on a \$100,000 small business loan is now over \$180 less than it was in April 1995, an annual savings of over \$2,200.

We now have an economy that has created over one million new jobs since the Liberals took office in October 1993. It is an economy with which the OECD says Canada will lead the G-7 nations in economic and job growth in 1998.

● (1120)

Indeed we have reason to be proud as Canadians. Not only will we be putting the debt to GDP ratio on a permanent downward track. Our debt reduction plan will reduce the absolute level of debt, which I say to answer the anxiety of the opposition.

Earlier I spoke of the expanding opportunities for Canadians as we enter the new millennium. The budget builds on action taken in previous budgets by proposing a Canadian opportunities strategy. The aim of the strategy is to provide Canadians, especially young Canadians, with greater opportunities to prosper in a new knowledge based economy. This strategy takes action on seven fronts. Let me name them.

The first is the Canada millennium scholarships and Canada study grants.

The second is increased funding for advanced research to granting councils: the Medical Research Council, the National Research Engineering Council and the Social Sciences and Humanities Research Council.

The third is tax relief on student loan interest and improvements to the Canada Student Loans Act.

The fourth is measures that promote lifelong learning.

The fifth is helping Canadians save for their children's education through Canada education savings grants.

The sixth is supporting youth employment through an employment insurance premium holiday for employers who hire young Canadians in 1999 and 2000.

The seventh is expanding access to advanced technology by increasing funding for SchoolNet, the community access program and the Canadian Network for Advanced Research.

On the Canadian millennium scholarship program part of the budget let me say that the foundation for the program would be the centrepiece of the Canadian opportunities strategy. It is a compre-

hensive strategy designed to help create new opportunity for Canadians by expanding access to the knowledge and skills needed for better jobs and higher standards of living as we enter the 21st century.

The role of the Canada millennium scholarship foundation is to remove the barriers for low and middle income Canadians, especially young Canadians so that they can get the post-secondary education or the advanced technical training they need to get good jobs in the new economy.

Beginning in the year 2000 Canada millennium scholarships will be awarded to over 100,000 full time and part time students each year over the next decade through an initial endowment of \$2.5 billion from the federal government. This is the single largest investment ever made by a federal government to support access to knowledge and skills for all Canadians. It truly reflects the commitment of the government to the youth of the country.

For full time students the scholarships will average \$3,000 a year. Eligible students will be able to receive up to \$15,000 in millennium scholarships over a maximum of four academic years of study toward undergraduate degrees, diplomas or certificates. The Canada millennium scholarship foundation is about access, not jurisdiction, with a challenge that is crucial to the future prosperity of Canada. All levels of government have a legitimate role to play and a responsibility to work together.

Let me touch on another item in the budget concerning allocating the fiscal dividend. The fiscal dividend is the projected surplus of total revenues over total spending that would arise in the absence of any new tax and spending actions since the 1997 budget. In our 1997 election platform, "Securing Our Future Together", we pledged that over the course of our second mandate we would allocate our budget surpluses on a 50:50 basis. Half would go to investments in social and economic priorities. The other half would go to a combination of tax relief and tax reduction. This rule of thumb reflects the balanced priorities of Canadians. The government remains committed to this formula.

The 1998 budget, the first in our new mandate, reflects that commitment. The formula will be used as a guiding principle for planning purposes. Although the annual split may vary from year to year, already the impact for the 1998 budget over three years is 40% investments on social and economic priorities and 60% on tax relief and tax reduction.

● (1125)

Let me go to another topic on tax relief if I may. The budget delivers \$7 billion of tax relief over the next three years. Yes, tax relief for low and middle income Canadians through an increase in the basic personal exemption and the elimination of the 3% general surtax on Canadians with incomes of up to about \$50,000. These are two measures that will take 400,000 Canadians off the

tax rolls and reduce taxes for 14 million Canadians by the year 1999 and the year 2000.

In conclusion, let me ask all colleagues in the House to give their support to Bill C-36 which may be cited in short as the Budget Implementation Act, 1998. When we do this I am sure Canadians will be proud of all of us.

**Mr. Chuck Cadman (Surrey North, Ref.):** Mr. Speaker, I am honoured to be provided with the opportunity to speak to Bill C-36 and the official opposition amendment.

It was most unfortunate to bear witness to our government attempting to play fast and loose with the financial books of the country. We have a world renowned organization of professionals called the Canadian Institute of Chartered Accountants. Members of this group are contracted all over the world to audit financial records to maintain the integrity of financial statements.

The Minister of Finance's recent methods of creative bookkeeping make a mockery of Canadian professional accounting practices. All the minister can say is that he knows better.

We have the office of Auditor General of Canada. His office has a budget of approximately \$50 million. Approximately 500 people are employed to scrutinize government programs and financial activities. The auditor general has been most critical of the minister's creative bookkeeping.

How does the government react to the very office set up to monitor its finances in the interest of Canadians? It provides thinly veiled threats to its servants who are attempting to do the job they have been mandated to do. It tells its own watchdog that the finance department is in charge and if the auditor general does not like it then the rules will be changed.

I sincerely hope that this is not an example of what Canadians can expect, should the Minister of Finance ever fulfil his goal of becoming prime minister of the country.

The issue of cooked books is just a symptom of the disease. Sometimes I wonder whether the Minister of Finance is conducting himself in such an irrational and questionable fashion merely to draw attention away from his failure to address the real problems of his budget.

The main element of the recent budget was the establishment of the \$2.5 billion Canada millennium scholarship foundation, but the funds are not to be disbursed until the year 2000.

Canadians get little in the way of direction or assistance from the government for the years 1998 and 1999. Finally, in the year 2000 the millennium fund kicks in. Who benefits? In 1996 there were 1.7 million students. The millennium fund will only help 2% a year with \$5,000 grants. It will not necessarily help the needy. It will

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often aid those who already have sufficient means to fund their education. It only helps those who are continuing their education.

Millions of our youth do not have the interest, background or qualifications to gain the opportunity of this fund. It will be limited to a few. It will do nothing for those who do not go to our universities.

I recently attended a forum put on by street youth, just some of those who will not be eligible for the Prime Minister's millennium fund. At this forum there was a great deal of soul searching and relating of tragic stories: abusive homes, alcohol, drugs, hopelessness, cynicism. Name it and it was there.

These kids are a major component of our next generation and society is doing very little for them. They have been forgotten by the budget. Indeed, they appear to have been forgotten by those who loudly profess to care for them. Even though there were about 150 young people attending the session, there was not one Liberal or NDP member of this place to be found, even though the gathering took place in downtown Vancouver, their constituencies, miles away from my own.

After cutting billions of dollars from transfer payments the government appears to think that our next generation's problems are to be handled by the provinces and territories. The government attempts to characterize any critics of the Prime Minister's memorial fund as being anti-education. They say the fund is all about a stronger future for our young people.

• (1130)

Actually this government is more concerned with creating a personal political memorial for the Prime Minister than it is with assisting our youth.

When the Reform Party and the vast majority of Canadians argue for debt and tax relief measures to stimulate our economy this government plays with the books to conceal any surplus. It says it will look at debt and tax relief once the surplus surfaces, but can and will that ever happen if the minister has free rein over his bookkeeping practices?

Instead of a millennium fund for students the Liberals have provided a millennium burden for taxpayers. By the year 2000 Canadians will be paying over \$173 billion per year in taxes. That is \$155 billion in total budget revenues plus another \$18 billion in Canada pension plan taxes. This works out to \$48 billion more and is equivalent to about \$5,000 per year higher for the average family than when the Liberals were elected.

It may be a coincidence, but the \$5,000 figure arises here as well; \$5,000 more per year for the average taxpayer and \$5,000 per year for 2% of our students who will be fortunate enough to obtain

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the millennium funds. This government has made a unilateral decision to tax the Canadian family of four and give those tax funds to a minuscule proportion of our youth. This government is not being overly compassionate or considerate toward youth—

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, I rise on a point of order. There does not appear to be a quorum in the House.

**The Deputy Speaker:** I do not see a quorum. Call in the members.

*And the bells having rung:*

• (1135)

**The Deputy Speaker:** I see a quorum.

The hon. member for Surrey North has the floor.

**Mr. Chuck Cadman:** Mr. Speaker, this government has made a unilateral decision to tax a Canadian family of four and to give those tax funds to a minuscule proportion of youth. This government is not being overly compassionate or considerate toward youth. It is merely taking from the family to create a memorial for the Prime Minister.

I will now move on to a couple of areas of concern to my constituents. This government promised to spend \$30 million on crime prevention. It has been having difficulty even maintaining the status quo. In my community the officer in charge of the Surrey RCMP detachment has lost a number of his more experienced officers to other police forces and other agencies. Why? Because it took until last Friday for this government to finally provide a pay raise so that these officers could feed and clothe their children.

This government was more concerned with looking after government executives than it was with those who were in more dire financial straits. Now that it has finally brought in the pay raise it may well be too late and may not be enough.

Instead of keeping its commitment to maintain the salaries of its national police force in line with the average salary of the major municipal forces, this government has merely thrown them a bone. There is little meat involved. Many other officers from my community may be forced to move onto greener pastures. It is unfortunate.

This government has so much difficulty with its priorities that it fails to properly look after those who toil to preserve the peace in our communities, our police officers. The former minister of justice and the former solicitor general were promising \$30 million for crime prevention all the way back to 1996, but little has been seen. When it comes it will again likely be for a political purpose rather than being in the best interest of our citizens.

I will provide another example of the dreadful mismanagement of this government. It is all hoopla and little action. The former solicitor general was quite proud of the RCMP for introducing its violent crime linkage analysis system, or ViCLAS, a project to monitor and solve crimes of a serial nature. It has been said that if the system had been properly used during the Paul Bernardo and Karla Homolka investigation the murders of Kristen French and Leslie Mahaffy may never have occurred.

Guess what? The province of Ontario has learned its lesson. It has managed to allocate sufficient but scarce resources to properly fund ViCLAS through the operations of the Ontario Provincial Police. But where is the federal government with the RCMP? I have been led to understand that the RCMP ViCLAS project is now under severe threat because this government has not found or made available the necessary resources to properly fund this worthwhile and world-recognized program.

• (1140)

Imagine, the RCMP is forced to fly the Prime Minister to the ski hills but the government does not have enough money to fund one of the world's most advanced technological crime fighting tools. As with most things, this government is more concerned with trumpeting and taking credit for the program. It is not interested in providing the funds to operate it efficiently or effectively.

With that thought I will end my comments on this bill.

**The Acting Speaker (Mr. McClelland):** I believe the previous occupant of the chair had made a commitment to recognize the hon. members for Louis-Hébert, Kings—Hants and Calgary.

The hon. member for Louis-Hébert.

[*Translation*]

**Ms. Hélène Alarie (Louis-Hébert, BQ):** Mr. Speaker, it is with great interest that I rise in this House today to speak on Bill C-36 introduced by the Minister of Finance.

I have followed the whole debate on this extremely controversial bill with great interest. After reading the remarks made by a number of members, I was shocked to see those few colleagues from Quebec that sit across the way speak out in support of certain parts of this bill.

While representing the people of their ridings in Quebec, they support the Canada millennium scholarship foundation proposed by a Prime Minister seeking visibility. This is happening despite the obvious consensus of the Quebec coalition, which was reiterated by the Premier of Quebec in a press conference. I just cannot get over it. This seems to indicate a serious lack of consistency between what Liberal members from Quebec say in Ottawa and what the Liberal wing is saying in Quebec.

In its last budget, the federal government announced that \$2.5 billion had been earmarked for education and that he wanted to



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invest it in a new program, the millennium scholarships program, which, I remind the House, will not provide any relief to the existing education system, after cuts totalling \$3 billion in education.

It claims to be putting the fiscal dividend, that is, the budget surplus, to work by investing in education, skills development, assistance for low income families with children and health care, through the Canadian opportunities strategy. A better name for this strategy would be Canadian government visibility strategy.

The Minister of Finance cut federal transfers to the provinces for social assistance, post-secondary education and health as part of the joint effort to put its fiscal house in order. But I would point out that 52% of the results were due to the sacrifices the provinces have had to make. Now that this goal has been reached, the Liberal government wants to act alone and spend budget surpluses instead of making up for the harm done by cutting transfers to the provinces.

During yesterday's meeting between the Premier of Quebec, his education minister, the Prime Minister of Canada and his Minister of Human Resources Development, the two governments agreed to establish a negotiating framework for the infamous millennium scholarships.

Quebec already has its own scholarship program and post-secondary education priorities. The two levels of government agree that there should be no duplication of programs and that Quebec's jurisdiction and priorities in the education sector should be respected.

It is clear, however, that the government opposite wants to celebrate the millennium by making a significant contribution to knowledge through millennium scholarships awarded to students over a ten-year period.

The Quebec coalition representing several organizations does not, however, have the same vision of what is needed to provide real assistance to students. At a press conference yesterday, coalition president Bernard Shapiro, vice-chancellor of McGill University, said, and I quote "We feel that the bill in its present form contains no appropriate provision whereby Quebec could use the important resources allocated to the foundation in a broader manner, consistent with its priorities. Members of the coalition, including Quebec students, believe that the resources set aside for the foundation would be better used within the existing structures and budgets of Quebec's education system".

We in the Bloc Québécois support this view. It is obvious that the student population, the faculty and many other individuals are in agreement with the Government of Quebec's position. This is blatant interference in a provincial area of jurisdiction that all governments, since Jean Lesage's day, have ardently defended.

• (1145)

Education is the soul of a people, its very backbone. It allows it to develop as a society, to understand its origins and its past, and to plan its future. It is the cornerstone of any society.

We in Quebec have chosen to invest in the future of our community and of our society with a system of education which responds to the true needs of its students. We have made a choice as a society.

The federal government, on the other hand, with all the cuts it has made since coming to power in 1993, has decided otherwise. Now, having seen its popularity with students dwindling away, it is implementing a new program which will get the flag of Canada onto its cheques.

But students are no fools. They know who cut \$3 billion from education, and that provincial governments have had to make some difficult choices and will have to continue to do so, because cuts in federal transfers to the provinces for health and social programs will be in the order of \$30 billion from now until the year 2003. We have a social deficit and it is time that deficit was remedied before it is too late.

We are asking the federal government, given that Quebec has exclusive jurisdiction over education, to exclude Quebec from the millennium scholarship program, but with fair and full compensation.

The Liberals are using this battle against the deficit as a pretext to continue privatizing the Canadian economy and are now setting their sights on education. This private foundation, to be established under Bill C-36, will allow the companies funding it to decide, in a certain way, which students deserve financial assistance. Will they make their choice according to the field of study that responds to their needs or the general needs of Quebec?

What about the real budget for research and development of \$310 million and not \$400 million over three years? That will enable the granting councils to keep their heads above water, but not to expand.

We must not forget that we are at the bottom of the list of G-7 countries in terms of research and development, and nothing indicates things will improve in the future. How can we compete with rival countries? How will we keep our brains? How will we interest our young people in post-secondary education? This budget provides no reassurance.

Another failing of the budget is the fact that the Minister of Finance said not a single word about agriculture. However, there are a lot of problems, which we will be coming back to in the House. Barely 16 lines in 275 pages are devoted to Canada's rural regions. The only reference is to the minister's having given the Farm Credit Corporation more money last year. The only major

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expenditure in this regard is \$20 million over five years and among a number of departments.

Since 1991, the Liberal government has cut the agriculture and agri-food budget by \$4 billion, and this year's budget contained other cuts. There is a lot to be said in this regard, and we will come back to it in the coming months.

I will point out there are several failings in Bill C-36, but my colleagues will surely return to other very important aspects of the latest budget of the Minister of Finance.

[*English*]

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, I am pleased to speak on Bill C-36, the budget implementation act.

The budget of 1998 represented a major shift in the fiscal fortunes of the Government of Canada. It has taken 15 years of fiscal planning to achieve this balanced budget as the Leader of the Opposition mentioned previously in the House. Policies including free trade, the GST, deregulation of financial services, transportation and energy, all implemented by the previous government, were necessary and appropriate. They provided the framework and the basis upon which this government was able to balance the budget.

Let us make it clear. The real heroes today are not politicians, or certainly not the members on the government side. The real heroes are ordinary taxpaying Canadians who have had the budget balanced on their backs and who endure the highest taxes in the G-7 countries.

With this budget the Liberals have gone from being a tax and cut government to now being a tax and spend government. This should not be surprising because this was the government that led us down the path of debts and deficits beginning with former Prime Minister Trudeau in the early 1970s.

● (1150)

The biggest single spending initiative in this budget is the millennium scholarship fund. Canadian taxpayers are contributing \$2.5 billion of their money to a bursary fund that will not be delivered to students for three years. Even then it will only benefit 7% of students.

What seems to be lost on the government is who in fact is making the program possible. It is ordinary taxpayers. It is not the Prime Minister. It is not the finance minister. It is ordinary Canadians who as I have said have paid the highest taxes of any of the G-7 countries. They have seen their income taxes as a percentage of GDP rise from 13% in 1993 to 14% now. Keep in mind that the previous government reduced income taxes as a percentage of GDP from 14% to 13% between 1989 and 1993.

Now the Minister of Finance is retroactively allocating \$2.5 billion from last year's budget to this program, an act that the auditor general has spoken against. The Minister of Finance has taken responsibilities away from the auditor general, the watchdog of the Canadian taxpayers in this House and provided them to the board.

When I recently asked the Minister of Finance in question period to provide the auditor general with access to the fund's books, he responded that if the auditor general would like to have access to those books, it will be arranged. The auditor general does want access to those books, yet nowhere in this legislation is their a clause giving the auditor general the access he needs to oversee the taxpayers' money. The departmental officials I met with last week confirmed that despite the minister's reassurances to the contrary in this House, the auditor general in fact will not have access to the fund's books.

This represents the second time in two years that the Minister of Finance has set up an at arm's length foundation with a significant amount of taxpayers' money and appointed a separate auditor. The last time was the innovation fund, \$800 million to be allocated to medical centres, universities and research laboratories. Now \$2.5 billion will be administered without a clear and transparent auditing practice.

In the legislation the board for the millennium scholarship fund will appoint its own auditor. This is contrary to common business practices where the shareholders appoint an auditor, not simply the management. In this case the shareholders are ordinary Canadians who are represented by this government. That is why this departure and this lack of accountability in practice is very dangerous. It is also why the auditor general should be involved in overseeing such a huge allocation of Canadian taxpayers' funds.

Why does the government or the minister not appoint an auditor themselves? Instead it is going to be the board that appoints its own auditor. It may be an arm's length corporation but I would suggest that the arms are very short when the government is going to be appointing a significant number of the members of the board. The accountability is certainly not provided to ordinary Canadians who are footing the bill.

If we look at the millennium foundation in this legislation there is a significant lack of clarity surrounding the criteria of need and merit. It is stated very nebulously that the criteria is based on need and merit. No further direction has been given to the board on this criteria. Depending on the make-up of the board, the need or merit criteria could vacillate from one end of the spectrum to the other.

I remind the House that there are many young Canadians who need a higher education. The need component for the millennium scholarship fund may be more appropriate than simply the merit component. There needs to be some type of guarantee that young

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Canadians who do not have the financial means to achieve a higher education are provided with a higher education. Keep in mind that 7% of Canadians seeking higher education will benefit. Only 7%. To have it nebulously stated as it is, is inappropriate.

Frankly students who demonstrate the merit frequently earn scholarships to higher education institutions. They can participate in a higher education without the need for some gigantic memorial fund to the Prime Minister.

It should be remembered that the Canadians taxpayers who are footing the bill for this deserve and have now lost the ability to oversee the funds with this government's reticence to use the auditor general.

A second point of Bill C-36 which is worth noting today is the changes to the RESP program.

• (1155)

*Investor's Digest* recently ran an article stating that the changes to the RESP policies will simply serve to complicate the current program. I quote "The problem with the RESPs is that they are already too complicated for most investors. The new grants will create more confusion".

I do town hall meetings in my riding. Often we talk about tax policy. I have not had one constituent ask me to complicate the tax code. I have heard a lot of them say that the Canadian tax code is not user friendly and that it is inappropriate that citizens have to hire accountants to deal with their own governments.

What does the government do to address a crisis in higher education funding? It complicates the tax code. This proposal serves to complicate a tax code that is already far too complicated.

To give one example of the potential for abuse, there is a 20% top-up for individuals investing in an RESP, a matching where the government will effectively provide grants to those who invest in RESPs. It is a worthy intention to help provide and augment Canadians' savings for the higher education of their children. However we must always be wary of the first law of public policy, which is the law of unintended consequences.

I met with departmental officials last week. Nobody has explained to me why this 20% top-up will provide Canadians with a 20% grant if they invest in an RESP. If, 20, 18 or 15 years down the road, the beneficiary of the program chooses not to go to university or to pursue a higher education for whatever reason, the government will at that point be getting that grant back. The money earned on that grant over that period of time will be left with the individual, the contributor, the Canadian investor. This creates a direct incentive to invest in RESPs.

Recognizing that there is only a limited pool of funds out there for Canadians to invest with, it creates a direct disincentive to invest in RRSPs. The government is effectively providing a 20% top-up for Canadians to invest in one investment vehicle and a similar disincentive to invest in the other, the RRSPs.

By creating a policy like this, we will create a policy that will ultimately create financial insecurity for Canadians in terms of their retirement accounts. It will create a crisis down the road.

No attempt will be made to recover the earnings from the 20% top-up. The fact is it would be almost impossible logistically to do this. Again this is going to create a decrease in the incentive to invest in RRSPs.

Let us look at another example of this government's propensity to tinker with economics as opposed to providing broad based tax relief, which was the appropriate measure that should have been taken at this juncture. Let us look at the EI fund and the employment insurance holiday for employers hiring young Canadians.

Our party has repeatedly called for the government to reduce EI premiums to \$2 from the current rate of \$2.70. We outlined our position in our plan for growth, which was our prebudget submission.

The finance minister has stated categorically time and time again that EI premium reductions will not create jobs, will not lead to increased job creation in Canada. I heard the minister speak recently to the board of trade in Halifax. He stated that reducing EI premiums would not lead to greater job growth. Today the minister's agenda has obviously changed. Why would he eliminate EI premiums for young people if he did not feel that the reduction or the elimination of those EI premiums would lead to increased job creation for young people?

Everybody wants young people to have greater opportunities to seek employment in Canada. But we want all Canadians to benefit from reduced payroll taxes.

We have established that the minister cannot have it both ways. Effectively he is articulating that reducing payroll taxes will not have an impact on employment growth. Yet he is implementing policies where effectively that is what he is doing for that intent. Effectively he is playing one group against another. Certainly young Canadians between the ages of 18 to 33 need a break. But through this employment eugenics policy or this Pavlovian economics policy, he is creating a direct disincentive for Canadian businesses to hire other Canadians.

• (1200)

Again, it is an example of a government that prefers to make decisions for Canadians as opposed to ordinary Canadians, who deserved broad based tax relief in this budget, to make their own decisions as to what to do with their fiscal dividend.

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While this government now brags about being in the black, many Canadians are still in the red because of its reticence to change fiscal policy for the better.

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, I appreciate this opportunity again to stand today to support the official opposition's proposed amendment.

I bring the amendment to everyone's attention again by reading it because I think it is quite appropriate in the way this debate has been shaped and in the way the Minister of Finance has structured his budget in an effort to hide the truth and in effect impact negatively on the taxpayer who actually funds this hidden contingency fund that the minister has so carefully deferred to the future.

This is the proposed amendment by the official opposition:

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 Canada millennium scholarship foundation, fails to guarantee that appropriate and objective accounting standards will be followed as advocated by the auditor general.

There is no question that the auditor general has warned this government time and time again about its actions. Even when it comes to some of the chief proposals, it seems like his warnings continually fall on deaf ears. This is not a very good example for the people in this country who are footing the bill and paying hard earned tax dollars to see it squandered by the Liberal government in such ways that are inappropriate and despicable for the most part.

It is another example of government manipulating the system in a cynical attempt to fool the taxpayer into thinking the government is being productive. In this case we are talking about the \$2.5 billion that would have gone to debt reduction and tax relief. We owe tax relief to the taxpayer. This is what should have happened with the \$2.5 billion.

What is the government doing? It is just playing a shell game with the books and are becoming experts at it. It should be held accountable for it. Instead of translating a surplus into lower taxes for Canadians, the government is pretending that the surplus does not exist. Instead of reducing the massive national debt standing at close to \$600 billion, the government buries its head in the sand and pretends that there is no problem and tells taxpayers there is no problem.

This is not the first time this government has tried to pull a fast one with the books. As the previous speaker pointed out, last year the government was criticized for allocating the cost of the Canadian Foundation for Innovation of \$800 million a year before the foundation was created. It was all deferred.

In 1996 the government gave a \$1 billion payout to the Atlantic provinces as an incentive to harmonize the GST in that region. Once again, this happened a year in advance of the payout.

I was looking through other portions of that act and at the proposed changes by the government to Bill C-36. It sure likes to defer things to the future. I think the small business community, the engine of our economy, should be paying particular attention to something in the bill which deals with employment insurance and premium holidays.

• (1205)

In the years 1999 and 2000, employers who hire young people between the ages of 18 and 24 will pay no EI premiums on their wages. If EI premiums remain stable this will save employers up to \$3.78 per \$100 in earnings, a measure that will cost about \$100 billion.

What is this? They are deferring it to the year 1999, another deferred promise that will not take effect until the next year. It gives the view that the Liberals are doing a great big favour to employers by bringing this change into the act. What is so great about it? Right now there is about a \$13.5 billion surplus in the EI account. By March of next year that will have grown to \$19.6 billion. Whose money is that sitting there? It is the taxpayers' money.

If the government were truly interested in helping employers, in pushing this economy along even more, it would give that tax relief directly to the employers, it would place it back into the hands of the employers and employees by an across the board EI reduction in premiums. Then it would benefit someone. Right now who is it benefiting? It is sitting in an account. It is the taxpayers' dollars. All could be part of a relief plan or a benefit to the employer in expanding his business. Anything is better than being in the hands of this government or a bureaucrat.

The auditor general has complained about each of these cases. What is the government's response to the auditor general's complaints? It had the gall to threaten him. The deputy finance minister fired off a letter to the auditor general telling him to mind his own business. If that is not a shameful act, I do know what us. The auditor general is hired to do a job and what happens? The government threatens him for doing it. In reply to the auditor general the government said that it could change the rules if it liked.

The auditor general pointed out that if the government gets away with this it will open the door to future governments simply allocating expenditures from year to year regardless of when the expenses occur. In other words, Liberal habits have become almost institutionalized. Taxpayers spend an awful lot of their hard earned

money on the federal government. They deserve to be able to look at the books knowing that the government is being above board in return. There is something unethical about it.

We all know the real reason for the finance minister to continue the Liberal tradition of bending the accounting rules. He wants to be able to keep a tight control on the fiscal reins so that he can better position himself to become the Liberal leader. I guess that is the ultimate agenda. He wants to become the leader. After all, what better way of winning support than giving taxpayers a tax break just before a leadership bid. Is that the plan of the finance minister and the Liberal government? There are personal agendas here. I do not think they are acceptable to most Canadians.

I would like to give the finance minister a bit of strategic advice for free. If he did the responsible thing now, pay down the debt and deliver tax relief today, he would find that his popularity would increase immediately. Probably his chances for leadership would be better. Everyone would rally behind him in much more substantive way and with good reason. Is that not good advice? The members across the way do not agree with that. They want to see more of the same. Best of all, his popularity would be earned legitimately. Imagine that, a Liberal finance minister who became popular by being straightforward and honest with Canadians about their tax dollars.

• (1210)

In this case I urge all members of this House to seize the opportunity to show Canadians transparency, honesty and integrity in this government, support the official opposition's amendment and bring transparency to the government's bookkeeping.

[*Translation*]

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Mr. Speaker, I am very pleased to take part in the debate on Bill C-36, the Budget Implementation Act, 1998.

I will be addressing part I of the bill in particular, which deals with the millennium scholarships, a project which everyone knows is very dear to the heart of the Prime Minister and member for Saint-Maurice.

We know these scholarships will come from a special fund of \$2.5 billion, to be administered by a private foundation, starting with the year 2000 and running for 10 years. Some observers wonder, moreover, what is going to happen after that. If there is a need, why should the federal government not be responsible for it always?

This is already one somewhat foolish aspect of this project, which has just popped up out of the blue, or perhaps out of the head of our Prime Minister.

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As you know, there is a hue and a cry in Quebec at the present time, and just about everyone is against this federal government project, from stakeholders in education at the kindergarten level right up to university presidents. This of course includes students and teachers via the CEQ and the Association étudiante du Québec. It should be pointed out, as well, that this coalition is being headed, most courageously, by President Shapiro of McGill University.

So, as I have said, this plan by the federal government is raising a great deal of opposition in Quebec. One of the best illustrations of this is a real gem written by Lysiane Gagnon on Thursday, February 26, in *La Presse*. Given her political opinions in general, Mrs. Gagnon is displaying remarkably clear thinking.

The article is entitled "A demagogic and provocative project", and includes the following:

Future generations will find no better illustration of the reign of the current Liberal Prime Minister than these millennium scholarships: the perfect example of a superficial and demagogic policy, of window dressing that does nothing at all about the real problems and that may even create a few new ones.

These scholarships will swallow up money that should have been put towards improving the school system, and they will contribute to the further deterioration of relations, if they can possibly get any worse, between Quebec City and Ottawa.

Is it pure coincidence or skilfully organized provocation? Hard to say. But one is stunned by this unbelievable federal intrusion in education.

—The decent thing would have been to substantially increase provincial transfer payments, now that Ottawa has put its fiscal house in order. This would not have been a question of generosity, but rather repayment of a blatant debt. But there was the vanity of the Prime Minister, who wants his name associated with some sort of government handout, not to mention the deep-seated need of any government for maximum visibility. A direct gift to taxpayers brings in more votes than turning money over to the provinces.

—Three years of budget cuts have left the universities in deep financial trouble, with the result that the quality of teaching and research is deteriorating.

• (1215)

And Ms. Gagnon goes on:

What is the point attracting more students on campus, if it is to give them an inadequate education and devalued diplomas?—If the Prime Minister was even remotely sincere in his wish to stimulate education, he would have provided assistance to schools, through the responsible governments. But obviously, when it comes to votes, it is more productive to distribute maple-leaf bearing cheques to post-secondary students—all the more so because they, unlike primary school students, have the right to vote.

The millennium scholarships will be grafted, God knows how, onto an already existing grant system. Either they will be based on different criteria, and this will thwart provincial policies, or they will be based on the same criteria used for existing scholarships, and this will be a patent case of duplication of services.

It is probably in light of this that, yesterday, the Premier of Quebec made a proposal to his federal counterpart. The management of Canada being what it is, if Canadians ever want to have

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access to these scholarships—although we have doubts about the federal government's attitude—the government simply has to reach an agreement with the English speaking provinces concerned, as there is no grant program elsewhere in Canada. In Quebec, we have a loans and grants system. Such an agreement could meet identified needs and suit provincial governments. It is up to the federal government to come to an agreement with these provinces.

As usual, it is different in Quebec, where we have a very well organized grants and loans system.

This is the spirit in which, when they met yesterday, the Premier of Quebec, with the coalition I referred to earlier firmly behind him on this, gave the Prime Minister of Canada an amendment to be included in this bill as clause 46.1. Let me read it for the record. It concerns the right to opt out with compensation, which would be totally legitimate, appropriate and proper for the Canadian government to give the Quebec government in this context.

Under an agreement between the Lesage and Pearson governments, Quebec has had the right to opt out of loans programs since 1964, because the Canadian government is not involved with bursaries. If it now wants to get involved, why not include, in the same spirit, this opting out with compensation clause?

I will read this amendment, which we endorse and which would be added as clause 46.1.

46.1. When a province has established and administers a financial assistance program for students to ensure equal opportunities regarding post-secondary education, the ministers shall, at the province's request, conduct negotiations with this province to come to an agreement with respect to the fair compensation it should be paid in lieu of the foundation's activities in the province.

I think this would settle the matter. This is full of wisdom, as the Quebec government has often been these past few years, especially since 1994. I think it might meet both the needs of Canada, if these are indeed—which is questionable—needs expressed by the education community and the public, and those of the Quebec government and National Assembly in terms of use of funds and transfers. It is important to know that the coalition has the support of the Liberal Party as well as that of the public, including students. This would improve the grants and loans situation.

It seems to me that it would be the wise thing to do, in addition to being in keeping with the underpinnings of the Canadian Constitution, where it is clearly and plainly stated that education is under provincial jurisdiction. That is what we are asking for.

[*English*]

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, as the education critic for the NDP I am very pleased to speak in the House to Bill C-36, an act to amend certain provisions of the

budget tabled on February 24. I would like to focus my comments on the budget and how it impacts or whether it alleviates the crisis facing post-secondary education in Canada.

• (1220)

The millennium fund illustrates very well the government's failure to recognize the crisis facing post-secondary education. If we talk to students and to student organizations like the Canadian Federation of Students, which has done a lot of analysis and evaluation of what is the reality and the situation facing students today, we find out that the average debt for students graduating this spring will be \$25,000. In fact, worse than that, approximately 130,000 student loans are in default.

There have been reports of a 700% increase in student loan bankruptcies from 1989 to 1997. What is a very shocking fact and statistic is that now 25% of all bankruptcies are as a result of student loans in 1997. This means that at the end of 1997 there was something like 37,000 bankrupt graduates. This is a very dismal state of affairs. It illustrates very graphically the crisis facing post-secondary education where student are graduating into poverty and where more and more students are declaring bankruptcy. In the recent budget the number of graduate bankruptcies was projected to be 216,000 by the year 2003.

Liberal members and the government have stated that the new budget, the showpiece of which was the millennium fund in education, is something that will address this crisis. Many members in the oppositions parties and in my party have exposed the fact that the millennium fund would not even come close to compensating for the years of cuts that have taken place in post-secondary education as a result of policies of the Liberal government.

The millennium fund will provide a fund in the budget of \$2.5 billion. That sounds like a lot of money, but the fund will not even begin until the year 2000, which means that students will still be left with virtually no help or resources until the year 2000.

Even in the year 2000 when this fund begins we will be looking at a contribution from the fund of \$250 million per year over a 10 year period. When this is put in the context of the funds that have been taken out of post-secondary education by the federal government, the real picture begins to emerge. By the time the fund starts in the year 2000 we will have lost over \$3 billion from post-secondary education as a result of federal government policies and cutting back on education and transfers to provincial governments.

It is a very serious situation caused by the Liberal government that is now offering, with all the spin, rhetoric and talk about the legacy for the year 2000, the millennium fund. When the surface of that fund is scratched and examined we see that it offers very little

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assistance to students. It will only help an estimated 7% of students. It will provide—we are not sure whether it will be grants or scholarships—assistance to only about 7% of students who are actually in need. That puts the picture in perspective as to whether or not the millennium fund will actually address the needs before us.

Another very troubling factor about the millennium fund is that it takes us down the slippery slope toward privatization and the corporatization of post-secondary education. A lot of concern has been expressed by student organizations and by people in the educational field. Certainly the research we have done in the NDP suggests the course of action the government chose in setting up the fund was to set up in effect a private foundation. There was a named chair representing a very large corporate interest in Canada. This does not bode well for the future of post-secondary education.

• (1225)

Very important to the country is the notion and the principle of publicly funded post-secondary education. What we will see with the millennium fund is a private board being set up that will have the ability to set criteria as to how grants or scholarships will be administered, taking it out of the public realm.

In Ontario a lot of concern has been expressed about ongoing privatization. At the University of Toronto a fund to assist students in need was turned into a scholarship fund after the intervention of the president of the Bank of Montreal who sits on the board of governors. There are the same kinds of concern about the millennium fund because of the uncertainty about who will qualify for assistance or the level of assistance, whether it is a scholarship program and whether or not there will be creeping corporate influence in terms of setting criteria as to who will receive scholarships or loans. We have not yet received information from the federal government.

They are very disturbing facts about the millennium fund. The first is the lack of real financial support it will provide, given the level of cutbacks that we have had. The second is the fact that it is taking us down a road of privatization and corporatization of post-secondary education.

Another issue I would deal with around the millennium fund has to do with how it was set up. We heard in the House yesterday concerns expressed about the situation in Quebec. I understand the concerns that have been put forward by members of the Bloc Québécois about the lack of consultation around the establishment of the millennium fund. However, let us be very clear. It was not just Quebec that was left out of the picture. It was all other provinces as well that are still waiting for a phone call from the Prime Minister or someone representing the government to inform them about what their role will be in the millennium fund and in setting up the criteria.

It is another indication of unilateral action being taken by the federal government. I would like to ask government members whether or not they think this is their new kind of federalism: unilateral action and no consultation with provincial government even though post-secondary education is a provincial jurisdiction and responsibility.

We in the NDP think this is an absolutely incorrect way to go about implementing the millennium fund. We believe there should be co-operation and discussion involving the setting up of a national grants program using the funds from the millennium fund as the beginning of a national grants program.

The last point I will make is that one of the things that was discovered in the budget was that buried in some of the background material were plans to change the bankruptcy laws. It was a most cynical ploy by the government. On the one hand we were told that the budget would help students, that the millennium fund would help students. On the other hand the finance minister was very quietly laying plans to change the bankruptcy laws which will make it much more difficult for students to file for bankruptcy and will extend the deadline from two years to ten years. This is a most cynical ploy by the federal government and illustrates why the millennium fund will not do what needs to be done in terms of providing federal funding for post-secondary education.

I conclude my remarks by saying that there is growing opposition and concern about the fund as people begin to realize that it is not doing what it is purported to do by the government. There has simply been a lot of political rhetoric about the fund, but the stark reality is that it will not help the students in need in Canada today.

**Mr. Derrek Konrad (Prince Albert, Ref.):** Mr. Speaker, I am pleased to be able to speak to Bill C-36 and the Reform amendment. It was great to see the budget finally balanced. It is what Reformers have been calling for, for years.

We want to make it perfectly clear that we have reservations with respect to the budget. One of the first and most important is the provision of the millennium scholarship fund. We have been advocating for years that there needs to be greater funding for post-secondary education. We were advocating putting money back into the CHST during the 1993 election.

• (1230)

The big problem is that the auditor general has found the government to be distorting the financial statements to make itself look good in this House and elsewhere. The auditor general gave an interview in which he said “You cannot record something just because you announce the intention of doing something. There is a difference between an expenditure and a future commitment”.

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We have in this country families who intend to have children, but an intention expressed does not mean they qualify for the child tax benefit. The day the government is willing to hand out a benefit based on an intention will be the day when it would be within its purview to announce an intention and have it show up in a budget as if it had been an expenditure. We just do not accept that at all.

We also find that while the budget is balanced it has been balanced by increasing expenditures. It is no secret that interest rates in Canada came down not as a result of government actions but as a result of a worldwide phenomenon. The government has certainly garnered the benefit from that. However, it is not as a result of its doings. The government's reductions in direct program spending amount to 5.3% and it has increased the amount it has taken from taxpayers by 71%. We are not giving the government any kudos for that.

We also find that the government is refusing to reindex to inflation the personal income tax system. It had an opportunity to do that in this budget, but it did not.

As well, Canada pension plan payments will be increasing year in and year out. From our research it appears that by the year 2000-2001 there will be roughly \$9,000 more in net tax burden for Canadians. I do not think there is anybody in this House or anybody in this country who thinks they will be that much better off in 2000-2001 to be able to carry that extra tax load.

I would like to leave this House with a couple of word pictures because they say a picture is worth a thousand words.

During the cold war there was a policy called MAD. It was an acronym for mutually assured destruction. It was an assurance that no one would survive in the event of a nuclear war. Everybody would lose and nobody would win. I would like to propose a new meaning for that acronym, which is that Canada has the mother of all debt in this country at this time. Our debt is \$576 billion. It has been said a lot of times in this House and it has been said a lot of times across Canada, but not everybody knows it yet, so it certainly is not lost on Canadians to say it one more time.

We feel that Canadians have not been completely apprised of the debt they have. I just spoke in a high school in my riding and unfortunately some of the young people there did not know it. When they heard how much it was and how much they personally are inheriting from previous as well as present governments they were not one bit happy. MAD describes their state of mind as well.

We are definitely opposed to the continuation of spending and taxing and the maintenance of a debt which we do not have to have in this country. There would have been a balance left over this year if it had not been spent. We would like to see that go back to the people.

Taking that nuclear bomb illustration a little further, what is the fallout from a debt bomb? We have the highest taxes in the G-7. Bracket creep erodes every person's income in this country. The danger of overspending is that there will be a slight rise in interest rates and all of a sudden we will be back into deficit spending. Nobody wants that, particularly the young people of this country.

We have high unemployment and low wages. Wages can only get lower as the cost of doing business goes up with the taxes that are locked in by this budget.

• (1235)

Canadians are mad. They wanted tax relief, they expected tax relief, but they did not get tax relief. They are upset that the debt will not decrease this year. They did not want a millennium fund to polish the Prime Minister's image. What they wanted was real tax relief.

This is another illustration from the cold war. There was a movie called "Dr. Strangelove". I cannot quite recall its subtitle, but it went something along these lines: "How I overcame my fear and learned to love the bomb".

We have a debt bomb in this country. We have a Prime Minister and a finance minister who have overcome their fear of the debt bomb. They have learned to love it. They want to pass it on to Canadians.

At the end of that movie the mad scientist, sitting astride his bomb, was having the ride of his life. I believe that is an accurate description of our government today. It is astride the debt bomb, it loves it and it wishes everyone could be aboard.

Canadians want off. They do not want to ride this to its obvious conclusion. At the end of the movie we did not see what happened to Dr. Strangelove, but we know what the end will be if we do not get our debt under control.

We do not want debt in this country. We do not want higher spending. We do not want taxes. What we want and what the Reform Party is calling for is responsible government. We oppose Bill C-36. I oppose it on behalf of my constituents.

[*Translation*]

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, Bill C-36, which we are addressing today, deals with the implementation of certain provisions of the budget tabled in Parliament on February 24, 1998.

This debate will provide me with an opportunity to raise, and to criticize for the most part, certain political choices made by the Minister of Finance, as well as to draw attention to everything he has not done and to the Bloc Québécois' fiscal proposals he has not followed.



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The Minister of Finance is boasting that he has managed to put public finances back on a sounder footing. I wish to speak out against what the Liberal government has done to attain that goal, and also what it has not dared to do. In order to attain its goals, it cut transfers to the provinces along with employment insurance benefits and failed to index the tax tables.

Transfers to the provinces were cut by \$7.2 billion annually, which accounts for 52% of all the spending cuts the Liberal government made in 1994 and 1998.

Cutting employment insurance benefits means that people who lose their jobs are not as well protected since the reform, while the fund shows a surplus of billions of dollars.

Another thing the government has not done is indexing the tax tables. The Minister of Finance has taken advantage of the increase in revenues, in part as a result of not indexing the tax tables, GST credits and child tax benefits.

It is instructive to look at how the Minister of Finance has succeeded in putting his fiscal house in order, but it is particularly interesting to think about the choices the Liberal government has refused to make in order to attain those results. It has not made a serious attack against waste, respected its commitments, or really reformed the taxation system.

As far as an attack against waste is concerned, year after year the auditor general criticizes the spending of billions of dollars by the federal administration.

As for respecting his commitments, I should remind the House that, in 1995, the Minister of Finance promised a 19% reduction in his departments' spending over three years. In fact, spending was reduced by only 11.5%, so the government could have cut another 7.5%.

We also asked for income tax reform and the Liberal government could have undertaken a review of corporate income tax to help job creation, and one of personal income tax to improve fairness.

The suggestions made by the Bloc Québécois were flatly rejected by the Liberal government, even though our finance critic did an extraordinary job in proposing concrete solutions to the government.

What did the Liberals do when the first surpluses appeared? They could not keep themselves from doing what they have always done, which is to spend.

• (1240)

Even though the Liberal government's contributions only accounted for 11.5% of the federal spending cuts, the Minister of Finance is making 51.4% of the new expenditures provided in the budget. The Prime Minister and the Minister of Finance have decided to reward themselves for eliminating the deficit, instead of

rewarding those who actually did the work, namely the provinces, the poor and middle class families.

Out of all the new Liberal expenditures, the \$2.5 billion for the establishment of a millennium scholarship fund was the initiative most strongly criticized by the whole community. As we know, the Premier of Quebec is trying to solve the issue with the support of a coalition that includes a number of Quebec stakeholders.

The Premier of Quebec proposes that clause 46 be amended by inserting the following:

Withdrawal with compensation

46.1 When a province has established and administers a financial assistance program for students to ensure equal opportunities regarding post-secondary education, the ministers shall, at the province's request, conduct negotiations with this province to come to an agreement with respect to the fair compensation it should be paid in lieu of the foundation's activities in the province.

We all know that negotiating with the federal government for fair compensation takes a lot of effort and energy, often with little likelihood of success. In this case, we hope that the federal government will take some responsibility and that, for once, it will be able to come to an agreement with Quebec on the millennium scholarship program.

They know that education is an area of exclusive provincial jurisdiction. For over 30 years, Quebec has had its own system of loans and scholarships. All of Quebec's education stakeholders are opposed to the plan, because it does not meet Quebec's priorities in this area. The only way to avoid duplication is to come around to Quebec's way of thinking. We hope that the Prime Minister will grant Quebec's request.

We also know that the auditor general is critical of the government's spending practices. The foundation's funding has been included in the 1998-99 spending forecasts, although the money will actually be spent in the year 2000.

One of the things we criticized about the budget had to do with the Minister of Finance's transparency. We would have liked to see the actual figures, in the right columns, so that we could have had a real debate about the surpluses but, instead, this year's surpluses have been concealed by including spending that will take place in the year 2000.

Former Prime Minister Pierre Elliott Trudeau said that, if a government had such an excess of revenue and undertook to ensure the part of the common good that fell outside its jurisdiction, there arose the presumption that that government had taken more than its share of taxable capacity.

Quebec has said no to the millennium scholarships, and I hope its wishes will be respected.

There is also employment insurance. Those to whom the federal government owes a large debt include the unemployed, but the government has decided to ignore them. The budget speech is

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clear: the unemployed have no problem and the EI program will not be improved.

Bloc Quebecois members have introduced six private members' bills with suggestions for improving the employment insurance program. The federal government has accumulated \$6 billion in savings in its fund. We asked that the eligibility criteria be restored. In 1989, 83% of unemployed workers were eligible for EI. This dropped to 43% in 1997. The percentage has dropped steadily since 1990.

In order to analyze this phenomenon, which has gone on for eight years, the minister has just ordered his department to do a study, in co-operation with Statistics Canada. Meanwhile, the unemployed are losing out. In committee, we moved that this clearly inadequate percentage be studied. We would have liked a report analyzing the effects of this new employment insurance policy.

• (1245)

The government continues to amass the surpluses without paying out a cent more. In 2000, the surplus will reach \$25 billion. Premiums will not be lowered in 1999. They will be reduced by a meagre 10 cents in 2000—not enough. The Conseil du patronat was very clear on this point. They wanted a substantial reduction in premium levels to permit the creation of jobs in business.

The only employment insurance premium holiday will be for employers hiring young people between 18 and 24 years of age in 1999 and 2000. The measure applies to two years only. It is shortsighted. We would have liked the government to consider other clienteles strongly affected by the new employment insurance measures, especially those aged 45 or older, who often find themselves unemployed. We know the focus of business is on young people with experience, those in their thirties, and that older people find themselves without work and the possibility of finding any.

We also introduced anti-deficit legislation. It would control government spending. We deplore this government's refusal. This anti-deficit legislation may be found in five Canadian provinces, including Quebec, in 48 American states, in France and in New Zealand.

We were very disappointed at the policies proposed by the Minister of Finance in this budget. The Bloc would have advocated creating no new programs, reimbursing the provinces for the Canada social transfer, changing how the employment insurance plan is managed, implementing targeted tax cuts and passing anti-deficit legislation.

We would have preferred the minister come to an understanding with the Bloc Quebecois. A number of people have expressed their disappointment with the Minister of Finance's budget. We would

like the Minister of Finance in the future to accept some of our suggestions for lightening the tax burden of Canadians and Quebecers.

[English]

**Mr. Darrel Stinson:** Mr. Speaker, on a point of order, I rise to ask for the unanimous consent of the House that the order for second reading of my Bill C-237, standing on the order of precedence, be discharged and the bill withdrawn.

**The Deputy Speaker:** Is there consent that the hon. member withdraw the bill as indicated?

**Some hon. members:** No.

**The Deputy Speaker:** There is no consent.

**Mr. Darrel Stinson (Okanagan—Shuswap, Ref.):** Mr. Speaker, I rise to address Bill C-36, otherwise known as the Canadian millennium scholarship foundation.

I would like everybody to realize one thing. This scholarship supposedly is about education. I have great difficulty in believing that. I do not think this is about education at all. I believe that it is actually the Prime Minister using taxpayers' hard earned money in order to boost his own ego, so to speak. And just to add insult to injury, we have only to look at the announcement he made to appoint the chair of the foundation prior to this legislation's even being introduced to this House.

That to me goes a long way in saying exactly what this is all about. They have talked time and time again of the great effort they have put into addressing the budget in order to bring this new found money into the education fund.

• (1250)

Number one, it was not this government that balanced the budget. It was the Canadian taxpayers, the hard working taxpayers in Canada who sacrificed a lot to see this happen. A lot of them suffered time lost from their families, something that money cannot compensate.

I see the arrogance of this government when it says that it balanced the budget. I question that. It is just not so. We look at what has happened in the last few years. This used to be a society in which only one working person had to go out to make a decent living for the family.

In most cases that is no longer possible. Both parents now have to work in order to survive. It is not for little extras. No, it is to survive in this country which we say is so great.

We have become unpaid slaves to the government in many cases. We have accepted this because we were led for many years to believe the government was looking after us, that the government was taking care of the problems and we would not have to worry.

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Gradually through the years taxation crept up. The government said we have to do this in order to pay for this. We bought that. The government said it was good, it would benefit Canadian society. We thought the government was very knowledgeable. We agreed to work a little harder and to pay a little more in taxes.

Along came another issue and the government sold us under the guise that it is good for society, that it will make us better, caring, sharing human beings. We bought this and bought this and bought this.

Now Canadian taxpayers are waking up to one simple fact. Taxpayers definitely are caring and sharing human beings but this government lacks any of that sort of compassion. This government has become a tax addicted parasite on the taxpayers of this country.

We were led to believe that if we worked hard we could contribute to our own type of special retirement plan, that if we were diligent and invested wisely we could retire early and in comfort.

I am sad to say that in Canada this is just about no longer possible. The harder someone works, the more they are taxed. The more they put away to retire, the faster the government figures out how to get in there just like that and take it.

The government takes it no longer with one hand but with both hands, from a person's bank account, their wallet and their wife's purse. It will even take from a child's inheritance in order to say it will help you.

When someone asks for help from this government, they stand in a line. They are lucky if, when they phone, there is anyone on the other end. It often is a machine telling them to dial back later when it is not so busy. That is the caring, sharing feeling of this lousy government.

Let us take a look at this for one moment. The government is saying it will give back \$385 million in the scholarship fund. It slashed over \$7 billion from education and health but it will give back \$385 million.

That is like cutting off a hand to save a finger and then saying we helped you, we fixed you, we made it better, aren't we nice people.

• (1255)

That snow job no longer works in this country. I think this budget came a bit early. It should really have been introduced on April 1. There is no doubt in my mind about that.

Let us look at what is happening in the EI surplus. We have mentioned time and time again what is happening here. This government is taxing employers and employees into poverty. We now know that there is a \$13.5 billion surplus in the EI program alone. What does this government do? It says it will give back a few pittance to the employer and the employee. It tells us that because it raised it so high it can now cut back a bit and call it a tax cut.

This is like an armed robber taking \$100,000 out of a bank and giving back \$10 in the hopes he will not be sentenced. He feels that by giving some back he is not altogether bad. That is not going to wash too long in this country.

The people are starting to wake up. We have received phone call after phone call into all our offices. I do not even believe there is a member across the way, although they may not like to admit it and maybe will not admit it in public, who has not had phone call after phone call every day from people who are just getting by or who are not getting by at all because they are being taxed to death.

When we put that question to the Liberals here in the House, which I did a few days ago, one out of eight or nine I questioned says that in all the time they have been here since 1993 they have received two phone calls. That is hard to believe. In fact, I cannot believe that. I think somebody is fudging.

**An hon. member:** They must have had their lines cut.

**Mr. Darrel Stinson:** Either that or they tapped into the machines. "There is no human being on this end so I cannot answer questions. Phone back at a more suitable hour".

That means one minute, I hope, Mr. Speaker.

**The Deputy Speaker:** I was not just checking the wind.

**Mr. Darrel Stinson:** It is not blowing that good. We have seen how ill the wind blows from that side of the House many times. In fact, we are still trying to pay for some of the moves they have made here.

It seems we do have our priorities really mixed up in this country when we allow situations to go on as we do today such as with the blood scandal and the part the government has played in that. I also have great difficulty with the millennium fund.

This government came to power it has put closure in this House 38 times, more than the PCs believe it or not. I heard complaints back then about this type of dictatorship but it goes on and on.

Mr. Speaker, I see closure has again come to this House.

**The Deputy Speaker:** Closure may come later but for the moment the hon. member's time has expired.

**Hon. Andy Mitchell (Secretary of State (Parks), Lib.):** Mr. Speaker, I am pleased to have an opportunity to rise in this debate on the budget implementation bill. I noticed that my colleague from across the way was talking about which way the wind was blowing. I was pleased to see last night which way the wind was blowing in British Columbia. It seems to be a very Liberal wind after that byelection.

I wanted to talk a bit about one component of the budget. It has to do with tax reduction. I do not know and I do not believe there is a great deal of argument in the country about the desirability of tax reductions. Regardless of whether one is in the centre or in the left

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or right of the political spectrum, most Canadians would see tax reduction as a desirable goal.

However, I think what is important is the way tax reduction is to be achieved. One of the important aspects of the budget was that there are some very important principles underlying the types of tax reductions in that budget. I would like to take a moment to enunciate some of those, give a couple of examples of how that works. Then if I have a moment toward the end, I am going to compare that to some of the suggestions which have come from some of the opposition members.

• (1300)

The first principle upon which the tax reductions are based is that tax reduction should begin at the bottom. As we have the fiscal manoeuvring room to provide tax reduction, it should be provided first to those Canadians at the lower and middle income levels. We start at the bottom with those who can least afford to pay tax and then expand the reductions upward as our fiscal dividends expand.

It is a very important principle. We saw that clearly enunciated in the budget with the raising of the basic personal exemption. This will take some 400,000 Canadians off the tax rolls. In addition we saw it with the 3% surtax being eliminated for those people earning under \$50,000.

The second principle in respect of tax reduction is that it is important to target tax reductions to achieve important social objectives. Again we saw that in the budget. In the budget we saw such things as the \$850 million tax credit being provided to low and middle income Canadian families with children. That is in addition to the \$850 million that was provided in the previous year.

We saw that in a series of tax reductions in respect of obtaining post-secondary education. We saw a targeted tax reduction to achieve the very important social goal of providing access to post-secondary education. We saw tax reductions to help Canadians with disabilities in addition to the actions that were taken in the previous budget. We saw other specifically targeted measures such as a caregiver tax credit. On a smaller basis a tax reduction is being provided to volunteer emergency workers which is particularly important in a rural area like mine.

Another principle which the finance minister enunciated, developed and crafted his budget around is the importance of providing tax reduction in line with one's fiscal needs. We saw that very clearly. We saw a government with the help and support of all Canadians bring a balanced budget to this country for the first time in a generation and a half. Then once the fiscal dividend was at hand, the government started to provide the tax reductions. That is

the appropriate way to do it, to make the reductions once the government is in the fiscal position to do so.

The fourth principle is a principle which some of my colleagues who sit across the way should listen to very carefully. The government has the responsibility not just to taxpayers but to all Canadians. If it simply takes all of the government action on the tax reduction side, then substantial numbers of Canadians will not be impacted and will not benefit by that action. In putting whatever type of fiscal plan together within a budget, one needs to remember the principle that not all Canadians are taxpayers, but all Canadians deserve to be considered for support by the federal government as they may require. We clearly saw that in the budget.

We saw \$2.5 billion for the millennium fund, direct spending to help people access post-secondary education. When you come from a rural riding like mine, Parry Sound—Muskoka, the cost of post-secondary education tends to be higher because students need to live away from home. That is a particularly important thing.

We saw the increased funding to the granting councils. We saw the \$1.5 billion restoration of the previously scheduled reduction to the CHST.

Those were non-tax measures, but they were measures that were important to Canadians. They were able to benefit Canadians who may not necessarily be taxpayers.

It is interesting to look at those principles. They are important principles. They are Liberal principles. They are principles the finance minister crafted within the budgetary measures.

• (1305)

It is important to look at what some of our colleagues across the way were suggesting in terms of budgetary action. Many were enunciated during the previous campaign.

First of all it was interesting to note that both the Reform Party by 1999 and the Tory party which had a date of 2000, were projecting balanced budgets far after we were able to achieve it. When talking about one of the principles, the interesting part is they wanted to provide tax action before they were willing to balance the budget. In essence they wanted to borrow money in order to provide tax cuts rather than bring the fiscal dividend forward and provide tax cuts in a sustainable manner. This is clear in both parties' platforms.

Looking at some of their tax measures, they certainly would not result in a bottom up process.

The Tories' 10% across the board tax reduction means the more you earn, the bigger the tax break you get. That is the exact opposite of the principle the finance minister is using, which is from the bottom up. The Tory approach is to provide the largest tax

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decrease to those who earn the most. We who come from Ontario know full well the results of that type of approach.

The Reform Party had a similar approach. It suggested a flattened tax regime and an average \$2,000 savings for a Canadian family. When there is a flattened tax regime with an average of \$2,000 it means the more you earn, the higher your income, the larger the tax reduction you will receive.

One of the most interesting and telltale signs of not adhering to those principles that I enunciated should be in the budget, was the Tory suggestion that the corporate tax rate, not the small business tax rate, but the corporate tax rate be reduced from 28% to 24%. This would mean that companies such as Canada's chartered banks, those cash starved corporations, would receive more than a 10% tax reduction.

The Tories, rather than suggesting that tax reduction come from the bottom up, suggest a corporate tax reduction from 28% to 24%. The impact of that is to put oodles of money into those cash starved institutions, Canadian chartered banks. That is the type of principle they want to bring to tax reduction.

Let me summarize. As we deal with the budget and the component of tax reductions, what makes it a successful budget, what has brought the support of Canadians to this budget, what has brought that Liberal byelection victory in British Columbia yesterday is the principle of providing tax relief from the bottom up. It is targeting tax relief to achieve important social goals. It is achieving our fiscal dividend first and then providing tax relief. Most important, it is remembering we have a responsibility to all Canadians and not just taxpayers but also including them.

Those are the reasons this budget has the support of the Canadian people. This was very clearly demonstrated yesterday in British Columbia.

**Mr. Grant McNally (Dewdney—Alouette, Ref.):** Mr. Speaker, it is a pleasure to engage in today's debate on Bill C-36, the budget implementation act. I hope not to address what this government has done for Canadians but rather to point out what this government has done to Canadians. I will discuss what Canadians wanted from this budget and how this budget affects Canadian families and students.

On budget day the finance minister stood up and smugly told Canadians that he had slain the deficit monster. Well, I disagree. The deficit has been fought on the backs of the taxpayers. The hon. secretary of state was mentioning "We did it. The government did it. We did this, we did that". It was the hard work of the Canadian taxpayers that balanced this budget and I do not think the government should lose sight of that fact.

The hon. member mentioned a balanced budget. He was trumpeting his own government's balanced budget. In 1993 we were

saying that could be accomplished within three years. The government scoffed at that, yet it put in place the same kind of plan.

• (1310)

I sent out a householder survey in my riding of Dewdney—Alouette and had over 500 people respond on questions having to do with the budget. I will take a few minutes to touch on some of the results and point out some of the things Canadians wanted but did not get from the budget.

On the question of government spending, 72% of the people who responded in Dewdney—Alouette said that spending should be reduced. Only 3% of the respondents believed government spending should be increased.

On the question of interest on the debt and initiatives for debt reduction, 96% of the people who responded believed that government should set real goals and timetables to lower the debt.

On the point of deficit spending, my constituents were asked whether they believe the government should pass legislation to prevent deficit spending from happening again. Overwhelmingly, constituents sent a clear message. Of those asked, 92% supported the notion of this type of legislation preventing future deficit spending which of course has led to the enormously huge national debt of close to \$600 billion.

Yes, the tax burden imposed on Canadian families is enormous. Canadian families work half the year just to pay their tax bill. For most Canadians, forgoing a second income is not even an option. For those who decide to stay at home and raise their children, they are unable to take advantage of some of the deductions for families who choose to have their children in care. We would like the government to address that and to have equity for all Canadian families.

Canadians wanted the government to cut spending. They wanted tax relief. They wanted the government to address the debt. What did Canadians get? They got higher spending on the part of the government, higher taxes and a government that is on the brink of falling back into the deficit gorge with any fluctuation in interest rates.

I will briefly touch on the millennium scholarship foundation. As some members mentioned earlier, this is not really about education, it is about the Prime Minister using taxpayer dollars to boost his political profile. The way this was handled in the budget was quite surprising. I find it quite unbelievable.

The government simply cannot record something just because it announced the intention of doing something. There is a difference between an expenditure and a future commitment. The finance minister lost sight of this fact. The very finance minister who is trumpeting the budget for what it does for education slashed and

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burned health care and education funding by \$7 billion. That is a fact that cannot be lost on Canadians.

A few members mentioned B.C. I am glad they realize where it is now because there will soon be blowing an ill wind from the west.

If the Liberals really had a concern about education, they could never have cut to the degree that they have cut since 1993 and then make these half measures, not even half measures, not even quarter measures, to try to convince Canadians that they care about education. Words are empty if they are not backed up by actions. Canadians are starting to realize that a budget that pretends to address all these concerns in not even quarter measures just does not match up with the actions the government is implementing in the budget.

I was talking to two university professors about the millennium scholarship foundation. They thought it was a good idea until I pointed out to them that the students at their institution would not be eligible for these scholarships. This is due to the fact that they teach at a public institution that is privately funded. Students who choose to go to that type of institution do not have the opportunity to take part in the millennium scholarship foundation. That is a shame because this is not even a quarter measure, as I mentioned before. It does not address the concerns of the majority of students in this country.

• (1315)

Yesterday I had the opportunity to speak to over 60 high school students. I was explaining to them the concern with the debt and why we need to address that debt which is close to \$600 billion. They asked me how that was possible. I used the story of overspending.

When a government chooses to overspend year after year, the debt piles up higher and higher. I had to explain to those high school students that \$45 billion goes to interest on that debt alone and is eating the heart out of our social programs. They were shocked that this could happen in our country. They asked me how it happened? I said because the governments of the day put us in this shape because they did not take care of the financial house of this country. I am sorry to say, but the Liberal government started us along this path.

I explained the so-called debt contingency retirement plan of the finance minister. He wants to dedicate \$3 billion to debt retirement on that total of almost \$600 billion. There is a big if. That is if that money not needed for other spending. I see it as an escape clause that could be used at any time for the finance minister to dedicate to any other kind of spending without having to put it to debt retirement.

If we treated our mortgages on our homes in the same way the government is treating the national debt, we would be hauled off

and put into a place not nearly as nice as this for not meeting our financial obligation. We must have this house in order.

This finance minister's plan does not address any kind of substantial debt retirement plan. That debt was created over years. There has to be a plan to get that debt down. The future of our country hangs in the balance as a result of that. This government must take note of that and do something about it. It must do something soon with a concrete plan; not an if plan, not a plan that if we do not need the money we will put it to debt retirement. It has to be a committed plan.

When I was talking to those high school students they were shocked at the state of our country. They asked me why I wanted to get into politics. I was a teacher prior to this. I said this country needs people who are willing to stand up for their future, for our children's future, for the future of our nation and set a course to address the major concerns in this country. That is why I entered politics. We hope to influence the government to look at these concerns and these issues and address them with concrete plans.

It is for that reason that I cannot support Bill C-36.

[*Translation*]

**Mr. Stéphane Bergeron (Verchères, BQ):** Mr. Speaker, it is with some displeasure that I rise in this House today to speak on Bill C-36 to implement certain provisions of the 1998-99 budget.

Indeed, on behalf of the citizens of my riding of Verchères, whom I have the honour of representing in this House, and all Quebecers, I have the duty and responsibility of conveying our profound disappointment with this misleading and shamefully partisan exercise.

At first glance, this budget may seem extremely positive. After all, is it not the first balanced federal budget in nearly three decades? Does it not contain very good news for the taxpayers? The fact is all this is a smoke and mirrors, a cover up.

All of a sudden, after four years of intense deficit reduction efforts on the backs of the provinces, the unemployed and the most disadvantaged, as soon as a surplus is achieved, the Liberals are starting to spend left and right again. Really, once a Liberal, always a Liberal.

• (1320)

To add insult to injury, the federal government has once again decided to invest the money saved at the expense of others in areas over which it has no jurisdiction.

Imagine this, after accumulating in the employment insurance fund billions of dollars in surpluses at the expense of employers and employees to help wipe out part of its deficit and cut back billions of dollars in transfer payments to the provinces, forcing the provinces, including Quebec, to make difficult decisions, which have been made courageously, in the areas of health and education, the federal government has the nerve to use a substantial portion of

the extorted money to encroach yet again on provincial jurisdictions.

By the way, members will note that the provinces got hit with 52% of federal cuts; yet, according to the last budget, they are entitled to only 23% of the new expenditures. However, while federal spending was cut by only 12%, it accounts for 51% of the new expenditures.

What is important to the federal government, when it comes down to it, is the visibility of providing services directly to the public and getting into their hands as many cheques bearing the maple leaf as possible. This is an underhand strategy: Ottawa seeks to make the Quebec government look bad by hampering its progress toward a balanced budget, so that it can look good at Premier Bouchard's expense as the provincial election approaches.

Then the Liberal government wants to rush to the rescue once again with new initiatives in areas of provincial jurisdiction in order to lighten the burden of misery it itself has imposed, and continues to impose, since \$30 billion or so in cuts still remain to be made across Canada by the year 2003 in education, health and social assistance. Some would call this absolute bunk, yet the federal government is quite open about it.

As proof of this, the President of Treasury Board is quoted in *Le Soleil* of March 8, 1996 as saying "When Bouchard has to make cuts, those of us in Ottawa will be able to demonstrate that we have the means to preserve the future of social programs". Edifying, is it not? Is this the co-operative federalism they delight in referring to on the other side of this House?

When will the Liberals understand that this strategy leads nowhere? When will they understand that Quebec cannot be bought for billions of dollars? They have put this strategy in practice over and over during the past three decades with somewhat disappointing, even catastrophic, results. They have been unable to slow the rapid growth of the sovereignist movement and have plunged Canada into the perilous spiral of debt from which it is hard to extricate ourselves today.

In its prebudget document, the Bloc Quebecois asked that a significant portion of the surpluses for the next two years be given back to the provinces as tax points, to compensate them—at least to some extent—for the drastic cuts made by the Liberal government during its first mandate to transfer payments for health, post-secondary education and social assistance. However, it seems that, as with the surpluses generated in the employment insurance fund, Ottawa has decided to keep control of that money.

The Bloc Quebecois has urged the federal government to make sure the employment insurance fund is used only by those who contribute to it. We continue to condemn the misappropriation of funds by the federal government with the employment insurance

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surplus. That surplus is constantly increasing, because of the more strict eligibility criteria imposed by the government and maintained against all logic.

But it is in research and development that the duplicity of this government is most obvious. Indeed, while the Liberal government's rhetoric has been impressive, we have seen very few concrete measures. The Bloc Quebecois has asked that, at the very least, funding for granting councils be restored to the 1993 level. However, the Liberals have only pledged to restore that funding to the 1994-95 level, thus making Canada fall even further behind in research and development.

This budget speech, like the one last year, was full of grand phrases regarding the importance attached by this government to research and development, and so on.

● (1325)

I will, if I may, quote a few of the gems in the finance minister's budget speech about research and development. First of all, the minister said, and I quote: "For 200 years in Canada prosperity and knowledge have gone hand in hand.—The creation of jobs in the new millennium will be anchored in two essential components: the infrastructure of innovation, and the infrastructure of skills and knowledge".

And he went on to say: "There can be few things more critical to determining our economic success in the next century than a vigorous, broad based research and development effort. The fact is the more R and D that is done in Canada, the more jobs that will be created for Canadians".

How are we to square these fine words with the meagre resources committed and the highly questionable decisions already made by this government with respect to R and D?

On numerous occasions in the House, I have seen government members rise and claim that R and D into sources of renewable energy is one of their greatest priorities.

Nothing could be further from the truth. Two years ago, Ottawa announced that it was terminating its modest annual contribution of \$7.2 million to the Tokamak magnetic fusion project in Varennes, now the largest R and D energy project in Quebec. Magnetic, or nuclear, fusion constitutes a very promising form of producing a large volume of energy in a clean, safe, environmentally responsible manner.

Since then, I have been trying to understand the twisted reasoning that led this government to make such a ridiculous decision. On numerous occasions, I have questioned the various stakeholders and have met with inconsistent, incomplete and incomprehensible answers. Not only will the \$70 million already invested in the project over the last 20 years be lost forever, but the technological,

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industrial and economic shortfall for Quebec and for Canada could be colossal.

Many other industrialized countries have realized the importance of nuclear fusion research and some are even spending as much as 10, 20 and even 40 times more than Canada in this very promising area of research.

It is important to point out that Quebec, which is already receiving a lot less than its fair share of federal investments in research and development, is facing an even greater deficit with the end of the federal government's financial participation in the Tokamak project.

Paradoxically, Ottawa is pouring billions of dollars into far less promising areas and paying particular attention to Ontario. I am thinking of the federal government's decision to focus on the development, production, marketing and sales of Candu reactors, whose reliability and environmental safety record continue to be questioned.

What explanation is there for such stubbornness and false economies on the back of a province that is not receiving its fair share of research and development funding, in an area where dividends are potentially so numerous and so high compared to the modest annual investment required? I take this opportunity to again express my indignation and to appeal to this government's common sense in this matter.

I would also like to have talked about the millennium scholarship foundation, but unfortunately, as time is short, I will close by taking the few minutes remaining to remind the hon. members of this House that Quebeckers are not fools. They have had it with fancy speeches aimed at nothing more than raising the profile of the government on the backs of society's disadvantaged.

Far from being a prophet of doom, I would like to repeat to the Minister of Finance what many analysts fear. After creating surpluses, he cannot just rest on his laurels and spend wildly to then fall back into the same bad habits. Instead, he must structure public finances so we will no longer have to face the nightmarish deficits passed on to the people of Canada over 30 years by successive Liberal and Conservative governments.

[English]

**Mr. Lee Morrison (Cypress Hills—Grasslands, Ref.):** Mr. Speaker, I would hasten to let the speaker know before I begin that I do not intend to follow the pattern of the member for Verchères and to address my remarks specifically to the concerns of one province. I will speak to this bill as a Canadian.

I am pleased to stand as the official opposition critic to address Bill C-36, the budget implementation act.

• (1330)

Part VIII of the legislation addresses the phase-out of the air transportation tax levied on air travel as a percentage of ticket

prices. Coinciding with this phase-out is the commencement of NavCan's user fees for large aircraft and for the reduction of federal funding for this not for profit corporation which was created to provide air navigation services on a commercial basis.

The air transport tax will be completely off the books by November 1, 1998. At that time NavCan will be cut off as planned from government funding and will have to operate on its own. That is the way it should work. Once a government service has been commercialized and is financed by charging fees to those who use it, the taxes previously collected to pay for the service should be reduced. Otherwise the result is double taxation.

Unfortunately this is what we may see happening to operators of light aircraft. Although November 1 is also the date for the commencement of NavCan user fees for small aircraft, there is no plan to ease the tax burden on the general aviation sector.

The Reform Party is a great supporter of user pay, but operators of light aircraft are already paying and paying and paying increased Transport Canada charges and new airport user fees, for example, the infamous fee to pee that so many pilots talk about.

Particularly galling is the excise tax on aviation gasoline which is poured into the government's general revenues. Aviation gasoline is taxed at a much higher rate than jet fuel. Jumbo planes fuel up and pay 4 cents of excise tax per litre while the tax rate for aviation gasoline is 11 cents, a full 7 cents per litre difference.

It is not in our national interest to charge and tax general aviation into the ground. Commercial aviation needs a healthy general aviation sector to be its pilot recruiting and training ground. That is the way it has always been. However, in the face of spiralling costs in the form of taxes and fees the number of licensed pilots in Canada has been steadily decreasing for years. Double taxation of operators of light aircraft will only make matters worse.

Canada must not follow the example of some European countries which have killed private flying by overregulating airspace. These countries are now forced to seek foreign pilots to fly commercial aircraft.

I have noticed a good omen. The finance minister has received a letter from NavCan's president proposing a solution to the problem. NavCan has requested that the 7 cents per litre difference in excise tax rates levied on jet fuel and on aviation gasoline be eliminated, and that NavCan be permitted to collect a similar amount from aviation gasoline sales to finance air navigation services for smaller aircraft.

I urge the finance minister to carefully consider NavCan's proposal. It is only fair to offer a revenue neutral, user pay system to the operators of small aircraft similar to the deal being given to major operators of commercial aircraft.



It is also solid common sense to tie fuel consumption to financing the air navigation service. This way there is not only no double taxation of light aircraft operators but heavy users of light aircraft would automatically pay more than infrequent week-end flyers. Equally important, NavCan would not have to waste money and effort tracking down and invoicing individual pilots.

As air transportation taxes are the sole transportation issue deemed worthy of a mention in Bill C-36, I would like to use my remaining time on a more general issue. I have to admit that I am somewhat encouraged by the budget being balanced for the first time since 1969. However, my enthusiasm evaporates when I consider how the Liberals managed to do it. It was not done by cutting wasteful spending. Of this I can assure the House. The Liberals continue to spend money, coddling their corporate darlings such as Bombardier and Power Corp, not to mention simply squandering money on things like the free flag program.

• (1335)

The Liberals brought the balanced budget into being by increasing taxes 37 times, by slashing health and education transfers to the provinces and by hoarding big UI surpluses so that they could disguise an ongoing deficit. It is truly the Canadian taxpayers who dislodged the deficit as increased revenues actually counted for 69% of deficit reduction.

Spending days are back. First there was redbook two in which tax relief and debt reduction were given second billing to spending. Now the budget makes it abundantly clear that the Liberals have not learned a thing. What we are witnessing now is a foolish rush to spend any surplus to maintain unity within the Liberal caucus: pork, pork, pork.

Rather than basing its spending plans on contingency reserves, the government has displayed its contempt for debt reduction by essentially arguing that it is not necessary: don't worry, be happy.

Rather than consolidating the budget balance so that it stays balanced during the next economic downturn, the government could not wait to start spending again. Thus we have more than two dozen spending increases, totalling over \$10 billion over the next three years.

Liberals seem to feel that they have to be big spenders even though Canadians would be happy with a responsible government that provided stable funding for the things Canadians count on, those things that governments do best such as health care, a national highway system and education. The Liberals cannot resist grand gestures like the new millennium scholarship fund.

I hate to be cynical but I am afraid this place eventually makes all of us a bit cynical. When considering spending projects, the government's number one concern is to get the lion's share of any glory to be gained. I wish the government would think of how it

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could best help Canadians rather than how to use taxpayers' money to boost the its political profile. How else can the millennium scholarship fund be explained, except as a gesture to boost the government's profile?

First, the fund is not about post-secondary education. It will not restore slashed education funding or provide students and parents with tax relief so that they can better afford to save for tuition and repay student loans. It is the same old malarkey, the tax and spend approach. If the Liberals were so concerned about education, why do they not just return some of the \$7 billion they took away from the provinces in transfer payments?

If they are such defenders of post-secondary education, why did they do away with the Mulroney scholarships program which was really the same as the millennium scholarship fund? It was another political ploy like the one we are getting now. I predict that the ultimate fate of the millennium scholarship program will be the same as it was for the Mulroney scholarships as soon as that one time political benefit has been exhausted.

I am heartbroken. I could have gone on for another 20 minutes on the millennium fund.

**The Deputy Speaker:** I am sure all hon. members would like to hear more from the hon. member for Cypress Hills—Grasslands.

• (1340)

[*Translation*]

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, it is a pleasure to participate in this debate on Bill C-36, but not to say that I am in favour of it, because I certainly am not.

Let me give you an example of the sort of thing that happened back home, in New Brunswick, last week. While the Liberals were boasting "Canadians are happy and so are post-secondary students", last week, universities held a rally to let the federal government know how hard hit they have been by cuts in education.

**An hon. member:** Provincial cuts.

**Mr. Yvon Godin:** An hon. member across the way said "provincial cuts". If these were only provincial cuts, why did the Premier of New Brunswick and both his finance and education ministers say they had to be made as a result of federal cuts? And by the way, the Liberals are still in office provincially in New Brunswick. Perhaps not for much longer, but they are still there.

At any rate, the government is telling us there is something good in store for post-secondary students starting in the year 2000. It is important for Canadians to know that things are not as good as they are made out to be. At present, university students have to spend between \$25,000 and \$30,000 to get the education they need to enter the labour market. The proposed changes to the tax credits

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might save them \$3,000 but they still will not have a job at the end of the day. How are they expected to pay off their debts then?

I think what the government should have done is increase funding for educational institutions in order to reduce the cost of a university education.

Here is an example. This week, New Brunswick announced it would cost 10% more to attend university. This announcement came immediately after the federal government said it would improve its program for education and that it would benefit post-secondary students. It is obvious that university students are having a hard time. They expect to see their debt level rise to as much as \$40,000 in the years to come. These young people who attend university accumulate huge debts, which they are then unable to repay.

Turning to the scholarships that the government plans to award, only 7.1% of all students in Canada will benefit. Let me give you an example. If, in the Beresford region of New Brunswick there are 100 students who want to go to university, only seven of them will get scholarships. It is the same across the country, in Vancouver or anywhere else. Therefore, not many people will benefit from these scholarships.

Moreover, these scholarships will be awarded based on merit, that is to say, they will be given to those who have good marks. They will definitely not be awarded to the poor, when we know that some students have to work at McDonald's or in other restaurants or convenience stores to earn a bit of money so they can pay off their debts.

The government really missed the boat, unless it deliberately chose to launch a big advertising campaign in Canada by saying it would give money to students, without spending that much. The numbers may seem impressive—millions of dollars for Canadian students—but once you split the money among all the regions, it does not amount to much. Again, only 7 students out of 100 will benefit.

The government has a greater responsibility than this toward our young people, because they represent the future of our country. They are the ones who will take over from us, and getting them into debt is not the right thing to do. As I said, the government has a responsibility to help these young Canadians, and it is a good investment for the future of our country.

This is why I oppose the government's budget. I oppose the way the government tried to convince Canadians that it was supportive of our young people. Our young people are not getting government support. They go to school from grade one to grade twelve, and then they have to fend for themselves. To make things worse, the rich have a better chance to get these scholarships than the poor or middle class people.

I met with students who came to my office. They told me they would be penalized if they worked, because the following year the

government would deduct 80% of their earnings, thus making it impossible for them to get a student loan or scholarship.

• (1345)

These sorts of things have young people across Canada really worried. I have used New Brunswick as an example because that is where I come from and I had last week's example, when students from the Université de Moncton marched in the streets. University of Fredericton students did the same, to let the government know they were being poorly treated. This is what is really happening in this country.

**An hon. member:** In Quebec too.

**Mr. Yvon Godin:** Students in Quebec, in Manitoba, in Ontario, or in British Columbia feel the same way. They are not happy with the budget of the Liberal government.

I think that our Prime Minister is selective when he visits universities, and perhaps chooses those attended by the wealthy. He should come and visit New Brunswick and see the reception he gets. He should come and visit an area of the country where people are living in poverty. He should come to my region and see what he is doing to our young people and how they are not helped by the 1998 federal budget.

The Liberals have the nerve to travel around the country boasting that they have done something good for Canadian students. I say that this is misleading, as only 7% of students will benefit.

**An hon. member:** It is smoke and mirrors.

**Mr. Yvon Godin:** The best thing to do would have been to invest in institutions, so that everyone would have received the same treatment and the costs would have dropped.

Once again, I am not alone in paying attention to this bill. Young people in my region are telling me very clearly that the federal government's budget does nothing for them and they do not support it. The government should be aware that the young people attending universities represent Canada's future and give them the education they need for the future and for the economy of the future. That is what we need.

Yesterday, I was at the community college in Bathurst. The first question the students asked me was "Where are we going to find jobs? How are we going to pay our tuition fees?" They are very concerned.

The government had a responsibility, and I come back to that because it is its responsibility to lower costs for Canadian students and to do the right thing once and for all. They cannot always be thinking of themselves, their patronage appointments and the millions they are giving to Doug Young. They should look at what is going on with our young people. That is much more important.

I do not support Bill C-36. I say the government should do more important things for young people, invest where it would help

them, give them a chance to go to university, to study and to enter the labour market free of debt and not obliged to declare bankruptcy. What are we giving our young people? They go to university and then they go bankrupt. What a great start to life.

Let us hope there are some Liberals who will put a bug in the ear of their minister on behalf of our young Canadians.

**Mr. René Laurin (Joliette, BQ):** Mr. Speaker, my comments today will primarily have to do with the confidence one should have in this government, and particularly the Minister of Finance, regarding the measures included in Bill C-36.

Everything is a matter of confidence, because we are trying to figure out the government's true intention in proposing these so-called social assistance measures, particularly the millennium scholarship fund, which has a budget of \$2.5 billion.

• (1350)

Why do I say this is a matter of confidence? Because, in my opinion, it was more important for the government and for the Minister of Finance to come up with some program or scheme that would hide any budget surplus generated during the last fiscal year.

By now, everyone knows that the government could have brought down a budget with surpluses totalling \$3 billion. However, if the government had done that, it would have been forced to help those taxpayers who are paying for these budget cuts and these new programs. The government would have been forced to reduce taxes, and possibly employment insurance contributions. It would have been forced to take other measures that would have cut into its own revenues, at a time when it is building surpluses that will reach some \$30 billion, or more, in the years 2000 to 2003.

I say it is a matter of confidence, because the auditor general said that by establishing the millennium scholarship fund, the Minister of Finance is including in this year's budget an expenditure that he will make in the year 2000.

In his last report, the auditor general had criticized the minister for acting like this. The issue then was the Canada Foundation for Innovation. In that case, the government had agreed to budget \$800 million for a foundation that did not yet exist. That would enable the government to inflate its deficit by \$800 million, which would serve its purpose since it could convince the taxpayers that the government ought to continue to make cuts at the expense of the unemployed, the poor and all those most in need.

By inflating its deficit, the government claimed it was justified in maintaining its budget restrictions. Here is what the auditor general thought of this: The 1996-97 deficit is over-estimated by \$800 million. This is because an operation relating to the Canadian Foundation for Innovation was recorded as a liability, which is

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contrary to the accounting conventions set out by the Government of Canada in Note No. 1 of the financial statements.

This \$800 million was reported as an amount owing to a body which did not exist as of March 31, 1997. The foundation had no legal existence until April 1997. What is more, the funding agreement between the Government of Canada and the foundation was not signed until July 1997. The government fiddled with the figures and made this expenditure appear a year before the fact, because this served its political ambitions.

Far from showing any remorse, the Minister of Finance had, moreover, done the same thing with the harmonization of the GST in the maritimes. The government had already earmarked \$1 billion for this operation, although there were no agreements in place.

After these two experiences, there is still no remorse forthcoming from the government. After the business of the GST and the \$800 million for the Canadian Foundation for Innovation, it is repeating the offence a third time by setting aside \$2.5 billion for the millennium scholarship foundation. It is posting them in the books now, even though the first cheques will not be issued until the year 2000.

• (1355)

Why? Once again to avoid showing surpluses, which would not be in its interests because it would bring too much pressure to bear on the government. Would the same be allowed of individuals? Would an individual be allowed, for instance, to enter the expenditure of funds in this year's income tax return to avoid reporting income? Would Revenue Canada let him do this?

I challenge any Canadian to enter in 1997 expenditures which will actually be made in 1998, as the government and the Minister of Finance have done. I can tell you Revenue Canada would immediately catch it and ask him to review his financial statements.

Would a small or medium size business be allowed to do the same? Could it enter expenditures this year to avoid showing a profit at the end of 1997? No, this would not be allowed.

I challenge the Minister of Revenue to tell us whether he would allow a small or medium size business to enter this year expenditures that will not be made until next year, in order not to show a profit and, thus, avoid paying income tax on this amount. Yet, that is what the government is doing.

That is what it is doing with the millennium scholarships. Any program would have done just as well for the government; what mattered was not so much to help students as to gain visibility, to show a zero deficit in order to keep pressure at bay. That is what the main goal was.

*S. O. 31*

Can we trust government that claims to want to help students but does it through a process that is secretive almost to the point of being undemocratic, a process giving people the impression it is doing them a favour when in fact it is pursuing purely political objectives? This action by the government is despicable.

Helping students was not the government's intention. In fact, even though it could now rectify the situation somewhat by giving that money back to the provinces, which would be in a better position to use it for educational purposes, the federal government has so far refused to consider this possibility.

This confidence issue will remain until the government demonstrates its willingness to be more transparent and to use accounting practices that comply with the general rules recognized by the Canadian Institute of Chartered Accountants, and until it demonstrates that its intentions with regard to helping a particular segment of our society are not purely political but truly meet the needs of these people.

**The Speaker:** It being almost 2 p.m., we will now proceed to Statements by Members.

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## STATEMENTS BY MEMBERS

[*Translation*]

### MEMBER FOR BEAUHARNOIS—SALABERRY

**Mr. Guy St-Julien (Abitibi, Lib.):** Mr. Speaker, the hon. member for Beauharnois—Salaberry is telling the whole world the truth about Canada. In fact, he seems torn between promoting the separation of Quebec and recognizing that Canada is not such a bad country.

What he said recently to an American audience left no doubt at all:

[*English*]

“Quebec wants out, not because Canada is a bad country, or federalism as a system cannot work”.

[*Translation*]

Coming from a member of the Bloc, such a statement deserves to be mentioned. He readily recognizes not only that Canada is not such a bad country, but also that federalism as a system works. Members of the Bloc are doing everything they can to make it go wrong, but to no avail, because the system keeps working.

Canadian federalism must be on very firm ground, since it ensures that Quebecers can profit from a system which their

government adamantly rejects. Yes, we keep working for Quebec and for Canada, despite the guided tours the hon. member for Beauharnois—Salaberry is making throughout the world.

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[*English*]

## NATIONAL DEFENCE

**Mr. John Duncan (Vancouver Island North, Ref.):** Mr. Speaker, on Friday the Minister of National Defence announced that Canadian forces members will receive pay adjustments as a result of a comprehensive review. What the press release did not announce is that once again the Liberals can give with one hand and take away with the other.

• (1400)

A master corporal will see an increase on April 1 of about \$100 per month gross. After taxes, EI premiums and CPP deductions, the net worth will be \$53 a month.

Now we find out that national defence is increasing rents to DND personnel. This will equal for a master corporal \$30 per month. The real net increase will be \$23 per month. That is not enough to buy a case of beer.

Why is the military increasing rents? Why is the government treating our people in uniform in such a shabby way?

\* \* \*

[*Translation*]

## MILLENNIUM SCHOLARSHIPS

**Mr. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, one can say that the meeting the Prime Minister and the Premier of Quebec had about the millennium scholarships was successful.

After the meeting, the Prime Minister stated again that this program that will help hundreds of students to complete their studies will complement existing programs in Quebec. Quebecers will know where the money for their training comes from and the Premier of Quebec did not object to that principle.

Let us just hope that the Premier of Quebec will keep thinking that way throughout the negotiation process undertaken to harmonize the federal program with Quebec's priorities, so that this issue can be resolved successfully.

I urge the Government of Quebec to keep an open mind throughout these talks so that Quebec can fully benefit from this innovative project that will prepare a whole generation to meet the challenges of the next millennium.

By the way, way to go B.C.

## NEWFOUNDLANDANDLABRADOR

**Mr. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Mr. Speaker, I rise today in the House of Commons to recognize a very important day in the history of Canada.

[*English*]

Today at one minute to midnight will mark the 49th anniversary of the momentous occasion when Newfoundland and Labrador joined Canada. I want to celebrate with the House this very special occasion.

Our province has seen its ups and downs, but through the 49 years of being a very proud member of this country we have been a full and equal participant in Confederation. Our day has come, our year has come and our century has come.

Newfoundland and Labrador will be joining the rest of the country in economic prosperity. We will be exceeding the country. Our GDP, our standard of living, will be raised in my opinion because of Confederation.

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## IMMIGRATION

**Mr. Brent St. Denis (Algoma—Manitoulin, Lib.):** Mr. Speaker, I have a new example of misinformation, courtesy of the Reform Party. Reform's pamphlet on immigration contains many examples of incorrect figures and facts to mislead Canadians.

The letter from the leader of the Reform Party states:

In March 1998 an advisory group appointed by the Minister of Immigration met in Ottawa to examine the policies and legislation governing immigration to Canada.

The minister was holding hearings in Ottawa in March, not the advisory committee. The letter from the Reform leader further states:

The official opposition requested an opportunity to contribute its own recommendations, but was denied access to the advisory group by the minister.

It was the minister who was holding hearings, not the advisory group. The minister decided not to hear from any MPs because they already had access to her in the House.

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## THE FAMILY

**Mr. Maurice Vellacott (Wanuskewin, Ref.):** Mr. Speaker, the Reform Party has long called for equal tax treatment for one income families who care for their children at home. In fact this is part of our Reform blue book and was a central part of our 1997 election platform.

We should be offering a child care credit for all parents regardless of the method of child care they choose. Research from around the world shows that direct parental care for young children

*S. O. 31*

is one of the best methods of fostering secure attachment and preventing problems in adolescence and adulthood.

According to a national poll fully 94% of Canadians identified lack of time to spend with offspring as a serious stress on family life. In a poll conducted last year 92% of Ontarians said it was preferable for a young child to be at home with a parent. Yet the government implements tax policies which discourage and in fact discriminate against such an arrangement.

The most important relationship for the long term health of the nation is that of the parent-child bond. The family is the building block of society.

\* \* \*

[*Translation*]

## REFORM PARTY

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, here are some other inconsistencies.

[*English*]

The Reform Party pamphlet on immigration states that the advisory group's mandate was to provide recommendations to the minister. Later they claim "the advisory committee has made 172 recommendations to the Standing Committee on Immigration".

• (1405)

[*Translation*]

Not only is this second statement false, but it also shows the continuous inconsistency of the Reform Party. Reform members also recommend that the government produce a detailed and honest report on the immigration levels, legislation and policy and table it in Parliament.

Reform members do not know what they are talking about. The Immigration Act requires the minister to table in this House, in October, a report on the levels expected for the following year and the actual levels for the current year.

Finally, this booklet is for all Canadians, but it is available only in English. Does this mean that francophones across Canada are not Canadians?

\* \* \*

[*English*]

## IMMIGRATION

**Ms. Maria Minna (Beaches—East York, Lib.):** Mr. Speaker, I do not believe the Reform Party can determine fact from fiction. I see no other purpose for Reform's immigration pamphlet than to foster anti-immigration sentiment in the country.

The Reform Party states that Canada now accepts more immigrants per capita than any other country in the world. This is false. I urge the Reform Party to look to New Zealand first. Its pie chart

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shows immigration of skilled workers at only 21% when in fact the 1997 figures show over 55% were from the economic class.

The Reform Party claims that some immigrants are sponsoring extended families and people who are not really relatives. The Immigration Act only allows sponsorship of immediate family, parents and grandparents.

Reformers insist that they are committed to restoring the confidence of Canadians in the immigration system. They should start by speaking the truth.

**The Speaker:** We are getting pretty close in our statements. We had better cut back a bit on the rhetoric.

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**THE SENATE**

**Mr. Inky Mark (Dauphin—Swan River, Ref.):** Mr. Speaker, since 1870 Manitobans have governed themselves in areas of provincial jurisdiction. Since Confederation, Manitobans have elected MPs to the House of Commons. Even earlier they governed themselves at the municipal level democratically.

Manitobans have always been saddled with senators who are party fundraisers, leadership campaign supporters, former MPs and political friends.

Senator Carstairs wants a triple-E Senate. Premier Filmon wants a triple-E Senate. Premier Filmon even said that Manitobans should have the right to elect their own senators.

The Prime Minister said he is ready and willing to make changes to the Senate when the provinces are ready. Manitobans are ready and waiting.

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**PORT MOODY—COQUITLAM**

**Ms. Sophia Leung (Vancouver Kingsway, Lib.):** Mr. Speaker, as chair of the Liberal B.C. caucus I am delighted to announce very good news to the House. As a result of yesterday's byelection the Liberal caucus has a new member of Parliament for Port Moody—Coquitlam. This is a great victory for the Liberals in B.C.

It marks the decline of the Reform Party. It sends a clear message that Reform's gutter politics are distasteful to Canadians. The leader of the Reform Party has been rejected. It also shows that the Prime Minister and the Liberal government have the confidence and support of the people of B.C.

I say thanks to the voters of Port Moody—Coquitlam for sending this message loud and clear.

[Translation]

**CANADA POST**

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, the people of Saint-Honoré-de-Témiscouata have decided to hold Canada Post accountable.

Canada Post provides a largely insufficient annual amount of a little more than \$4,000 for postal outlets in municipalities that have been deprived of their post offices under the brutal closure policy implemented by the Conservatives.

In 1993, rural areas responded by electing members of Parliament who supported the moratorium on the closure of rural post offices. Unfortunately, the post offices that were closed have not been reopened.

The people of Saint-Honoré-de-Témiscouata are sending a clear message to the federal government. The municipality has taken down the Canadian flag from its municipal building. Citizens have put their houses for sale and buy their stamps in Rivière-du-Loup, 20 kilometres away.

Today, the federal government must live up to its commitment and force Canada Post to provide enough money to maintain postal services for all of rural Canada.

\* \* \*

• (1410)

[English]

**ABORIGINAL LANGUAGES DAY**

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, today the Commissioner of Official Languages released his annual report on Canada's two official languages. However Canada has many languages, all of which are equally important to the rich fabric of Canadian society.

Today being Aboriginal Languages Day draws our attention in particular to the 53 aboriginal languages which exist in the country, many of which are on the brink of extinction due to the unfortunate historical maltreatment of aboriginal peoples and their cultures.

However I am pleased to note that aboriginal peoples have taken and continue to take measures to revive, preserve and promote their languages.

Chapel Island Portlotek First Nation in Nova Scotia declared Mi'kmaq to be the official language of its community. Eskasoni First Nation in Nova Scotia, in partnership with government, established a centre of excellence for Mi'kmaq language curriculum development to support language programs in both public and band schools.

These measures serve to ensure that the rich heritage of aboriginal languages enhances not only the lives of aboriginals but also the lives of all Canadians.

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#### PORT MOODY—COQUITLAM

**Mr. David Iftody (Provencher, Lib.):** Mr. Speaker, congratulations to Lou Sekora on a solid victory in yesterday's byelection.

The voters of Port Moody—Coquitlam have put their confidence in a Liberal member to represent their interests in the House of Commons. We will not let them down.

The Reform Party claims that it is the only voice for British Columbia, but yesterday the voters rejected Reform's divisive, narrow politics.

The fact is that Liberals have increased their percentage of the vote in this riding consistently since 1993. Clearly British Columbians want good government and will vote for members who represent their day to day concerns.

Finally, yesterday shows that no Reform seat is safe in western Canada. Together with other Liberals from western Canada and from every part of the country, we will build a strong British Columbia and therefore a strong Canada.

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#### GRAND FALLS CURLING CLUB

**Mr. Gilles Bernier (Tobique—Mactaquac, PC):** Mr. Speaker, I am pleased to join with curling fans from across Canada in celebrating the new world champion junior women's curling team from my riding of Tobique—Mactaquac.

This year, Team Canada was the Grand Falls Curling Club of Melissa McClure, Nancy Toner, Brigitte McClure, Bethany Toner and Julie Webb. Years of training, dedication and sacrifice paid off on Sunday when they beat Japan's Akiko Katoh 11 to 3.

They also have a secret weapon. Father Joseph LeBlanc and the congregation at St. John the Evangelist Church in Johnville, New Brunswick, held a prayer service Sunday morning to ensure their victory.

I congratulate Melissa, Nancy, Brigitte, Bethany and Julie. They truly are the best in the world. Way to go, Team Canada.

*S. O. 31*

[*Translation*]

#### POVERTY

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, the National Council of Welfare has said that it is a national disgrace that we should have 2.8 million people on welfare in Canada. And that is not an overstatement.

We should not forget that over the last decade, the number of people on welfare has gone up by 47% from 1.9 million to 2.8 million. Single mothers represent 27% of those on welfare.

The human resources development minister can heap all the praise he wants on the employment insurance reform, the fact is this reform is one of the main causes of increasing poverty.

Why does the Liberal government take pleasure in racking up \$20 billion in surplus in the employment insurance fund, in hiding budget surpluses, and in granting tax privileges to certain shipping concerns when children are going hungry and their parents are being pushed aside as active participants in society?

\* \* \*

[*English*]

#### PORT MOODY—COQUITLAM

**Mr. Paul Bonwick (Simcoe—Grey, Lib.):** Mr. Speaker, it is with great pleasure I rise today to welcome a new colleague. The residents of Port Moody—Coquitlam have spoken loud and clear. They have sent us a member who cares and supports the same things they do. They have sent us Lou Sekora, the newest Liberal member of Parliament.

Mr. Sekora and our Prime Minister should be proud of the vote of confidence the people of British Columbia have shown in them.

The leader of the Reform stated last week:

A lot of people will be watching this riding, not just in B.C., but across the country, because it's the first chance for voters to say what they think of government policy.

For once we agree. Port Moody—Coquitlam has sent a message to the Reform. They have said no to the Reform style of politics. They have said no to the Reform mud-slinging. They have said no to Reform's attempt to set British Columbia against the rest of Canada. They have said no to the arrogant, guttural behaviour of not just the Reform Party but equally so its contemptible leader.

I say congratulations to Mr. Sekora, our newest Liberal member of Parliament.

*Oral Questions***ORAL QUESTION PERIOD**

• (1415)

*[English]***HEPATITIS C**

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, on February 20 of this year the Minister of Health was asked about compassion. He was asked if he would extend a hand to the thousands of Canadians dying from hepatitis C in their blood. He said "This government will not walk away from its responsibilities". But he broke that promise. The Liberals are now leaving thousands of Canadians to die without help.

I ask the Prime Minister, what would he tell these thousands of abandoned victims to do, just go away and die quietly? Is that his position?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the decision that was announced last Friday was a decision made and shared by every government in this country. It was made in a difficult situation with tough factors to take into account.

In listening to the hon. Leader of the Opposition one would think that decision did not show compassion. Twenty-two thousand people are going to be compensated as a result, everyone who was contaminated with hepatitis C during a four year period when governments, when the Red Cross could have and should have acted.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, I directed my question to the Prime Minister for a reason. We have heard the lawyer's answer. We have heard the accountant's answer. We have heard the answers of people who put limited liability ahead of human suffering.

In his report Justice Horace Krever said that Canada has a moral obligation to compensate all these victims. A moral obligation. I ask the Prime Minister, is he now saying that Justice Krever was wrong and we do not have a moral obligation to compensate all victims?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, Mr. Justice Krever did his job as a commissioner on a royal commission. He dealt just with the blood system. Then it was up to governments to fulfil their responsibilities by making public policy. We did that last Friday. As a result, governments are spending over a billion dollars for the benefit and assistance of over 22,000 Canadians who were harmed during a period when something could have been done to prevent it.

Governments are taking responsibility and doing the right thing.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, the health minister adds insult to injury. The health minister went before the cabinet today to ask for \$100 million to compensate sports teams and jazz musicians for lost cigarette ads. One hundred million dollars from the health minister for car racing, comedy clubs, and tennis tournaments.

How can the Liberal cabinet even consider spending \$100 million on racing cars when thousands of hepatitis C victims remain uncompensated?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the compensation was an agreement that was negotiated between the provincial health ministers and the federal health minister under a very severe situation. In fact the federal government contributed \$800 million and the provincial governments are contributing \$300 million. That is what has been decided collectively by the provincial governments and the federal government.

I am amazed today. For years these guys across the aisle have been asking us to cut welfare, asking us to cut payments to this person and that person. Suddenly they are on the road to Damascus.

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, we guys across the aisle at least recognize a moral responsibility when we see one.

Canadians are watching the heartless approach the health minister is taking toward these innocent victims of the blood scandal. The lawyer says "this is difficult". It is difficult, but it is also deadly.

Will the Prime Minister tell his health minister to back off and compensate all victims of this blood tragedy today?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, we made very clear the reasons why every government in this country believes this is the right and responsible course to take.

• (1420)

The hon. member should remember that over 22,000 people will be receiving assistance, all of those who were infected during the period when the system did not work as it should have. And those who were infected by those people, their spouses and children are also going to be compensated.

This is the right thing to do. All governments are taking their responsibilities in an appropriate way.

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, I will give you an example of what is the right thing to do.

The governments of Ontario and Alberta said they were wrong and listened to their conscience by compensating the Dionne quintuplets and the victims of sterilization. They were not ashamed to stand up and say "Sorry, we made a mistake".



*Oral Questions*

When is the Prime Minister going to stop listening to this cold lawyer in the health department and follow his heart and compensate all victims?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, this is a program that has been developed by the provincial governments and the federal government according to the obligation of all levels of government. From this side we have contributed much more than the provinces to resolve this problem.

There were all stripes of governments involved and they all agreed. There was agreement from the NDP, the Conservatives, the Liberals, even the Parti Québécois. The obligation of the governments was met in a very sensitive way and it is the right—

\* \* \*

[Translation]

**MILLENNIUMSCHOLARSHIPS**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, yesterday the premier of Quebec met with the Prime Minister of Canada concerning the millennium scholarships.

The parties agreed to mandate two negotiators to find a way to reconcile the objectives of both governments. Let us keep in mind that all those involved in education in Quebec support the position of the Quebec government.

Does the Prime Minister agree that, in order to give the negotiations a chance, he ought to suspend examination of Bill C-36, which concerns the millennium scholarships, until the end of the negotiations?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the money allocated for the millennium scholarships will be taken from the budget, because it is the last day to do so. This money will be invested in a foundation. The foundation and the legislation are necessary.

If we want the program to be put into place in September 1999, the bill needs to be passed as soon as possible.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, one must conclude that the Prime Minister still intends to proceed with the adoption of those clauses of Bill C-36 which deal with the millennium scholarships.

In this case, can he commit to introducing an amendment to Bill C-36 which will set out a mechanism to allow for a future agreement with the Government of Quebec?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the bill enables the foundation to sign agreements with the provinces. The foundation will hold discussions with each province.

In the case of Quebec, I met with the premier yesterday and we agreed to preliminary meetings at the departmental level. The Deputy Minister of Human Resources Development will meet with his Quebec counterpart to find a solution which will allow young Quebecers to benefit from the Canadian government's millennium scholarship project along with other young Canadians.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, the millennium scholarship fund should only be set up in a spirit of openness on the part of the federal government toward the education sector, whose main representatives came here yesterday with Mr. Bouchard and supported his position.

My question is for the Prime Minister. His first reply is of concern to us. Does the Prime Minister know that, under the bill currently before the House, it is impossible for the millennium scholarship fund to delegate any responsibility to a government with which it may sign an agreement?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I think that, in its present form, the bill does not in any way prevent the foundation from signing an agreement that is acceptable to both sides.

The important thing is to make sure that the millennium scholarships are accessible to all young Canadians, in every province of the country.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, I want to make it clear that the bill specifically provides that the foundation cannot delegate any of its responsibilities to a government. It can certainly sign agreements, but it cannot delegate any of its responsibilities. This is the issue here.

● (1425)

Does the Prime Minister not think it would be wiser to take another look at the bill to see if, following yesterday's meeting, some adjustments are in order?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we are satisfied that the bill gives us all the flexibility we need to settle the issue in a reasonable manner.

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[English]

**HEPATITIS C**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I have a question for the health minister. I hope today the back doors are locked.

Can the minister tell this House, without blaming the provinces and without hiding behind the lawyers, does he think the hepatitis C victims infected before 1986 have been treated justly and fairly?

*Oral Questions*

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, sometimes governments are called upon to make tough decisions as a matter of public policy. When we look back on the tragedy of the tainted blood, it is plain that the period 1986 to 1990 stands out. It stands out because it is a period during which those responsible could have and should have acted. Had they acted, many of those infections would have been prevented.

Every government in the country thinks it is good public policy to provide assistance to people who were infected in that period. That is the reason we put aside more than \$1 billion to assist the more than 22,000 people who were infected.

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**HEALTH**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, today's cabinet tobacco go around is just a smokescreen to hide the many things the minister does not want to talk about. No new money for health transfers. Inadequate compensation for hepatitis C victims. Continuing chaos in the health protection branch. More cave-ins to the multinational drug companies.

How can the Minister of Health pretend to be in charge? How can he do his job when every major health decision is being made by the Minister of Finance?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I can understand how the view of things would be distorted from that perspective. Let me fill the hon. leader of the third or fourth party in on some of the facts of the matter.

The facts are that this minister and this government have identified the important priorities in the health care system. Home and community care; strengthening the system of health care throughout the country; enforcing the principles of the Canada Health Act; working toward pharmacare to make pharmaceutical products available. Those are the priorities for the health care system and those are the priorities of this government.

\* \* \*

**HEPATITIS C**

**Mr. Greg Thompson (Charlotte, PC):** Mr. Speaker, the minister left the House yesterday without speaking to the hepatitis group which is the sickest and has the highest mortality rate. He did not speak with them. He did not meet with them.

Does that close the door forever on his talks with these people? Is he simply going to keep it slammed? We are talking about unilateral action on behalf of the government to compensate the sickest group of the hepatitis C victims.

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, yesterday the hon. member shamelessly exploited victims for his own reason. I think he should be ashamed of himself.

The record shows that I have met more than once with the very people who were in our company yesterday. In fact, last Thursday I spoke by telephone with Mr. McCarty to tell him personally about the decision that was coming Friday. It was not because I thought he would like it. I knew he would not, but I wanted him to hear it from me.

This is a minister who accepts his responsibility, who has met with victims.

**The Speaker:** The hon. member for Charlotte.

**Mr. Greg Thompson (Charlotte, PC):** That is right, Mr. Speaker. He spoke long distance. This is the minister of remote control. Why does he not meet with them eyeball to eyeball. He can explain to them what he has explained to this House and they can determine whether or not he is sincere in what he is talking about.

We have talked about this issue for weeks and weeks and he has successfully dodged the bullet. The fact remains that there are 40,000 uncompensated innocent victims. Will the minister act and show true leadership on this issue?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, what the hon. member obviously does not know is that I have met with those victims. I have met with several of the people he has referred to. I have met with them on more than one occasion. Last week, as I said, I spoke to them directly to tell them what the decision of the governments was.

● (1430)

Last week every government in this country agreed on the appropriate approach in public policy to compensate those who were infected during the period when governments could have acted and did not. That is an appropriate and responsible approach.

**Mr. Grant Hill (Macleod, Ref.):** Mr. Speaker, some tens of thousands of Canadians have been infected by hepatitis C, infected by the very same virus, and they got it the very same way, from tainted blood. They only ask to be treated fairly. They only ask to be treated equally.

My question is to the Prime Minister. We can tell a lot about leadership when an individual has made an error. I ask the Prime Minister today to right the error of hepatitis C compensation to those innocent victims.

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, what the hon. member sees here is a decision, a responsible decision, taken by every government in the country. We looked at the record and saw that during the period in question something could have been done, but it was not done.

As a physician I know the hon. member is well aware that every medical procedure involves risk as well as benefit. As a matter of public policy one cannot go back and erase the risk of the past, but we can deal with the period during which those responsible should have acted and did not, and that is what we have done. Those are the people who will be assisted by governments throughout this country.

**Mr. Grant Hill (MacLeod, Ref.):** Mr. Speaker, on the very day we get that kind of an answer we have the health minister fighting vigorously in his cabinet for tobacco cash—\$100 million for tobacco cash.

Here is what the hepatitis C victims say: “Why would that money go to tobacco instead of going to us?” That is my question to the health minister: Why would that money not go to the victims of hepatitis C? They do not want two tiers of victims.

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the hon. member would do well to be careful what he believes about what he reads in the newspapers.

Let me come to the point of his question because I think the hon. member misses the rationale.

The governments of Canada, all of them, have agreed that the appropriate rationale in terms of assisting those who were infected with hepatitis C is to look to that period when something could have been done to prevent it. That is the reason we will be providing, by way of an offer to settle the outstanding claims, over \$1 billion for the benefit of over 22,000 Canadians who might have been kept healthy.

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[Translation]

#### EMPLOYMENT INSURANCE

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, my question is for the Minister of Human Resources Development.

There are 2.8 million people on welfare in Canada in 1998. *La Presse*, in reporting the remarks of the chair of the National Council of Welfare, rightly called this a “national disgrace”.

Will the minister admit that, by denying hundreds of thousands of workers access to employment insurance benefits, his reforms contribute significantly to this national disgrace?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, first of all I want to thank the National Council of Welfare for the excellent work it has done. It has been a great advisor to the Canadian government and we appreciate its contribution.

#### Oral Questions

Its report will be an invaluable tool in ensuring that our government continues to serve Canadians well, as we plan to.

I am pleased to see that the number of welfare recipients has been decreasing steadily since 1995. Things are certainly looking up.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, how can the minister say he is pleased with having 2.8 million welfare recipients?

Is it not a national disgrace as well to have a minister sitting on a EI fund surplus that will reach \$20 billion in 1998, when thousands of unemployed workers who no longer qualify for employment insurance end up on welfare?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, we care about children who are living in poverty in this country.

Earlier, we heard members of the Bloc Québécois mention that many welfare recipients are in fact single mothers. It is precisely to help these families that we set up the national child benefit, to which we will allocate \$850 million this year and another \$850 million thereafter, for a total of \$1.7 billion.

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• (1435)

[English]

#### HEPATITIS C

**Mr. Reed Elley (Nanaimo—Cowichan, Ref.):** Mr. Speaker, I simply want to know why this Prime Minister thinks some victims' lives are worth more than others. I want to know why he is helping some of the dying but ignoring the rest.

Tens of thousands of people who contracted hepatitis C from the blood system are now being abandoned, but every single Canadian who contracted AIDS from a blood transfusion is being fully compensated, as they should be.

Both of these groups are suffering and dying because of their blood. Why do all AIDS victims get compensation but not all hepatitis C victims?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the chronology of the tragic events which led to the hepatitis C infections through contaminated blood is now very clear. It is a sad history.

One feature of that history which I have been stressing, which was very influential on governments, was that during the four-year period from 1986 to 1990 many of those infections could have been prevented had those responsible for the system acted as they should have.

*Oral Questions*

The federal government is contributing \$800 million and the provinces are contributing \$300 million to a fund totalling over a billion dollars to assist and to aid those who were infected in that period.

We believe this is good public policy. We believe it is the responsible way—

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

**Mr. Reed Elley (Nanaimo—Cowichan, Ref.):** Mr. Speaker, the government did not use those kinds of excuses when the AIDS victims were asking for compensation.

People who contracted AIDS from blood transfusions are being paid, even if they contracted AIDS before the AIDS test was implemented in 1985. The government did not use legal technicalities then.

Innocent Canadians are dying because of the government's blood system. It is a tragedy and we need to help them.

I have a very simple question. Why is this government setting up two tiers of victims in this country?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, if the hon. member would look at the history of the matter he would see that the facts themselves speak clearly for distinguishing the period 1986 to 1990.

I might add for the hon. member's benefit that we are offering compensation not only to those who were contaminated with hepatitis C during that period, but also to those who may have contracted HIV, either through a spouse or a parent, as a result of contamination through the blood system.

All governments in this country believe this is the right and responsible way to act.

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[Translation]

**COPYRIGHT BOARD**

**Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ):** Mr. Speaker, my question is for the Minister of Industry.

The latest decision of the Copyright Board threatens the livelihood of creators, according to the headline on the SOCAN magazine. This is the first time since the establishment of this board that a majority decision by it has cut into the gains made by artist management collectives.

Will the minister acknowledge that creators are today paying the price for his appointing to the board people who knew nothing about copyright?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, this is a quasi judicial independent board, which has a very good record in copyright matters. We have faith in it.

**Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ):** Mr. Speaker, it did have a good record until the arrival of the two new commissioners.

Under the Copyright Act, the minister must appoint a judge to chair the board. The position has been vacant since October 4, 1994.

Why is the minister not complying with the act and filling the vacant position?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, up to now it was not necessary. It is true that with the passage of the Copyright Act there are new responsibilities and we will consider appointing a judge to chair the board.

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[English]

**ABORIGINAL AFFAIRS**

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, when the minister of Indian affairs is asked about the tragic shooting of Connie and Ty Jacobs on the Tsuu T'ina reserve she personally attacks whoever asks the question.

I want to assure the minister that I spoke with Connie's sister and brother yesterday and they are adamant. They want a full, independent, public inquiry into all of the conditions on the Tsuu T'ina reserve. They do not want the Assembly of First Nations, the band or the chief to hijack this investigation.

Will the minister listen to Connie's family and grant their request so they can have peace of mind?

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, I think it would be beneficial to this process if the members of the Reform Party placed the interests of the truth ahead of their own political agenda.

• (1440)

We have an inquiry in Alberta. We are engaged with the AFN in this exercise on a daily basis. We are making some progress in the interest of calm and in the interest of the truth and good relations between all parties affected.

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, talk about ducking responsibility. The minister listens more to her political friends than to grassroots aboriginals.

This is a wealthy reserve. It spends more than \$20 million a year for 1,000 people. But they still do not have money for the basics. Basic housing is substandard and the social conditions are heart-breaking. Only an independent inquiry can tell us whether or not the money on this reserve is being spent wisely.

That is why Connie's family wants a truly independent inquiry and not a cover-up.

*Oral Questions*

Is the minister going to accede to the family's wishes and grant that independent inquiry?

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, I think it is obvious now what the Reform's agenda is. It is to confuse the issue.

We have an investigation into a tragic shooting which we all feel badly about. It is very important that we not confuse that with other issues the Reform would like to put in play to confuse the issue, which is not in the interest of all the parties affected.

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[Translation]

**OFFICIAL LANGUAGES**

**Mr. Louis Plamondon (Richelieu, BQ):** Mr. Speaker, my question is for the Prime Minister.

In his last report, the commissioner of official languages once again used bilingualism as an excuse to gloss over the growing erosion of French speaking communities outside Quebec.

How does the government square such a report from the commissioner of official languages with the strong criticism of a number of well known individuals, including the editorial writer of *Le Droit*, who reminds readers that the assimilation of francophones is continuing everywhere outside Quebec and that, in the meantime, the Minister of Canadian Heritage is doing nothing but promoting bilingualism?

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the member opposite has a selective memory and is not doing a very good job of quoting the report.

I too would like to quote from the report. The commissioner tells us the following "There were nevertheless some major milestones for the communities in 1997, especially developments in school governance, the opening of school and community centres in nearly all provinces and the development of community radio stations".

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**TRAINING FOR YOUNG PEOPLE**

**Mr. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, my question is for the Minister of Human Resources Development.

In last September's throne speech, the government promised to develop a plan to match the training given young Canadians to the training required in the future by high-growth industries.

Will the minister tell the House about the progress made in this regard?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the government has taken action

to prepare young Canadians for the jobs of the knowledge-based economy towards which we are headed.

[English]

In the budget we launched the Canadian opportunities strategy precisely to expand access for Canadians to the skills and knowledge which they will need to succeed in the future. For example, we will offer the Canada millennium scholarships. We have increased assistance for advanced research. We are helping post-secondary graduates to manage their student debt loads.

My department is working with Industry Canada and the software industry to increase the number of students who will get the information they need to succeed.

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**BANKING**

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

The Ontario minister of finance has approved tough new regulations banning tied selling in the mutual fund industry in that province, overriding the lobby of the Canadian Bankers Association.

Mike Harris is not exactly a raving lefty who reads copies of Karl Marx every night before he goes to bed. I ask the Minister of Finance, why does he not at least be as progressive as Mike Harris and show some real leadership in this country by bringing in legislation to enforce a ban on tied selling in the banking industry?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I would suggest to the hon. member that he might want to lend him his copy.

The issue of tied selling, as the hon. member knows, has been referred to the House of Commons finance committee. It held hearings yesterday and it is holding hearings today. We look forward to its report.

**Hon. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, it is a question of leadership, which is something this minister thinks about an awful lot.

• (1445)

For example, we have a banking ombudsman who is selected, directed and paid by the big banks in this country. It is like putting the fox in charge of the chicken coop.

I want to know if the minister can show some real leadership and bring in legislation for a truly independent banking ombudsman so people who have grievances about banks in this country have an independent body to go to.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I simply point out that there were no ombudsmen in individual banks until this government took office. There was no national ombuds-

*Oral Questions*

man until this government took office. The industry committee which has been very active in monitoring bank activities did not play that role until this government took office. We do not have to take a back seat to anybody in terms of our control of what the banks are doing.

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**ABORIGINAL AFFAIRS**

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, according to Elections Canada the Tsuu T'ina reserve donated more than \$19,000 to the Liberal Party over the past four years. That is money that should have gone to housing or health care or to fight illiteracy. Instead it went to the Liberal Party fundraisers.

While people live in poverty on this reserve, does the minister think that is the best way to spend \$19,000?

**The Speaker:** The way the question is phrased I find it difficult to find it tied to the administrative responsibility of the government. However, I saw a minister rising. If he wants to answer the question he may.

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, this is a very serious and tragic situation. I do not think it does getting to the truth any good by trying to wrap it in other issues, as is attempted by the hon. member.

The fact is we are working with AFN on other justice issues. We will continue to do that. It should not be confused with the issues the member is putting forward.

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, it is Elections Canada that is telling us about the money. I think it is part of us.

The Indian affairs minister looked the other way when Bruce Starlight rang the alarm bell. She is now looking the other way while the Jacobs family is crying out for help. Things are desperately wrong on the reserve and giving \$19,000 to Liberals instead of fixing the real problems of poverty is just plain wrong.

Will the minister launch an investigation now on the conditions of the reserve?

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, an investigation has been commenced in the province of Alberta. We are dealing with the AFN to deal with the broader issues.

I implore the hon. member to be an agent for the positive in this, not an agent for the negative in the interests of reconciling our communities as the minister has led since the RCAP response.

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**HEPATITIS C**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, the medical community recognizes that those affected with hepatitis C are the

sickest of the sick. These individuals will suffer greatly along with their families. The reality is they will die through no fault of their own.

Knowing this, why would the Minister of Health use such a small timeframe for compensation when he knows full well the problems started years earlier than 1986?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the question in this difficult case is in which period should government step in and take the extraordinary step of compensating those harmed through the operation of the system.

The answer to that question is in that period during which this was not simply an unforeseen risk but during which something could have been done and was not done, that is the period for which compensation should be offered and that is the position of the governments of this country.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, the West Germans have been aware of a process to secure blood safety prior to 1986, and it has been brought to our attention. In the meantime Canada was purchasing contaminated blood products for our people from the U.S. prison system.

• (1450)

Justice Krever stated in his report: "Compensating some needy sufferers and not others cannot, in my opinion, be justified". I do not think there is anyone in this House who could justify what this government is doing. It cannot be justified.

With this in mind, why is the minister refusing to—

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

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I believe we have explained the rationale and the approach that governments have taken and it is clear from the record.

Medical procedures and forms of treatment bear with them an inherent risk. When people go into the hospital for an operation sometimes things go wrong and they are harmed.

What differentiates the period for which we are offering assistance is that something could have been done at that time and was not. That is the difference between the years 1986-90.

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**CANADA FOUNDATION FOR INNOVATION**

**Ms. Elinor Caplan (Thornhill, Lib.):** Mr. Speaker, my question is for the Minister of Industry.

A number constituents, researchers and professors have contacted me regarding research in Canada. The Canada Foundation for Innovation was announced as a huge boost to research in Canada. We have heard little since that announcement.

*Oral Questions*

Can the minister tell this House the status of that foundation and this government's support for research in Canada?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, I am delighted to say that not only is the foundation established and functioning but it is receiving applications for the first competitive set of grants. We expect the first announcements to be made by early summer.

This will be a major incentive to universities and teaching and research hospitals across Canada to not only take advantage of the foundation for innovation and its assistance in upgrading and building research infrastructure but also to make use of the \$400 million that has been made available to the university research granting councils to further support the performance of international quality research in this country.

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**ABORIGINAL AFFAIRS**

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, I would like to thank the minister for that paid political announcement.

The Indian affairs minister always digs in her heels when we bring problems to her attention. For example, when Bruce Starlight's letter about the Tsuu T'ina reserve was leaked by her department she delayed for weeks and weeks before finally calling in an investigator and paying Starlight's legal fees. The same thing is happening here again. The minister is ducking her responsibility while the solicitor general talks about being engaged to the AFN.

The Jacobs family very clearly does not want the AFN involved in this.

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, when we are talking about the issues of welfare reform, about providing infrastructure, housing, sewer and water, about providing access to education and access to economic development to first nations communities, we are talking about the work of the royal commission. We are talking about gathering strength.

This government's response is to that grassroots report that is so very important which I would suggest the member read.

When talking about the tragedies that occurred on the Tsuu T'ina reserve, the death of Connie Jacobs and her son and the investigation that is essential to be undertaken to satisfy the questions the family has—

**The Speaker:** The hon. member for Berthier—Montcalm.

[Translation]

**JUSTICE**

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, thanks to the leniency of the Minister of Justice, Joseph Lagana, Jean Lamarche, René Rodrigue, Domenico Tozzi and Raymond Boulanger now belong to the quick release club.

These gentlemen are all important drug dealers and money launderers who have been released after serving only one-sixth of their sentence.

What is the minister waiting for to propose passage of a money laundering bill, as the Bloc Québécois has constantly been demanding, one goal being to prohibit any release of these major criminals until they have served their full sentence?

[English]

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, I bring to the member's attention not only that we are committed to bringing forward legislation with regard to money laundering but also that during the course of the Corrections and Conditional Release Act review, which is forthcoming, we will have an opportunity to discuss accelerated review as well.

\* \* \*

● (1455)

**HEALTH**

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, if this government has learned anything from the blood tragedy surely it is to prevent history from repeating itself. Yet it seems to be business as usual in the Department of Health. We have more evidence of drug safety being compromised, scientists pressured by the pharmaceutical industry and now serious allegations of wrongdoing in the health protection branch.

Why is the Minister of Health presiding over a department which is an accident waiting to happen and what steps is he taking to address these very serious concerns?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, it is difficult to respond to such undifferentiated generalities, but I hope the member will know, among other things, that a science advisory board chaired by Dr. Roberta Bondar, a distinguished Canadian scientist, working with 15 or 20 other scientists at the top of their fields is now looking at the scientific capacity in Health Canada, including in the health protection branch.

We are committed to the safety of the public. We shall do what is required to ensure we have the scientific expertise to ensure that the highest standards of quality permeate every aspect of health care.

*Tributes***LIGHT STATIONS**

**Mr. Bill Matthews (Burin—St. George's, PC):** Mr. Speaker, safety and lives in Newfoundland and Labrador are as important as safety and lives in British Columbia.

Tourism, historic sites, culture and heritage are as important to Newfoundland and Labrador as they are to British Columbia.

I would like to ask the Minister of Fisheries and Oceans, the minister responsible for the coast guard, if he will apply the same decision to the 24 light stations in Newfoundland and Labrador as he recently applied to the 27 in B.C. Will he announce that light keepers at the 24 stations in Newfoundland will remain in place? The minister cannot blame this one on the Conservatives being in power. He made the announcement.

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I welcome the question because certainly the issue of saving life at sea is an extremely important one and I know the member speaks with conviction. I would remind him, however, the program did begin when a certain senator from British Columbia was responsible for it at that time.

I will apply exactly the same criteria with respect to the Newfoundland and Labrador light stations with respect to staffing as I did on the west coast. I point out that there has been a long trend with respect to this. Two hundred and twelve of the two hundred and sixty-four light stations we had twenty-five years ago have currently been destaffed—

**The Speaker:** The hon. member for Bramalea—Gore—Malton.

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**INTERNSHIPS**

**Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.):** Mr. Speaker, 12 Canadian organizations will place some 85 young Canadians in international internships in Europe.

Could the Parliamentary Secretary to Minister for International Trade outline what international issues these projects will deal with and explain how these internships will benefit both the participants and Canada?

**Mr. Julian Reed (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, my colleague is referring to that part of the national youth employment strategy which was referred to by the hon. Minister of Human Resources Development a few minutes ago.

There are 12 projects that are international in scope and they are necessary to give practical skills to young people to compete in an international market. We are currently conducting an evaluation of

that program which is one year old. We find that 60% to 70% of the interns—

**The Speaker:** The hon. member for Calgary Northeast.

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**COMMUNICATIONS SECURITY ESTABLISHMENT**

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, what a canned performance, a softball question from a Liberal backbencher and a corked answer from a parliamentary secretary. Give us a break.

The Communications Security Establishment intercepts and monitors communications between drug dealers, gang members and other dangerous criminals. It has a direct impact on the security of Canada.

Why does the defence minister refuse to allow me and the Reform Party a briefing on the Communications Security Establishment?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, I do not know exactly what information the hon. member is looking for. There is information that has been filed. Obviously the kind of business that the Communications Security Establishment is in puts some limitations on it. But I would certainly be happy to talk further with the hon. member to find out what he is looking for.

● (1500)

**The Speaker:** Colleagues, we are now going to proceed to tributes for one of our former members of parliament who died just a short while ago, Mr. Alkenbrack. I will call on the hon. member for Markham to begin.

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**THE LATE DOUGLAS ALKENBRACK**

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, it is an honour to pay tribute to Mr. Alkenbrack.

Douglas Alkenbrack came to the House of Commons to represent the riding of Lennox—Prince Edward in 1962 after many years of public service in municipal government. His parliamentary career was spent in the pursuit of fair play and justice. His constituents returned him to the House in every election until his retirement in 1979. This fact attests to the worth of his work on their behalf.

He once said "Each of us is an ombudsman for the people he represents". The records of the House bear witness to his vigour in his quest for fair treatment for his constituents.

● (1505)

A true blue Tory, Mr. Alkenbrack also loved his country passionately. He gave a message to all of us in 1970 that still holds true today: "Every Canadian, as had the Fathers of Confederation,



has great spiritual resources available to him. Our patriotism emanates from and has its source not only in ourselves and in our relationships with our fellow citizens, but also in the majesty of nature and the physical grandeur and beauty of our great dominion from the misty Grand Banks of Newfoundland to the Rocky Mountains, Vancouver and Queen Charlotte Islands”.

To Mrs. Alkenbrack, their children, grandchildren and great-grandchildren, I extend the sympathy of the members of the Progressive Conservative caucus.

**Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington, Lib.):** Mr. Speaker, I rise in the House today to pay tribute to Almonte Douglas Alkenbrack, a former member of Parliament who represented many of the people in the riding of Prince Edward—Lennox and later on Frontenac—Lennox and Addington who are now my constituents.

Douglas served this House and the people of Canada from 1962 to 1979. His brother, Wesley Alkenbrack, attributed Doug’s remarkable success in the political arena to the fact that he was a people’s man. A devout member of the Conservative Party, Doug never lost the sense that he was the people’s representative for his riding, whether those people were Liberal or NDP, black or white, rich or poor.

Before becoming involved in the all-consuming world of politics, Doug was a lumberman, co-founder and partner in the R.W. Kimmerly Lumber Company in Napanee from 1937 to 1962. His job took him through all parts of Lennox and Addington and Frontenac county where as a businessman he would gain the reputation as a straight shooter and a hard worker. It was no doubt this reputation gained as a businessman was part of the secret of his success as a politician.

Before and after I was elected in 1993, Doug was always generous in sharing his opinions with me. As a rookie MP, the House of Commons can appear intimidating at first glance. Doug was always just a phone call or a visit away. He wanted to make sure I was representing the people of Hastings—Frontenac—Lennox and Addington in the best possible way because, as he would say, they deserve no less.

In 1995 Doug Alkenbrack in co-operation with the Lennox and Addington Historical Society published a book of his poetry entitled *Rhymes of a Back-Bencher*.

On behalf of my constituents and indeed the people of Canada, I wish to extend our heartfelt sympathies to Doug’s wife Nan, his daughter Eleanor Grennell, his son Dr. Douglas Alkenbrack, and also his brother Wesley Alkenbrack of Napanee.

Almonte Douglas Alkenbrack was not only a colleague but a dear friend. May he rest in peace.

### *Tributes*

I would like to take this opportunity to read from one or two of Mr. Alkenbrack’s poems. This one says a lot about the riding and is entitled “Homeward”. There is a preamble:

My duties and work in Ottawa over a span of almost eighteen years kept me busy but I was always glad to get home to Napanee usually each weekend. In November 1968 I was glad enough to write this, entitled “Homeward”.

It’s great to go down to the Capitol  
Where there’s plenty to hear and see  
Of our country’s might, as they talk all night  
Of a free democracy.

And they say it is good to be understood  
In committee or caucus hall  
Or in strong entreat from a Commons seat  
Where governments rule or fall.  
But there’s one thing better that I prefer  
And the best that can happen to me  
Is to homeward wend, on the glad week-end  
And return to Napanee.

**Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.):** Mr. Speaker, I rise on behalf of the official opposition to pay tribute to the late Douglas Alkenbrack, former Progressive Conservative MP for the Lennox—Prince Edward riding, the people’s man in Napanee and the north area.

Doug was elected in 1962 for Lennox—Prince Edward and served this House and his party with distinction until 1979. As a former counsellor and later the mayor of Napanee, Doug brought a sensitivity to riding issues and was known as a congenial and respectable gentleman by his peers on the Hill.

Doug was, as his brother Wesley characterized him, a people’s man who devoted his life to his parliamentary and riding duties. Doug was an unpartisan individual who was receptive to ideas and input from those who claimed they did not support his party’s views. He saw the good in people and the work of the individual and respected their right to offer another alternative.

• (1510)

Doug Alkenbrack was more than a politician. He was a student of politics, history and a published poet as we just heard. He embraced this aspect of his life with the same vigour and enthusiasm as he did for politics.

After Doug’s retirement from politics in 1979, he remained a popular member of the Napanee community and area. Certainly this is testimony to the respect and high regard his community had for this gentleman and for the work he did on their behalf over his career.

I sat in this House with Doug Alkenbrack. I can say that Doug was a fine gentleman, a tireless worker on behalf of his constituents and a man who held this institution in very high regard.

On behalf of the official opposition, I wish to extend to his wife Nan, his daughter Eleanor and his son Douglas, our deepest and sincere condolences on his passing.

*Government Orders*

He will be sadly missed by those who knew and loved him and by all the members of this House.

[Translation]

**Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ):** Mr. Speaker, I rise today to pay tribute to Almonte Douglas Alkenbrack, a former member of this House, who died recently at the age of 86.

Mr. Alkenbrack first distinguished himself in the lumber industry between 1937 and 1962 at the R.W. Kimmerly Lumber Company Limited, a company that still exists today.

His political career began in 1952, when he became a Napanee municipal councillor. He went on to serve as mayor from 1957 to 1958.

In 1963 he was first elected to the House of Commons, as a Progressive Conservative, representing the riding of Frontenac—Lennox. He was re-elected in every election until he retired from politics in 1979.

On behalf of my colleagues in the Bloc Québécois, I would like to offer condolences to his family and friends.

[English]

**Hon. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, I knew Doug Alkenbrack fairly well when he was a member of Parliament. I remember that in 1979 he sat roughly where the Conservative member for Ontario is sitting now, in the second row to your left, Mr. Speaker.

He was known around the House as someone who was a real gentleman as has already been said, as someone who was a very practical person, as someone who was not overly partisan in terms of being a member of Parliament.

Before he came to this House, he was involved in municipal politics. He was involved in his community. He was involved in the lumber business in his home community in northern Ontario.

I remember one of the last days he was in the House. As a matter of fact, we expected the government to fall. It was before the election of 1979. As it happened, I was to have the floor after question period. Doug came to see me during question period to see whether or not he could have the floor instead of me so that he could have a chance to give his farewell speech in the House. Of course I ceded my place to him.

On behalf of our party, I want to extend to his wife, his son, his daughter and his grandchildren, his family, our very sincere condolences on the loss of a great parliamentarian and a real gentleman who was well liked by people in all four corners of this House.

**GOVERNMENT ORDERS**

[Translation]

**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.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I am pleased to speak to this bill, the Budget Implementation Act, 1998.

One very important thing in this bill is that it would establish the Canada millennium scholarship foundation. This project has been rejected by the whole education community in Quebec.

We saw it yesterday. Representatives at the elementary, secondary, college and university levels, administrators, unions, all Quebecers clearly expressed their opposition to Bill C-36. They accompanied Mr. Bouchard, who came to Ottawa yesterday to give Mr. Chrétien a proposed amendment that would satisfy Quebec's education coalition.

The amendment reads as follows:

Withdrawal with compensation

46.1. When a province has established and administers a financial assistance program for students to ensure equal opportunities regarding post-secondary education, the ministers

that is, the federal and provincial ministers

shall, at the province's request, conduct negotiations with this province to come to an agreement with respect to the fair compensation it should be paid in lieu of the foundation's activities in the province.

• (1515)

This amendment is not just the position of the Government of Quebec, it is also the position of the entire coalition, which represents all those involved in education in Quebec.

There is recognition that the federal government might be entitled to a certain degree of visibility. It wishes to ensure that the people who receive money from this program know where it came from. I believe that desire may be legitimate.

This ought not, however, to be done at the expense of efficiency. The bill contains some things that are completely unacceptable. The way the foundation is set up and the administrators appointed, and the means they are equipped with, is duplication, in my vocabulary. It is creating, alongside the structure that exists in Quebec to provide financial assistance to students, another structure which will not only compete with the entire system in place in

*Government Orders*

Quebec, but will also disturb it. It is important for those in the rest of Canada to understand this.

In Quebec, there is already a system of loans and scholarships in place. As a result, the average student debt load in Quebec is in the vicinity of \$11,000 on graduation, as opposed to \$25,000 in the rest of Canada. The explanation for the difference is that, since 1964, Quebec has exercised its right to opt out in accordance with an agreement reached between Prime Minister Pearson and Premier Lesage. Quebec has developed an incredible expertise in this area. I believe it to be a model that is the envy of all of Canada.

Today, when they want to put the millennium scholarships in place, the reason the Quebec coalition is opposed to the federal position is not because it will make more money available to students, but because it is necessary to ensure that this money will fit properly within the jurisdictional framework set out in the Constitution.

In Canada, education is a provincial jurisdiction. When I hear a phrase like the one used recently by a Liberal MP that “we are not interfering in education, we are going to give money to students”, this is evidence of gross ignorance of Canada’s history, and of the fact that, for Quebec, jurisdiction over education is something sacred. It is one of the cornerstones of the Confederation pact of 1867. It is therefore important, and it is necessary that a solution be found.

The Quebec government took a reasonable attitude and made a proposal. Both parties agreed to appoint negotiators: on the one side, the deputy minister of human resources development and, on the other side, the Quebec deputy minister of intergovernmental affairs, assisted by officials from the ministry of education, to try and find a mutually satisfactory solution.

The Bloc Quebecois will be monitoring developments very closely, and I was very surprised by the Prime minister’s answer today, during question period. He said these negotiations could take place and Bill C-36 did not have to be amended, it could be passed as is. That is absolutely impossible, since paragraphs 29(1) and 25(2) provide that the foundation may not enter into an agreement with the provinces to delegate the management of the millennium scholarships.

Therefore, if the federal government wants to show good faith following yesterday’s decision to have negotiations, if these negotiations are not simply a way to buy time, the federal government should make a move. It could for instance set aside Bill C-36, at least as regards the millennium scholarships, or include a provision to the effect that, if an agreement is entered into by Quebec and Ottawa respecting the management of the scholarships, this agreement shall become part of the act following the negotiations.

It is important that it be made very clear that Quebec has control over the development of its education system. Yesterday, the

coalition’s spokesperson, Mr. Shapiro, who is the dean of McGill University, came here to speak on behalf of all stakeholders there.

• (1520)

We cannot call Mr. Shapiro a separatist. McGill University is no hotbed for separatists. I think there are people there of all political stripes, including federalists.

However, Mr. Shapiro and stakeholders in education have one concern. They say that instruction is an integral tool in the development of the individual. Certain things are learned at the primary, secondary, college and university levels, and equality of opportunity will not be assured by awarding university scholarships at the end of a program of studies on a merit basis. There has to be enough money available at all levels of education, especially at the post-secondary level. I think it is important for us to reach an acceptable outcome.

Could the federal government achieve its visibility objectives while the Government of Quebec and education stakeholders achieve their objective of efficiency? I think, in order to reach an agreement, that a way must be found to achieve both objectives—that is federal visibility, a condition the Prime Minister himself put on the table, and provincial efficiency, which holds together the coalition of education stakeholders in Quebec. So we have before us the opportunity to come up with a solution to a problem that could last several years.

There was the manpower issue, you will remember. It took a strong consensus in Quebec lasting a number of years and repeated questioning here by the Bloc for the dam to finally give way and agreements to be reached ensuring Quebec control over an important aspect of manpower and training.

There will be similar cases in the future, including the whole matter of the youth strategy. How can Quebec be given responsibility for manpower training with the federal government retaining control over the youth strategy? This is an example of work yet to be done, and the whole matter of the Canada Millennium Scholarship Foundation is another one.

Yesterday, all the vital forces in Quebec education were represented in Ottawa. These people came to tell the Prime Minister of Canada “We want a solution that will allow the money to be used efficiently in Quebec. We want to make sure it will not be sprinkled here and there for reasons of visibility, which would lead to unacceptable results. We cannot afford to waste money in the education sector”.

From 1994 to 1998, the cuts to federal transfer payments accounted for 75 cents out of every dollar the Quebec government was forced to cut from the budgets for health and education. The situation is urgent. The federal government must negotiate in good faith. These negotiations must be conducted properly, which means that, as regards the millennium scholarship fund provided for in

*Government Orders*

Bill C-36, the government must not act as suggested by the Prime Minister today.

This bill must not be rammed through the House by the federal government. Rather, we must put things on hold and give time to the negotiators to find a solution in line with the amendment proposed by the Premier of Quebec. The purpose of this amendment is to allow a province that administers a financial assistance program designed to ensure equal opportunities, to reach an agreement with the federal government for fair financial compensation in lieu of the foundation's activities in that province.

This is the request made by the Quebec government, but it is also the request made by all stakeholders in Quebec's education sector. I hope the federal government will give favourable consideration to this request from all Quebecers.

[English]

**Mr. Inky Mark (Dauphin—Swan River, Ref.):** Mr. Speaker, I am very pleased to speak to this budget on behalf of the constituents of Dauphin—Swan River. After surveying the constituency, I can report that their priorities differ from the priorities of the government.

More than 66% of my constituents said they wanted the reduction of the \$583 billion debt to be the priority of any surplus. Over 56% said that their second priority was the reduction of the GST and income taxes. Another 9% made tax relief their first priority. Ten per cent wanted increased spending after the debt was paid down. Only 3.2% of my constituents agreed with what the government is doing by increasing spending before paying down the debt.

One of the best things about being an MP with the Reform Party is that we are not only free to vote, we are expected to represent the views of our constituents, especially when our constituents' views conflict with party policy.

• (1525)

I have not lost my role as deputy critic for national unity, nor have I lost my standing committee memberships.

We all know what the Prime Minister did to the independent member for York South—Weston and Warren Allmand when they would not go along with the orders that came down from the top. Warren Allmand was kicked out of the chair of the justice committee and the member for York South—Weston was first kicked out of the Liberal caucus and then the Liberal Party of Canada by the Prime Minister.

Section 53 of the Constitution Act, 1867, the BNA Act, assigns the House of Commons the responsibility for authorizing all new

or increased spending in taxes. Under section 54 the crown and cabinet can only recommend new spending and taxes. They cannot authorize, at least in theory. Let us not forget that.

Through their member of the House of Commons the people are to be free to express whether or not they think increased spending or taxes is what they want. That is how it is spelled out in the Constitution. That is the theory.

The trouble is that theory is often fiction and the truth is very strange. Instead of MPs who are here to serve and express the will of the people on spending and taxes, the government seems to think MPs are here to serve and express the will of the government.

Last week we celebrated 150 years of responsible government, beginning with Baldwin and Lafontaine. In fact, Joseph Howe established responsible government sometime earlier in Nova Scotia.

What is responsible government? It means that the crown and the cabinet are to be held responsible to the elected House, the House of the people, the House of Commons. The House of Commons is not responsible to the cabinet. Somewhere along the line we got it backwards and now backbenchers are expected to fall in line with whatever the Prime Minister and the cabinet send down from on high. Responsible government is not working the way Joseph Howe, Baldwin and Lafontaine and so many others thought it should.

I think it is time to try some new ways of making sure that spending and taxes theoretically authorized by this House are supported by the people, the voters, the taxpayers.

What is the answer? How about the grassroots solution?

Tax and expenditure legislation in my home province of Manitoba requires that tax increases be authorized by the voters through a referendum. Tax and expenditure legislation also holds the premier and the cabinet of Manitoba personally and financially responsible for any budget deficit.

Someone once said that hanging concentrates the mind wonderfully. Tax and expenditure legislation concentrates it wonderfully on the priorities of government and on careful management of the public's money. After all, it is not the crown's money and it is not the Prime Minister's money. It is not the cabinet's money. It is not even the MPs' money. It is the public's money held in trust to be spent only as necessary in a responsible manner.

Someone might say "We cannot do that. We have never done it before". My first response to that is to list the seven last words of any dying institution or organization. The seven last words of a dying institution are, "We've never done it that way before".

*Government Orders*

I have already pointed out Manitoba's pioneering use of tax and expenditure legislation. Alberta has also enacted tax and expenditure legislation.

Even this House passed a very weak version of tax and expenditure legislation, the Spending Control Act, in the 34th Parliament. The Spending Control Act was brought to this House by Don Mazankowski in 1992. Most of us say it was too little, too late.

Under the Spending Control Act the finance minister was required to aim for statutory targets on program spending and to justify any deficits. The statutory targets were in effect up to March 31, 1996.

If the current finance minister really wants to make his mark on Canada and federal government spending policy, if he is really serious when he says that the mistakes of the past finance ministers to run deficits for more than 25 years will never be repeated, then he should bring in tax and expenditure legislation as soon as possible.

By the way, one of those past finance ministers who spent us into a \$583 billion debt, excluding liabilities, was the finance minister who delivered the budget speech of 1978, the current Prime Minister.

• (1530)

We are glad the Prime Minister stayed in parliament long enough to be here to take advice from the Reform Party on how to begin cleaning up the mess he helped create in the 1970s. However, there is still a \$583 billion debt plus at least as much in CPP liabilities that need to be cleaned up. If we go at the rate the Prime Minister and Minister of Finance propose it will take well over 200 years to clean up the mess.

The finance minister likes to compare Canada to the standards for European Community membership: budget deficits at no more than 3% of GDP and public debts at no more than 60% of GDP. What the Minister of Finance and Prime Minister forget is that those standards apply to the total deficits and debts of all levels of government: federal, provincial and municipal. Maybe it is just selective memory.

Even if we deal only with federal debt, we are at between 70% and 75% of GDP. If we add the current CPP liability we are at something like 140% and 150% of GDP. If we add health care liabilities for the next 20 years, even I do not want to think about that.

What did the Prime Minister and the Minister of Finance do in the last parliament? They cut \$4 billion in funding for health care and offloaded even more of the liability on to the provinces. If that is Liberal social conscience, I would like to know where is the conscience.

If the Prime Minister really wants to do something in the new millennium for Canada's youth then he should take steps to make sure that Canada's youth are not saddled with a huge public debt and high taxes for the next millennium.

The Prime Minister and the Minister of Finance should bring in tax expenditure legislation that does the following. First, I suggest they should require the public accounts to be balanced over the life of a parliament. Second, they should require public approval for any new or increased taxes. Third, they should require any budget surplus to be applied to lowering the debt and taxes.

In closing, members of the House should never forget that they have a constitutional responsibility to authorize only the spending and taxes people want. Tax and expenditure legislation would go far in sending a clear message to Canadians that we understand it is their money and that we take our responsibility to them seriously.

**Mr. Eric Lowther (Calgary Centre, Ref.):** Mr. Speaker, I appreciate the opportunity to speak to the debate at second reading of the budget implementation act. I will take a little different tact from what my peers have done. They addressed a number of aspects of the budget and I concur with their comments. However, I want to take a little different direction.

Let me first point out that I believe this has to be a good process. Surely this is where the parliamentary process should be at its best. There can be a tendency, though, so I am told, due to the pressures and demands on our time, to lose sight of the fact that the decisions made here affect everyday people. Incrementally the lives of every Canadian are affected by every decision made in the House. This is particularly true of budget decisions, something of which many Canadians have become painfully aware.

Therefore, I think it is useful to remind ourselves of whom it is we are here to serve. It is the people of Canada and their positions on the issues of the day. Are we reflecting their position? How will individuals in our ridings be affected by the decisions we make?

Let us always be primarily mindful of the impacts on everyday Canadians and their families, not the partisan lobby groups that promise to re-elect us, not the self-proclaimed cultural elite that feel compelled to decide for us what Canadians need, and not the political favours being traded. Let us decide on the basis of how it will affect the lives of members of our constituencies who put us here. Let us reflect their concerns and make common sense decisions consistent with their desires and best interests.

It is within this context that I wish to make my comments on behalf of the families I represent. In Canada we pride ourselves on being fair and non-prejudicial. Yet for years we have tolerated an injustice perpetrated on the families of Canada.

*Government Orders*

• (1535)

The tax policies of this “liberal” government send a signal to parents who wish to be the primary caregivers of their children and raise them at home. That message is that this choice has no value. However, if they pay someone else to care for their children it does have value and is recognized in the tax treatment. The government is telling us, through its tax treatment, that parenting has no value or at least far less value than institutionalized care.

The government’s message is negatively prejudicial against parents who wish to be the primary caregivers of their children. Over and above that, studies indicate that institutionalized child care is generally speaking—not always; there are always some exceptions—not in the best interest of children.

Under current tax laws in Canada, parents who choose to pay someone else to care for their children can claim the expense. Those who can or choose to forgo other activities and invest the majority of their time into the care and training of their children are told by our tax department that their efforts have no value. Therefore no tax considerations are given. This is a bad message. It is unfair and detrimental to the stability of our nation, and many families are calling out for changes.

The government has its priorities wrong by stating that parenting has less value than non-parental care, as implied by the tax treatment, and Canadians know this. We clearly recognize that not every one is able, due to circumstances or other personal reasons, to provide full time care for their children; but that is not a reason to treat unfairly those who choose to commit full time effort to caring and training of future generations.

It is for this reason the Reform Party has been calling for unfair prejudicial treatment to end by working to see implemented a child care deduction to all parents, including those who care for their children at home: \$5,000 for every child under seven and \$3,000 for every child seven to twelve years of age. Parents who can and want to should be encouraged, not discouraged, to provide as much direct parental care as possible.

Why do we take this position? It is what many families are calling for. It is well backed up by sound research that increased parental care is in the interest of the children. So it follows that it would be in the long term best interest of our country. They are our future citizens, our future leaders.

Allow me to refer to some thorough and respected research done on this very topic. The research I have today is from a well known research firm, the National Foundation for Research and Education on the Family. I will quote from a study it did for the Ontario government.

It found by more than a 10 to 1 margin that Ontarians felt it preferable for a young child to be at home with a parent than to be in institutionalized day care. It also found 77% of parents who had their children in non-parental care would have preferred to have provided parental care in retrospect. In addition, parents prefer family to day care. Given the choice between day care and a relative, 73% said that a relative would be preferable to institutionalized day care.

I could go on. I have a number of studies, but for the sake of time I quote from a cross-Canada study done in 1991. The question was: “If you had the choice, would you stay at home to raise your children or would you work outside your home and use day care?” Of course 70% said “Certainly I would prefer to stay home”. It was by far the majority, yet we have tax policies and tax treatment today which say this has no value but institutionalized day care does.

For this reason I brought this matter forward today. For some time now the Reform Party, as part of its policies, called for change in this area and for fair treatment of families. We argue that parents should have access to at least equal tax treatment which is not dependent on how they choose to care for their children. It is a reasonable position. Reform cares about families.

• (1540)

Let me quote from our policy book one of our key principles that has been foundational to the Reform Party and the reason I raise this issue today. Our seventh principle says that the Reform Party recognizes the importance of strengthening and protecting the family unit as essential to the well-being of individuals and society.

We also recognize in our policy book that it is the duty of parents to raise children according to their own conscience and beliefs. We further affirm that no person or government or agency has the right to interfere with the exercise of that duty as long as the actions of parents do not constitute abuse or neglect.

The Reform Party recognizes the important work that parents do. We want to give them every opportunity and encouragement to invest in the lives of future generations. Why? Because it is in the long term best interest of a strong and healthy society in the years to come. Unfortunately the Liberal budget like many before it does not respect this principle or the work that parents do.

**The Acting Speaker (Mr. McClelland):** For the benefit of the visitors in the gallery, later today the House will be going to the Senate to receive royal assent to certain bills. We are setting the stage for that now and in about three-quarters of an hour we will be going to the Senate.

*Government Orders*

[Translation]

**MESSAGE FROM THE SENATE**

**The Acting Speaker (Mr. McClelland):** I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed certain bills, without amendment.

**THE ROYAL ASSENT**

[English]

**The Acting Speaker (Mr. McClelland):** I have the honour to inform the House that a communication has been received as follows:

Government House  
Ottawa

March 31, 1998

Mr. Speaker:

I have the honour to inform you that the Honourable J. E. Michel Bastarache, Puisine Judge of the Supreme Court of Canada in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the 31st day of March, 1998 at 4.30 p.m., for the purpose of giving royal assent to certain bills.

Yours sincerely,

Anthony B. Smythe  
Deputy Secretary Policy Program and Protocol

**GOVERNMENT ORDERS**

[Translation]

**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.

**Mr. Pierre de Savoye (Portneuf, BQ):** Mr. Speaker, I listened to the members who spoke before me and raised specific issues relating to the budget measures. I want to present a more global view of the measures proposed in the 1998-99 budget.

● (1545)

My comments will be based on the fact that last year, as members will recall, the Bloc Quebecois said that the budget for the year now ending underestimated certain revenues, and that by the end of the fiscal year the Minister of Finance would end up, as is the case today, with sizable surpluses.

At the time, as members will certainly recall, the Minister of Finance said the Bloc Quebecois had not done its homework, that its predictions would not come true, and that there would be a deficit of some magnitude.

Surprise, surprise, the Bloc Quebecois was right. The Minister of Finance managed to get more revenues than anticipated, with the result that the deficit became that much smaller. However, taxpayers also saw their income get smaller, because the additional money was taken from their pockets by the government.

This year, it feels like we are watching the same scenario again. It is like the sequel to last year's scenario. Once again, the Minister of Finance will not divulge the true revenues that can be anticipated in the new fiscal year that begins tomorrow. This brings me to some important considerations if the government is to treat Canadian taxpayers with respect. After all, they are the ones who provide the government's revenues.

The problem is that if the government collects more money than it needs, then it is overtaxing Canadians. This is the sort of situation we are currently in. It was not the case last year. Revenues were higher than expected, but expenses were greater than the expected, or even actual, revenues.

According to the budget measures proposed, next year's deficit is supposed to be zero, which means that any excess revenue will amount to a surplus. If only a few dollars are involved, for heaven's sake, we are hardly going to claim taxpayers have been overtaxed. But we are not talking about a few dollars here, we are talking about billions.

If we look at a 24-month period, we are talking in the order of between \$20 and \$30 billion. A huge sum. Especially since the Minister of Finance is not declaring it. As a member in this House I am concerned, because the budget measures have to be approved by this House. We are debating the fiscal year before us in order to reach a conclusion through a vote.

But if what we are debating is incomplete, when will we debate the use of these potential surpluses we expect will materialize? Our expectation is all the stronger because the same situation occurred last year, and we were right.

What we are debating now and will vote on is not the whole of the budget, which will be managed next year. I fear, and I do not think I am alone, that revenues in the order of several billion dollars, indeed tens of billions of dollars, will be beyond the reach of the democratic control exercised by the members of this House. The government is making arrangements to use the money as it pleases. Will it pay off the debt with it? I wish it would, but I do not think that is what will happen.

● (1550)

The Minister of Finance was quite clear in his budget announcements. He will apply to paying down the debt at most \$3 billion, an

*Government Orders*

amount he has set aside in a contingency fund. If there are contingencies, then this amount will not be available and the debt will not be paid down, while billions in extra revenues accumulate.

If any money is applied to the debt, at the rate of \$3 billion a year, I can tell you that it is going to take 200 years to pay it off. It seems somewhat ridiculous to me.

But I want to get back to what I wanted to say. What will the Minister of Finance do with extra revenues during the fiscal year starting tomorrow morning? There is nothing in the bill about that. In fact, the Minister of Finance, who is a Liberal, has been very conservative; he has taken a liberal approach to spending and a conservative approach to revenues. Well, we are used to seeing people change colours overnight. It seems to be a real fad lately.

Here we have the finance minister, who is conservative with revenues, telling us that revenues will match expenditures exactly. But in fact, we know—we can tell and foresee—that he will have perhaps \$10 billion, between \$8 billion and \$12 billion, at the end of fiscal year 1998-99. Where will this money go? Who will be responsible for deciding what it should be allocated to? The members of this House perhaps? Certainly not. There is nothing about that in these budget provisions.

It will most likely be covered in an addendum to operating expenditures, indicating that the amounts were used for this or that purpose, or else a fund will be established to carry forward the amount for God knows what new project.

My point is that, with this budget, with the measures we are debating here, the Minister of Finance is hiding several billion dollars, the use of which cannot be debated democratically. And democracy is something we care very much about.

I will conclude by saying that the Minister of Finance lacks transparency here and is failing his duty.

[*English*]

**Mr. Jim Hart (Okanagan—Coquihalla, Ref.):** Mr. Speaker, I rise today to speak against Bill C-36, the budget implementation act. I would like to start by giving the House a few reasons for my rejection and my constituents' rejection of the budget implementation act.

The first thing of course is that budgets are more than just numbers. A federal budget is about people and it is an opportunity for the government to express the hopes, dreams and aspirations of the people of Canada through an annual budget.

The budget this year has some hopes, dreams and aspirations in it. Unfortunately it covers only those dreams and hopes of two people, the finance minister who has dreams, hopes and aspirations of being the prime Minister one day, and the Prime Minister who is developing this millennium scholarship fund so that he will never be forgotten in Canadian history.

We can say with certainty that this Prime Minister and this government will never be forgotten by this Canadian public ever for what they have done to the Canadian people when it comes to the dreams, the hopes and the aspirations of those Canadians.

There are several problems and many things wrong with this budget. One problem that was identified by the Reform Party and also by Canadians overwhelmingly is that there is no plan to pay the debt down.

This is a huge problem for Canadians and for any federal government because it takes a huge portion of the federal budget to service that debt.

• (1555 )

That is why that is such a problem. That money for servicing the debt could be put into transfers to the provinces for health care, education and programs that really make a difference to Canadians. This government has failed Canadians in that regard.

I conducted a survey in my riding. Ninety-four per cent of those in my riding responded in favour of debt reduction. They said that 20% to 50% of any budget surpluses should be directed in this area. This budget fails to address that issue.

The second point is there is no net tax relief measures in the budget. The Liberals will boast that Canadians will be better off after the budget. That is like jumping from the frying pan into the fire. I have heard it said that to cook a frog put the frog in the pot, put it on the stove and slowly turn up the heat. Before you know it the frog will not jump out of the water. He will just sit there and get cooked. That is what this government is doing with this budget. It is cooking Canadians to the point where we cannot stand the amount of taxes in this country. I will get into that a little later in my remarks today.

The constituents of Okanagan—Coquihalla value some of the programs they get from government. They want a strong health care system. They want a system that will ensure that they can get a decent education. They want a government that will provide vital services like national defence, foreign affairs and a criminal justice system that actually works for law abiding citizens. These are the types of programs for which Canadians are proud to say they pay taxes, for those programs that mean so much to all of us.

What the hardworking people in my riding do not want to see is their tax dollars being wasted on programs that are not essential. The best example of this is the interest we have to pay on the debt as a result of Liberal and Conservative governments time after time living far too high on the hog.

Taxpayers are paying about \$45 billion a year just to pay the interest on our national debt. The average taxpayer pays over \$21,000 in federal taxes. Roughly one-third of that goes to paying the interest on the debt.



*Government Orders*

The people of British Columbia in particular are feeling more than a little abused as a result of the taxes they pay. B.C. today has the highest taxes in all of North America. The average family income in British Columbia is approximately \$58,000 a year. The average tax bill for those families is approximately \$29,000 a year. That is an overwhelming amount of tax for one family to have to pay. While all Canadians need tax relief, it is needed nowhere more than in my province of British Columbia.

The hardworking people in my riding are tired of seeing their tax dollars flow to Ottawa and never return. This government continues to take but puts little back into the province of B.C. Last year transfers from the federal government accounted for only 7.9% of the provincial revenues. That is the lowest in the country.

Other provinces receive much higher amounts from the federal government. For example, 43% 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. The Canadian average is 16.9%. For British Columbians it is at 9.7%. Once again the rest of the country gets the gold and we know exactly what B.C. gets.

This government continues to take from B.C. and does not give back. I will give members an example. Fruit growers in my riding have experienced this firsthand. In 1997 orchardists in the Okanagan and Similkameen valleys were devastated by the worst hail storm in 100 years and other severe weather related disasters. Fruit growers sought immediate assistance under the Agricultural Marketing Programs Act, to no avail.

• (1600)

The minister of agriculture blamed the banks when in fact the orchardists and the people of British Columbia knew it was not a problem with the banks, it was a problem with the federal Liberal government.

In contrast, it took less than one month for the maple syrup producers affected by the ice storm to begin receiving compensation. In fact, a new program called the ice storm recovery program was designed to provide an additional \$50 million for part time farmers, specifically meeting the conditions of these producers.

B.C. fruit growers, on the other hand, waited almost a year and are still waiting while the producers in central Canada wait less than a month. Where is the fairness? Where is the equality in a system like that?

Another problem in my riding and in British Columbia is in the softwood lumber industry. The industry is in serious difficulty because of the federal Liberal government's mishandling of the export quota system. In 1995 the Liberals struck a softwood lumber deal with the Americans. They say they made the deal to ensure fair treatment of our lumber products being exported to the U.S.

What the Liberals actually did was put themselves of telling every Canadian lumber firm, no matter how big or how small, how much lumber they can export to the U.S. As a result of this bureaucratic nightmare it has cost my province and my riding jobs in that softwood lumber industry. That is not good enough from this government and we want to change that.

I see my time is running out. There are so many things that are wrong with the government's handling of the budget but I will not have time to address them all. However, I would like to close with the millennium scholarship fund.

The focus of the budget should have been debt reduction and on tax relief. The constituents of my riding said so and Canadians from coast to coast said so. Instead, the focus has been on new spending in a sphere of provincial jurisdiction, the \$2.5 billion scholarship fund.

Perhaps the biggest flaw in the new millennium scholarship fund is its abuse of the Constitution. The government continues to abuse its constitutional spending power by spending without consultation and without co-operation in the provincial areas of jurisdiction.

I started off this afternoon saying that budgets are about people and should be about people, about dreams, about hopes and about aspirations. They should be about a government that has a vision that is going to carry us into a new era in the year 2000. However, this budget fails to do that. This budget should have been about young people who are looking for their first job, about young people and young families who want to buy their first homes, about single mothers who are trying to make ends meet and for the future of Canada.

I would argue that the government has let those people down. That is why I am proud to stand opposed to the budget implementation act, Bill C-36.

[*Translation*]

**The Acting Speaker (Mr. McClelland):** 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 Yorkton—Melville, Firearms; the hon. member for Pictou—Antigonish—Guysborough, Bill C-68; the hon. member for Winnipeg Centre, Labour sponsored investment funds; the hon. member for Saskatoon—Rosetown—Biggar, Research and development; the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, Employment insurance.

**Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ):** Mr. Speaker, it is with considerable interest that I take part this afternoon in the debate on Bill C-36, the Budget Implementation Act, 1998, introduced by the Minister of Finance.

*Government Orders*

As the member for Frontenac—Mégantic, I cannot go along with this bill. The budget that was tabled contains many inequities, one of which is the millennium scholarship foundation.

• (1605)

These scholarships are an obsession that is making our Prime Minister sick. They are raising a ruckus, not just with Quebec but with all the provinces, because he is going to show the scholarships, which are worth \$2.5 billion, in the spending for 1997-98, when the bill has not yet been passed and when this amount will not be spent until the third millennium, over two years from now.

We are looking at a disgraceful duplication of public funds. Once again, I am reminded of the duplication we have in the Department of Agriculture with a Holstein cow. When her production is used for commercial milk, she comes under the jurisdiction of Quebec's agriculture minister. When her production is used for industrial milk, she comes under the jurisdiction of the federal agriculture minister. One cow and two agriculture ministers to look after her.

Now it will be the same for a student. The Government of Quebec has been giving scholarships and loans since 1960. Now, the good Prime Minister of Canada, out of generosity, and a wish to see the maple leaf on the cheques, is again going to duplicate structures and this is going to cost hundreds of millions of dollars.

Just as we had one Holstein cow and two agriculture ministers, we will have one student and two levels of government offering scholarships. In reality, this will not mean one cent more for the student. That is the sad and unfortunate fact of the matter.

Quebec Premier Lucien Bouchard, accompanied by most of the university presidents, came to Ottawa yesterday to meet with the Prime Minister of Canada, and to try to bring him back on track. Since the Prime Minister does not wish to lose face, the task has been entrusted for the next two months to two deputy ministers—who have already succeeded in breaking certain impasses—to keep the PM from losing face while allowing Quebec to opt out of these famous millennium scholarships.

I would remind the House that clauses 29(1) and 25(2) do not, in fact, allow Quebec or other provinces to opt out.

It will not be the milk cow that will be penalized in this case, but the students. When they mess with our future, when they mess with our children, that is really tragic. I trust that the government will get back down to earth within the next few months.

Another point that prevents us from accepting the Minister of Finance's bill is the fate he has in mind for the hundreds of thousands of housewives. I have had the pleasure of speaking to dozens of women in my riding who belong to the AFEAS. I have, for instance, met Mrs. Yvonne Provençal and Mrs. Marie-Paule Giroux of the Disraeli region. In Lac-Mégantic I have had the

pleasure of meeting with AFEAS members from Piopolis, Woburn and Lac-Mégantic, and they too have shared their concerns with me.

They are totally justified in being concerned, for the Minister of Finance plans to consider total family income when determining the amount of old age pension they will receive. This is true for most women who stay at home or on the farm to raise children.

• (1610)

Mr. Speaker, your mother, who played the role of nurse, educator, seamstress and cook and who comforted you when you were young, was not on any company's payroll. To determine the amount of the cheque she will receive when she reaches 65, the government will take her spouse's revenue, A plus B divided by two, to obtain an average.

In the great majority of cases, homemakers will again be the first ones to be penalized, which is very sad. I hope my Liberal colleagues opposite will stand up to make the finance minister, a millionaire who has completely lost touch with Canada's and Quebec's reality, come to his senses.

Another thing that convinces me to vote against Bill C-36 is the two year EI premium holiday that will be given to employers only. My colleague from the New Democratic Party, who defeated the former Minister of Human Resources Development in the last elections, was telling us this week, and rightly so, that we are opening a door that will allow employers not to contribute to the employment insurance fund. That is dangerous for workers, who pay ever increasing EI premiums without being fully entitled to benefits. That explains why it is estimated that the employment insurance fund will have a \$19 billion surplus next year.

Let us turn now to another issue that prompts me to vote against Bill C-36. Two weeks ago, here in Ottawa, during the recent biennial convention of the Liberal Party of Canada, Dr. Wagner, a distinguished resident of Saint-Hyacinthe, put the following question to the Prime Minister of Canada: "Mr. Prime Minister, are you going to put money into hospital care?"

Dr. Wagner knew full well that, during the last four years, the Liberal government has cut nothing less than \$42 billion in transfers to the provinces. Quebec, British Columbia, Alberta, Ontario and all the other provinces had to cut in health care and seniors' homes.

I want to point out again that the government has no idea of what is going on in the countryside, in our villages and in our towns. The finance minister is no model for the government. Instead of doing the right thing and paying his taxes here in Canada, he has registered his fleet of ships in some tax havens. It is a crying shame to have this guy managing the \$160 billion we put in his hands, year in and year out. If he were to do the right thing and to pay his taxes here in Canada, he might have more money to manage, we

might have less money to pay and he might do his work a little more conscientiously.

[English]

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, I rise to speak on Bill C-36, the budget implementation act. The reason I will be very resoundingly voting against the bill is that contained within the bill is the fact that the government is not adhering to standard accounting practices.

The words of the auditor general are: "I believe the change will open the door for governments to influence reported results by simply announcing intentions in their budgets and then deciding what to include in the deficit or surplus after the end of the year once preliminary numbers are known".

• (1615)

This is not an unqualified person. This is the Auditor General of Canada who is expressing severe concern about the way in which this Liberal government is currently administering the finances of Canada.

I stand on behalf of a number of people when I come here in my role as the member of Parliament for Kootenay—Columbia. I would like to refer to an e-mail that I received from one of my constituents on March 2, 1998.

The constituent writes that her husband is employed at a planer mill. His income is over \$60,000, which sounds like a lot of money, but she said I should keep reading. She said they have just sent in last year's income tax and, if it is correct, they will have paid \$21,552.91 in income tax, Canada pension plan and unemployment insurance premiums.

This works out to almost 31% of the couple's income. If sales taxes, hidden taxes, municipal taxes and the others are added, it means that almost 50% of their income goes to taxes.

The woman goes on to say that there are four of them living on her husband's wages. She worked at B.C. Gas until January 1994. She quit because in 1993 her husband and she paid more in income tax, Canada pension plan and UI premiums than the amount of her take-home pay and she was earning almost \$20 an hour.

The couple has a daughter living at home who works part time and a son who is presently attending college. She said that their budget is very tight, to say the least. They are at the point where they pay the bills, buy some groceries and put gas in their vehicle.

The couple has not taken a holiday since 1993. Since the woman quit work, they have had to replace their furnace, hot water tank, washing machine, dishwasher and the fence around their yard.

### *Government Orders*

During the winter of 1996-97 the couple's roof leaked. Therefore, last summer they sold their car so they could afford to replace the roof. They are now driving a 1984 Jimmy that they repaired with the balance of the money they got for their car. They have just one vehicle.

The woman concludes that it is no wonder local businesses are having hard times. She and her husband cannot afford to buy anything that they really do not need and she suspects that many others are in the same boat. Unless they get a break on taxes they will not be spending any more than they have to.

How can this constituent have any confidence in the investment that she, her husband and her family have made in this government when they, one way or the other, turn over 50% of their income to this and other levels of government and when this government is not even adhering to the watchdog, the Auditor General of Canada, who says that the way the government is doing its books is effectively cooking the books?

The letter I referred to is not the only one I have received from constituents who have expressed concern about the way this government so cavalierly mismanages the finances of this country.

During the election I had a rather interesting experience. The Liberal candidate accused me of going into a senior's home in Revelstoke and taking in a bogus financial adviser to tell them what was going on with Liberal government policy. I was told that I had scared those seniors so much the Liberal candidate could not even get the ear of the seniors in this home.

It was rather laughable because, as I pointed out to him in debate during the campaign, the adviser who I had taken in with me was a civil servant in the employ of the government, in the human resources department, who had gone to advise the seniors on the policies of the government. These are the policies that are going to rip off 75% of their income over \$24,000. The only thing that Canadians got from the speech of the finance minister was that the government was going to look into it.

That is not adequate. That is not even remotely adequate because Canadians want to be able to look after themselves. Canadians want to know what the rules are going to be. In this piece of legislation the government is walking away from the recommendation of the auditor general who says that the government is doing it wrong, that it is breaking the rules with respect to the \$2.5 billion millennium fund, that it cannot do it that way. What did this government do? It said that it will invent new ways.

• (1620)

As a matter of fact, the finance minister said on March 18 in this House "Let us understand that the world evolves, things change and governments must adapt". What cannot be adapted at a whim by this finance minister, this Prime Minister or this Liberal government are accounting rules. Accounting rules are in place so

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that the seniors in my constituency, so that this woman in my constituency who has written this heartfelt letter, can have a feeling of confidence that this government is being straight up and straightforward and is putting all of the numbers on the table. It is not doing that according to the auditor general.

This is not anything that was fabricated by the Reform Party. This came from the Auditor General of Canada.

What were my constituents to think when the finance minister stood to say that he was going to remove the 3% surtax, which was imposed by the Tories when they were in power, for 85% of the population? He said this as though he should be getting some great credit. In fact, what he failed to tell us, which we all knew anyway, was that it was a deficit elimination surtax.

What has this government boasted of? This government has boasted that it has eliminated the deficit. So what right does this finance minister have to keep even 15% of Canadians paying the deficit elimination surtax?

It is called honesty in government. It is called full disclosure. This government is not into full disclosure because it knows if it was the people of Canada would take the time to listen and realize that they are being sold a bill of goods.

The government will be successful in passing this budget implementation bill because of its majority. By virtue of its majority it has shut off debate in the House of Commons and we will be voting on it tonight. The government has brought in time allocation to force this thing through. This bill will do nothing more than change the rules in the face of the auditor general who is saying, "No, that is wrong. You can't do it".

I really do not know what goes through the mind of Canada's naturally governing party. That is the way it visualizes itself. It is here forever. It will assume the centre of the road. It will say anything and do anything to assume the position of being Canada's naturally governing party.

Canadians have to wake up. We have to call on these people to be accountable. If enough of us stand up, if enough of us speak up, sooner or later the government jig will be up.

**Ms. Aileen Carroll (Barrie—Simcoe—Bradford, Lib.):** Mr. Speaker, this debate is about the provisions in the recent budget, a budget that was made possible because the Government of Canada carried out the wishes of Canadians. Their message was loud and clear: eliminate the deficit and get our fiscal house in order.

We have accomplished that. Now Canadians will be the beneficiaries of the sacrifices they have made.

This budget commits 80% of new spending to two of Canadians' highest priorities: health care and more opportunities to improve our knowledge and skills in competitive workplaces.

I can think of no better way to direct our resources than to help young Canadians prepare for the 21st century. They are the leaders of tomorrow and we must do what we can to ensure they are able to meet the challenges of the knowledge based economy.

Last year we introduced our youth employment strategy which helps young Canadians make the often difficult transition between school and work. Through programs such as Youth Service Canada, Youth Internship Canada and Summer Career Placements we are helping our young men and young women to gain valuable work experience which will help equip them with the skills necessary for today's labour market.

• (1625)

We will build on these foundations with new measures that encourage youth employment and, equally important, we will ensure that all our youth are given the opportunity to fulfill their education potential.

As the Governor General said in last September's Speech from the Throne, there is no better way to mark the millennium than to invest in Canadian youth. That is why we announced the Canada millennium scholarship fund. Hon. members know that over 10 years the fund will award scholarships to more than 100,000 full and part time students and it will do so annually. It will begin with an initial endowment from the federal government of \$2.5 billion.

I have heard concerns expressed that the millennium scholarships will infringe upon provincial jurisdiction and will duplicate provincial programs. I want to ensure hon. colleagues that this will not be the case. The Government of Canada fully recognizes that education falls under provincial jurisdiction, but our history shows that both the federal and provincial governments have worked together to assist Canadians who face financial barriers to learning.

The federal role goes back to the post World War II years when we first provided assistance to veterans who wished to complete their post-secondary education.

There is no need for apprehension regarding infringement. The millennium scholarships will be administered by a millennium scholarship foundation, an independent body which will be at arm's length from the federal government. Part of the foundation's mandate will be to consult with provincial authorities and the post-secondary education community to build upon existing programs.

Since 1964 the Canada student loans program has helped make post-secondary education more accessible by providing students

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with loans. This government has continued that tradition and in the 1997 budget we extended interest relief from 18 to 30 months for borrowers having difficulty repaying their loans.

Now we are expanding assistance even more. All borrowers will receive tax relief for interest on federal and provincial student loans and we will provide a 17% tax credit for the interest portion of what they repay each year.

Since Quebec does not participate in the Canada student loans program, the province is entitled to compensation if its program has substantially the same effect as the CSLP. With respect to reduction of student debt, the Government of Canada will review provincial measures with Quebec to see if they have a similar effect.

We are also addressing the challenge of helping families finance their children's post-secondary education long before they reach the post-secondary level. The new Canada education savings grant will benefit all families, but especially low and middle income families. The secret is to start early and to make regular contributions. The government will encourage this through the savings grant.

For example, if a family contributed \$25 to a registered education plan every two weeks for 15 years, their child would have \$4,700 available for each of the four years of higher education.

The previous two budgets included measures to make RESPs more attractive by raising the annual and lifetime contribution limits. The new Canada education savings grant will pay 20% on the first \$2,000 in annual contributions for children up to age 18. The maximum annual grant will be \$400 per child.

Saving for your child's education through RESPs means you will benefit from the savings grant and the tax-free growth of investment income. The savings grant will make RESPs among the most attractive savings vehicles available for a child's education. RESPs will definitely be one of the best things parents and other relatives can do for their children, for nieces or nephews.

Speaking of children, hon. members will recall that in the 1997 budget we enriched the Canada child tax benefit by \$850 million effective this July. We promised further enrichment and we are delivering on that promise in this budget. We are committing an additional \$850 million, spread over two years, beginning in July 1999 and again in July 2000.

• (1630)

As well, the budget proposes to increase the dollar limits for the child care expense deduction by \$2,000 for children under 7 and by \$1,000 for older children. This measure will provide tax relief of about \$45 million for some 65,000 Canadian families.

As honourable members have pointed out on more than one occasion, we must continue to address the unacceptably high youth

unemployment rate. The youth employment strategy is tackling that problem as will provisions under the new Canadian opportunities strategy. But we are also addressing youth unemployment quite specifically by challenging the private sector to hire more Canadian young men and women.

Employers who hire youth between the ages of 18 and 24 in 1999 and 2000 will pay no employment insurance premiums for those new workers. All companies will be eligible, not just small companies as was the case in the new hires program which ends this year.

It is estimated that this new measure will reduce payroll costs for employers by \$100 million annually in both 1999 and 2000.

The budget clarified the Government of Canada's intention to make effective changes in the guaranteed income supplement, GIS, and the spouses allowance program, the SPA.

We will move the beginning of the GIS/SPA payment year from April to July. This will give needy seniors an additional three months to submit their income statements. This will ensure that the income tested payments of these individuals will not be cut off and the definition of income used to calculate payments will be more in keeping with those used for income tax purposes.

I began this debate by saying the budget is the result of sacrifices made by Canadians to eliminate the deficit and ensure fiscal responsibility. I congratulate Canadians for their determination to stay the course.

All hon. members can help us move in that direction by supporting Bill C-36.

**Mr. Howard Hilstrom (Selkirk—Interlake, Ref.):** Mr. Speaker, contrary to the last speaker I certainly do not intend to be supporting the budget implementation act. The problems with it are quite massive. However, we cannot deal with everything at one time in one speech; 10 minutes is just too little.

There are good things in the budget but there are a lot of things that could have been done differently, that could have been done properly, that could have been done in keeping with what the provincial governments around Canada would like to have seen.

The duplication and the wasted money were just dripping from the last member's speech. I could see it and feel it. I believe that had this budget been properly prepared we would see a lot of benefits going to Canadians in actual dollars that are now going to be wasted.

I would like to deal with education for a minute since that was a topic recently brought up. We have in Canada two essential elements to our society that are really the basis for everything else. Those two elements are health and education. Without a good solid health program properly financed, people are not capable of working, and without education they will not know how to do the

*Government Orders*

job in the new economy that has developed after the industrial revolution.

The federal government has great taxing powers and is able to use those tax powers to take a lot of money from all of us. That is not a bad thing in itself because some provinces certainly need a bit more help than others. However, when the federal government takes money away from taxpayers and from provinces, as it flows through Ottawa a certain amount is going to stay in administrative fees, in commissions, regulations and all kinds of things. In this balanced budget the funding for education was to go through the hands of the federal government.

• (1635)

I have made a point of speaking in Manitoba with students, provincial politicians, municipal politicians, teachers and average citizens. There is absolutely no doubt that to benefit all students in this country the money for education should not have gone into this millennium fund, this \$2 billion, \$3 billion, I cannot remember the exact figure now that we start talking billions of dollars.

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## THE ROYAL ASSENT

[English]

A message was delivered by the Usher of the Black Rod as follows:

Mr. Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of his honourable House in the chamber of the honourable the Senate.

Accordingly, the Speaker with the House went up to the Senate chamber.

• (1650)

*And being returned:*

**The Acting Speaker (Mr. McClelland):** I have the honour to inform the House that when the House went up to the Senate chamber the Deputy to His Excellency the Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-5, an act respecting co-operatives—Chapter No. 1.

Bill C-33, an act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 1998—Chapter No. 2.

Bill C-34, an act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 1999—Chapter No. 3.

Bill C-21, an act to amend the Small Business Loans Act, Chapter No. 4.

## 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.

**Mr. Howard Hilstrom (Selkirk—Interlake, Ref.):** Mr. Speaker, it was certainly a pleasure to walk down to that other place to receive a blessing of sorts for duties that we do here.

I would like to finish off with the education theme. The basic concept is that money has to be spent in the most efficient, effective way possible. The things we are doing in Canada and in the government should not be simply for our political benefit. We should be doing things for our constituents and our provinces that are in their best interest.

In the case of education, the best interest of Manitoba as I was explaining—I will not speak for other provinces—would be to have that money flow directly to the provincial government as opposed to being put through the millennium fund or through other federal government programs that require duplication of administration, extra boards, extra audits and those kinds of things.

The priorities in government spending can be seen differently by different parties, but some basic truths and beliefs should always be adhered to. One of those is that if we spend ourselves into a big hole and get into big debt over the years, at some point we will have to get out of it. The province of Manitoba has taken its budget and shown the way for the federal government. It has done this by attacking the debt at the start of a budget surplus or a balanced budget.

• (1655)

By doing a front end attack on debt the amount of interest that has to be paid at the start is lowered. The government seems to want to do it at the end. Things change over the years and maybe it will never get done.

I would like to comment on the Manitoba budget, not because it is a perfect budget but because of the instruction it can give to the House. I understand Manitoba's debt is around \$6.8 billion. The provincial government put \$150 million against the debt in its last budget some few months ago. It kind of promised, as did this government, to do something about the debt. In fact it had promised \$75 million toward the debt. It doubled that because of the compound effect of paying off the debt.

When the compound effect of the extra \$75 million was factored in over the 30 year debt repayment plan it was worth \$300 million and knocked nine months of payments off the books. Hon. members will notice that it has an actual plan. It is not just some promise that it is maybe going to happen or that it will work out.

That type of investment, if members want to look at it like that, will pay big dividends in the area of social programs, education, health or any of the things as I explained earlier are the basis of society and have to be in place for anything else to work.

At the present time interest on the debt is costing Manitobans about \$520 million every year, which works out to \$450 per person. If we did not have to pay the interest and that money were left in the hands of Manitobans, most people would spend it and the first thing we know jobs would be created and everybody would be better off.

I was pleased to speak on a couple of points. I hope the government in future budgets will take heed of our words.

\* \* \*

#### BUSINESS OF THE HOUSE

BILL C-223

**Mr. Bob Kilger (Stormont—Dundas, Lib.):** Mr. Speaker, I rise on a point of order. Earlier discussions took place among all parties and the member for Portage—Lisgar concerning the taking of the division on Bill C-223, which stands in his name and is scheduled today at the conclusion of Private Members' Business. I believe you would find consent for the following motion:

That, at the conclusion of today's debate on Bill C-223, all questions necessary to dispose of the said motion for second reading shall be deemed put, a recorded division deemed requested and deferred until Tuesday, April 21, 1998, at the expiry of the time provided for Government Orders.

**The Acting Speaker (Mr. McClelland):** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

#### COMMITTEES OF THE HOUSE

AGRICULTURE AND AGRI-FOOD

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I rise on a point of order. There have been consultations among the parties and I have two travel motions.

I believe you would find unanimous consent for the first motion:

#### Government Orders

That, in relation to its examination of Biotechnology, the Standing Committee on Agriculture and Agri-Food be authorized to travel to Saskatoon during the period April 2 to April 4, 1998; and that the necessary committee staff do accompany the Committee.

**The Acting Speaker (Mr. McClelland):** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

• (1700)

NATURAL RESOURCES AND GOVERNMENT OPERATIONS

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I think you will also find there is unanimous consent for the following motion. I move:

That the research officer of the Standing Committee on Natural Resources and Government Operations be authorized to travel to Calgary, Alberta from May 3 to May 6, 1998 in order to attend a conference on climate change.

**The Acting Speaker (Mr. McClelland):** The House has heard the motion put forward by the hon. parliamentary secretary. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

#### 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 now read the second time and referred to a committee; and of the amendment.

**Mr. Jake E. Hooppner (Portage—Lisgar, Ref.):** Mr. Speaker, it is a pleasure to rise in the House and add a few comments to this debate.

I looked at some of the stats and listened to some of the debate in the House today. I wondered why is the Liberal government trying to postpone all of these goodies further down the road instead of implementing them pronto as the need is there.

It is strange the government would want to wait until the year 2000 to bring forward the scholarship fund if there is a desperate need for it. I would have thought the government would have said it should be retroactive when I look at the debt load of students today and the need that is there. Why not make it retroactive? That is where the need is.

Looking at the statistics, we probably lose 10%, 15% or perhaps as many as 20% of our graduates to the United States where they

*Government Orders*

are able to acquire better job opportunities. What is the government doing? It is probably delaying the inevitable that sooner or later government will have to realize that jobs are either provided to people in our country or amalgamation takes place with the U.S. so that there are job guarantees.

This brought me to thoughts about the years when I grew up. Across the way are Liberal members who have that shade of colour I have in my hair and maybe some of them are even minus some hair. They will probably remember some of these things.

I finished elementary school and was only fortunate enough to go through grade 11 because of health problems in my family. My younger brothers and sister were able to go to university. What did it cost my folks at that time to send one of their kids to university?

One of my younger brothers loved to raise a calf or two each year. That calf put him through university. He did not have to go to the bank to borrow money. Dad gave my brother the calf at its birth. He looked after it and raised it. Dad supplied the pasture. My brother had funds to go to university. That was very easy. Nobody was denied this opportunity.

Why is it that it was so easy in those days? They had their priorities right. They did not have taxes taken off every little bit that they sold or every little bit that they earned.

My first year as a farmer I only rented 60 acres of cropland from a neighbour. After I had the crop harvested I was wealthy enough to buy a brand new pick-up truck. It was one of the fanciest trucks; it was two toned, had a radio and all the extras you could get. The cost of that pick-up truck was \$1,400 Canadian, which took me less than 1,000 bushels a week.

Today a half-ton truck with all the extras on it will cost at least \$35,000. At the price of wheat today at least 10,000 bushels will be needed. If we look at the 10,000 bushels, it is not just the wheat, but first of all at least 50% has to come off for taxes. Therefore at least 20,000 bushels will be needed to buy that truck. It is astounding that things have gone this way.

• (1705)

I look at the young pages. They want the opportunities that I had and that my brothers and sister had. They had the opportunity to get an education. If they wanted to, it was there. The finances were there. There was no problem. People could afford to send their families to university.

Today that does not hold true. I talk to my constituents. A mechanic said to me one day "This is my wage. This is what I take home or what I should be taking home, but after the taxes and all the other deductions come off, I can barely afford to put food on the table without sending my kids to university. They have no opportunity to go. If you do not have somebody who will co-sign for you,

it is pretty hard to get student loans even at the bank. It is not that easy". That is why I feel for the younger generation.

Why has this happened? How did we get into this mess? I look at the \$600 billion of debt, and I look at the \$42 billion in interest to service that debt and then look at this millennium fund at \$2.5 billion. Something does not add up. There is \$42 billion blown into the wind. Why? Because politicians for the previous 30 years thought that if they wanted to maintain power in this House they had to buy votes by making promises. Promises can only be made and kept if you pay for them. If you do not pay for them, it is going to cost you.

I talked about buying a pick-up truck. What did it cost me to operate that truck? About 15 cents a gallon for the gas; an imperial gallon, not a litre. Today a litre of gasoline costs 50 to 55 cents and 24 to 26 cents of that is for taxes. This is what the young people are dealing with.

We are standing up in this House and saying "Look what we are doing. We are giving you a tremendous opportunity. You will get \$2.5 billion for education". It does not make sense. Why does it not make sense? Because this could have been avoided.

This reminds me of a prime example of something I have seen happen so often on the farm. When you had milk cows in the early years you pail fed the calves because you had to ship the cream. You wanted to sell the surplus, so you did not let the calves have everything that they wanted. You pail fed them. We would do that all winter long and they would be used to it. When Dad banged the pail they knew it was time to come to the trough and get their feed. That was simple. They enjoyed doing that and we enjoyed giving it to them because we saw them grow.

Then when summer came and the sunshine was bright outside and Dad decided to lead them out to the pasture, they all took off. They liked the grass. It was good. But Dad knew if he wanted healthy calves and wanted them to grow fast, they still should have some milk. What would he do? He would bang the handle of the pail and they would come running. He had to make sure there was enough milk or else they would run right over him if they did not get what they wanted.

This is what governments have been doing for the past 30 years. They have been banging the pail of luxury and saying "This is what we will give you". Now they have all their constituents out in the pasture and they are very hungry. There is no more grass left. They are suffering. They are saying "I am banging the pail, come and get it".

• (1710)

There is nothing left to get, except the debt of \$600 billion. That debt is financed by foreign companies or foreign investors to the tune that one-third of that \$42 billion is flowing out of this country and we will never see it again. I do not want to be pessimistic. The



Reform Party has come into this House and has impressed these things on the government and finally we do have a balanced budget, which is the right step. But \$600 billion of debt still has to be looked after.

Are the Liberals going to find a miracle? Are they going to somehow change straw into gold? I do not know what is going to happen, but I wish everyone well because I think the pail has run dry. Maybe some day the Liberals will also find out that people do not follow the pail any more and then what will happen?

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, it is a pleasure to speak on Bill C-36, the budget implementation bill. I would like to deal with a number of issues. My colleagues have spoken quite eloquently on the faults of Bill C-36. I am going to deal with a few other issues and how we can revamp and rejuvenate our economy so that we can provide for a better future for all Canadians.

Bill C-36 is a microcosm of what this House does repeatedly. It nibbles around the edges of an issue rather than taking the bull by the horns and addressing the issue. Rather than dealing with the larger issues of debt reduction, poverty within our country, educational problems, problems of tax relief, egregious rules and regulations that choke off our private sector, the government has chosen to nibble around the edges and not really deal with the meat of the matter.

On the education issue, the millennium fund in principle is good. We have to provide moneys so our students can have the funds to be educated in post-secondary institutions. However, there are some significant failures within our education system which the government has an opportunity to deal with.

For example, a chasm exists between the needs of the private sector and the ability of our education system to fill those needs. Large numbers of jobs within our country go unfilled, primarily because there are no students to fill them. The government should work with the private sector and the educational institutions so that the students in the institutions today understand what are the future needs of the economy.

I was down in the United States recently. They have done some innovative work in that area. It is for that and other reasons many Canadians go south of the border to find employment. In many cases they find a more lucrative and challenging environment in which to work. That is a shame, because those students could stay within our country.

Look at the example of the United Kingdom. They have built some innovative links between industry and the private sector, the private sector, education and government.

### *Government Orders*

For example, students should be provided with apprenticeship possibilities. Provide them with apprenticeships in professions that are going to be needed in the future. There are many needs the economy of the 21st century will require filled. We as a country have to look at the future, anticipate those needs and be aggressive enough to provide that information to our students. It is our role to provide those opportunities to the youth of today.

I compliment the government on its RESP and child tax benefit plans. These are things we have said are good. They will enable people within the private sector to have more moneys so as to provide for their needs and give them the ability to be functional members of our society.

With respect to our economy, the government could have addressed the issue of tax relief. Even in my province of British Columbia, if you can believe it, the NDP has actually taken the step to look at the successes of Alberta, Saskatchewan, Manitoba and Ontario and has adopted a tax reduction strategy, albeit a timid one.

Why did the government not do that in any meaningful way? It has proven to work in country after country after country. High taxes kill jobs. Lower taxes will enable the private sector to be more aggressive and create jobs.

• (1715)

When we go into our communities and talk to the private sector, it tells us that the tax structure we have today is far too complicated and onerous and prevents it from hiring people.

**The Deputy Speaker:** I regret to interrupt the hon. member, but it being 5.15 p.m. it is my duty, pursuant to order made on Wednesday, March 25, 1998, to interrupt the proceedings and put forthwith every question necessary to dispose of the second reading stage of the bill now before the House.

The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

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

*And more than five members having risen:*

**The Deputy Speaker:** Call in the members.

*Government Orders*

● (1740)

(The House divided on the amendment, which was negated on the following division:)

*(Division No. 119)*

**YEAS**

Members

Abbott	Ablonczy
Alarie	Anders
Asselin	Axworthy (Saskatoon—Rosetown—Biggar)
Bachand (Richmond—Arthabaska)	Bailey
Bellehumeur	Benoit
Bergeron	Bernier (Bonaventure—Gaspé—
Îles-de-la-Madeleine—Pabok)	Bernier (Tobique—Mactaquac)
Blaikie	Borotsik
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Brison	Cadman
Casey	Chatters
Chrétien (Frontenac—Mégantic)	Crête
Dalphond-Guiral	Davies
de Savoye	Debien
Desjarlais	Doyle
Dubé (Lévis)	Dubé (Madawaska—Restigouche)
Duceppe	Dumas
Duncan	Earle
Elley	Epp
Gagnon	Gauthier
Godin (Acadie—Bathurst)	Godin (Châteauguay)
Goldring	Grey (Edmonton North)
Hanger	Hardy
Hart	Harvey
Herron	Hill (Macleod)
Hill (Prince George—Peace River)	Hilstrom
Hoeppner	Johnston
Jones	Kenney (Calgary-Sud-Est)
Konrad	Lalonde
Laurin	Lebel
Lill	Loubier
Lowther	MacKay (Pictou—Antigonish—Guysborough)
Manning	Marceau
Marchand	Mark
Martin (Esquimalt—Juan de Fuca)	Martin (Winnipeg Centre)
Matthews	Mayfield
McDonough	McNally
Meredith	Morrison
Nystrom	Pankiw
Picard (Drummond)	Plamondon
Power	Price
Proctor	Ramsay
Reynolds	Ritz
Rocheleau	Schmidt
Stinson	St-Jacques
Stoffer	Strahl
Thompson (Charlotte)	Thompson (Wild Rose)
Tremblay (Rimouski—Mitis)	Vellacott
Venne	Wasylycia-Leis
Wayne	White (Langley—Abbotsford) —99

**NAYS**

Members

Adams	Anderson
Assad	Augustine
Axworthy (Winnipeg South Centre)	Baker
Bakopanos	Barnes
Bélair	Bélangier
Bellemare	Bertrand
Bevilacqua	Blondin-Andrew
Bonin	Bonwick
Boudria	Bradshaw
Brown	Bryden
Byrne	Caccia
Calder	Cannis
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Charbonneau

Chrétien (Saint-Maurice)	Clouthier
Coderre	Cohen
Collenette	Comuzzi
Cullen	DeVillers
Dion	Discepolo
Dromisky	Drouin
Duhamel	Easter
Eggleton	Finestone
Finlay	Folco
Fontana	Gagliano
Godfrey	Gray (Windsor West)
Grose	Guarnieri
Harb	Harvard
Hubbard	Ianno
Iftody	Jackson
Jennings	Jordan
Karetak-Lindell	Karygiannis
Keyes	Kilger (Stormont—Dundas)
Knutson	Kraft Sloan
Lastewka	Lavigne
Lee	Leung
Lincoln	Longfield
MacAulay	Mahoney
Malhi	Maloney
Manley	Marleau
Martin (LaSalle—Émard)	Massé
McCormick	McGuire
McKay (Scarborough East)	McLellan (Edmonton West)
McTeague	McWhinney
Mifflin	Mills (Broadview—Greenwood)
Minna	Mitchell
Murray	Myers
Nault	Normand
O'Brien (London—Fanshawe)	O'Reilly
Pagtakhan	Parrish
Peric	Pettigrew
Phinney	Pickard (Kent—Essex)
Pillitteri	Pratt
Proud	Provenzano
Redman	Reed
Richardson	Robillard
Rock	Saada
Scott (Fredericton)	Serré
Shepherd	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	St-Julien
Szabo	Telegdi
Thibeault	Torsney
Valeri	Volpe
Wappel	Whelan
Wilfert	Wood—132

**PAIRED MEMBERS**

\*Nil/aucun

**The Speaker:** I declare the amendment lost.

● (1745)

The next question is on the main motion.

[*Translation*]

**Mr. Bob Kilger:** Mr. Speaker, if you were to seek it, I believe you would find unanimous consent that the members who voted on the previous motion be deemed to have voted on the motion now before the House, applying the vote just taken in reverse.

*Government Orders*

[English]

**The Speaker:** Is there agreement to proceed in this fashion?

**Some hon. members:** Agreed.

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

(Division No. 120)

**YEAS**

Members

Adams	Anderson
Assad	Augustine
Axworthy (Winnipeg South Centre)	Baker
Bakopanos	Barnes
Bélair	Bélangier
Bellemare	Bertrand
Bevilacqua	Blondin-Andrew
Bonin	Bonwick
Boudria	Bradshaw
Brown	Bryden
Byrne	Caccia
Calder	Cannis
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Charbonneau
Chrétien (Saint-Maurice)	Clouthier
Coderre	Cohen
Collenette	Comuzzi
Cullen	DeVillers
Dion	Discepola
Dromisky	Drouin
Duhamel	Easter
Eggleton	Finestone
Finlay	Folco
Fontana	Gagliano
Godfrey	Gray (Windsor West)
Grose	Guarnieri
Harb	Harvard
Hubbard	Ianno
Iftody	Jackson
Jennings	Jordan
Karetak-Lindell	Karygiannis
Keyes	Kilger (Stormont—Dundas)
Knutson	Kraft Sloan
Lastewka	Lavigne
Lee	Leung
Lincoln	Longfield
MacAulay	Mahoney
Malhi	Maloney
Manley	Marleau
Martin (LaSalle—Émard)	Massé
McCormick	McGuire
McKay (Scarborough East)	McLellan (Edmonton West)
McTeague	McWhinney
Mifflin	Mills (Broadview—Greenwood)
Minna	Mitchell
Murray	Myers
Nault	Normand
O'Brien (London—Fanshawe)	O'Reilly
Pagtakhan	Parrish
Peric	Pettigrew
Phinney	Pickard (Kent—Essex)
Pillitteri	Pratt
Proud	Provenzano
Redman	Reed
Richardson	Robillard
Rock	Saada
Scott (Fredericton)	Serré
Shepherd	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	St-Julien
Szabo	Telegdi
Thibeault	Torsney
Valeri	Volpe
Wappel	Whelan
Wilfert	Wood—132

**NAYS**

Members

Abbott	Ablonczy
Alarie	Anders
Asselin	Axworthy (Saskatoon—Rosetown—Biggar)
Bachand (Richmond—Arthabaska)	Bailey
Bellehumeur	Benoit
Bergeron	Bernier (Bonaventure—Gaspé—
Îles-de-la-Madeleine—Pabok)	Bernier (Tobique—Mactaquac)
Blaikie	Borotsik
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Brisson	Cadman
Casey	Chatters
Chrétien (Frontenac—Mégantic)	Crête
Dalphonf-Guiral	Davies
de Savoye	Debien
Desjarlais	Doyle
Dubé (Lévis)	Dubé (Madawaska—Restigouche)
Duceppe	Dumas
Duncan	Earle
Elley	Epp
Gagnon	Gauthier
Godin (Acadie—Bathurst)	Godin (Châteauguay)
Goldring	Grey (Edmonton North)
Hanger	Hardy
Hart	Harvey
Herron	Hill (MacLeod)
Hill (Prince George—Peace River)	Hilstrom
Hoepfner	Johnston
Jones	Kenney (Calgary-Sud-Est)
Konrad	Lalonde
Laurin	Lebel
Lill	Loubier
Lowther	MacKay (Pictou—Antigonish—Guysborough)
Manning	Marceau
Marchand	Mark
Martin (Esquimalt—Juan de Fuca)	Martin (Winnipeg Centre)
Matthews	Mayfield
McDonough	McNally
Meredith	Morrison
Nystrom	Pankiw
Picard (Drummond)	Plamondon
Power	Price
Proctor	Ramsay
Reynolds	Ritz
Rocheleau	Schmidt
Stinson	St-Jacques
Stoffer	Strahl
Thompson (Charlotte)	Thompson (Wild Rose)
Tremblay (Rimouski—Mitis)	Vellacott
Venne	Wasylcia-Leis
Wayne	White (Langley—Abbotsford) —99

**PAIRED MEMBERS**

\*Nil/aucun

**The Speaker:** I declare the motion carried.

(Bill read the second time and referred to a committee)

\* \* \*

**NATIONAL DEFENCE ACT**

The House resumed from March 30 consideration of the motion that Bill C-25, an act to amend the National Defence Act and to

*Private Members' Business*

make consequential amendments to other acts, be read the second time and referred to a committee.

**The Speaker:** The House will now proceed to the taking of the deferred divisions, starting with Bill C-25.

**Mr. Bob Kilger:** Mr. Speaker, I believe you would find consent to apply the results of the vote just taken on the main motion of Bill C-36 to Bill C-25.

**The Speaker:** Is there agreement to proceed in this fashion?

**Some hon. members:** Agreed.

[*Editor's Note: See list under Division No. 120*]

**The Speaker:** I declare the motion carried.

(Bill read the second time and referred to a committee)

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## PRIVATE MEMBERS' BUSINESS

[*Translation*]

### CHILD BENEFIT

The House resumed from March 26 consideration of the motion and of the amendment.

**The Speaker:** Pursuant to order made Monday, March 30, 1998, the House will now proceed to the recorded division on Motion M-198 under Private Members' Business.

The question is on the amendment.

[*English*]

As is the practice, the division will be taken row by row starting with the mover and then proceeding with those in favour of the amendment sitting on the same side of the House as the mover. Then those in favour of the amendment sitting on the other side of the House will be called. Those opposed to the amendment will be called in the same order.

All those to my left in favour of the amendment will please rise.

● (1755)

(The House divided on the amendment, which was negated on the following division:)

(*Division No. 121*)

### YEAS

#### Members

Abbott  
Alarie  
Assad  
Augustine  
Bachand (Richmond—Arthabaska)  
Bellehumeur  
Bergeron  
Îles-de-la-Madeleine—Pabok

Ablonczy  
Anders  
Asselin  
Axworthy (Saskatoon—Rosetown—Biggar)  
Bailey  
Benoit  
Bernier (Bonaventure—Gaspé—  
Bernier (Tobique—Mactaquac)

Blaikie  
Breitkreuz (Yellowhead)  
Brisson  
Cadman  
Chatters  
Crête  
Davies  
Debien  
Doyle  
Dubé (Madawaska—Restigouche)  
Dumas  
Earle  
Epp  
Folco  
Gauthier  
Godin (Acadie—Bathurst)  
Goldring  
Hanger  
Hart  
Herron  
Hill (Prince George—Peace River)  
Hoepfner  
Jones  
Kenney (Calgary-Sud-Est)  
Konrad  
Lalonde  
Lavigne  
Lill  
Loubier  
MacKay (Pictou—Antigonish—Guysborough)  
Marceau  
Mark  
Martin (Winnipeg Centre)  
Mayfield  
McNally  
Minna  
Nystrom  
Peric  
Plamondon  
Price  
Ramsay  
Ritz  
Schmidt  
St-Jacques  
Stoffer  
Thompson (Charlotte)  
Tremblay (Rimouski—Mitis)  
Venne  
Wayne

Borotsik  
Breitkreuz (Yorkton—Melville)  
Caccia  
Casey  
Chrétien (Frontenac—Mégantic)  
Dalphond-Guiral  
de Savoye  
Desjarlais  
Dubé (Lévis)  
Duceppe  
Duncan  
Elley  
Finestone  
Gagnon  
Godfrey  
Godin (Châteauguay)  
Grey (Edmonton North)  
Hardy  
Harvey  
Hill (MacLeod)  
Hilstrom  
Johnston  
Karygiannis  
Knutson  
Kraft Sloan  
Laurin  
Lebel  
Lincoln  
Lowther  
Manning  
Marchand  
Martin (Esquimalt—Juan de Fuca)  
Matthews  
McDonough  
Meredith  
Morrison  
Pankiw  
Picard (Drummond)  
Power  
Proctor  
Reynolds  
Rocheleau  
Stinson  
St-Julien  
Strahl  
Thompson (Wild Rose)  
Vellacott  
Wasylcia-Leis  
White (Langley—Abbotsford) —113

### NAYS

#### Members

Adams  
Axworthy (Winnipeg South Centre)  
Bakopanos  
Bélair  
Bellemare  
Bevilacqua  
Bonin  
Boudria  
Brown  
Byrne  
Cannis  
Carroll  
Cauchon  
Charbonneau  
Clouthier  
Cohen  
Comuzzi  
DeVillers  
Discepola  
Drouin  
Easter  
Finlay  
Gagliano  
Guarnieri  
Harvard

Anderson  
Baker  
Barnes  
Bélanger  
Bertrand  
Blondin-Andrew  
Bonwick  
Bradshaw  
Bryden  
Calder  
Caplan  
Catterall  
Chamberlain  
Chrétien (Saint-Maurice)  
Coderre  
Collenette  
Cullen  
Dion  
Dromisky  
Duhamel  
Eggleton  
Fontana  
Grose  
Harb  
Hubbard

*Private Members' Business*

Ifody  
Jennings  
Longfield  
Karetak-Lindell  
Kilger (Stormont—Dundas)  
Lee  
Mahoney  
Maloney  
Marleau  
Massé  
McKay (Scarborough East)  
McTeague  
Mifflin  
Mitchell  
Myers  
Normand  
O'Reilly  
Parrish  
Phinney  
Pillitteri  
Proud  
Redman  
Richardson  
Saada  
Serré  
St. Denis  
Stewart (Brant)  
Szabo  
Thibeault  
Valeri  
Wappel  
Wilfert

Jackson  
Jordan  
MacAulay  
Keyes  
Lastewka  
Leung  
Malhi  
Manley  
Martin (LaSalle—Émard)  
McGuire  
McLellan (Edmonton West)  
McWhinney  
Mills (Broadview—Greenwood)  
Murray  
Nault  
O'Brien (London—Fanshawe)  
Pagtakhan  
Petigrew  
Pickard (Kent—Essex)  
Pratt  
Provenzano  
Reed  
Robillard  
Scott (Fredericton)  
Shepherd  
Steckle  
Stewart (Northumberland)  
Telegdi  
Torsney  
Volpe  
Whelan  
Wood—114

PAIRED MEMBERS

\*Nil/aucun

**The Speaker:** I declare the amendment lost.

The next question is on the main motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Speaker:** In my opinion the yeas have it.

*And more than five members having risen:*

● (1805)

*During the taking of the vote:*

**Mr. John Richardson:** Mr. Speaker, I rise on a point of order. I missed getting up. I wanted to vote and I would like to place my vote against.

**The Speaker:** The hon. member's vote will be recorded.

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

(Division No. 122)

YEAS

Members

Abbott  
Alarie  
Asselin  
Bachand (Richmond—Arthabaska)  
Bélanger  
Benoit  
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)  
Bernier (Tobique—Mactaquac)  
Borosik  
Breitkreuz (Yorkton—Melville)  
Brown  
Cadman  
Charbonneau  
Chrétien (Frontenac—Mégantic)  
Crête  
Davies  
Debien  
Doyle  
Dubé (Lévis)  
Duceppe  
Duncan  
Elley  
Finestone  
Gagnon  
Godfrey  
Godin (Châteauguay)  
Grey (Edmonton North)  
Hardy  
Harvey  
Hill (Macleod)  
Hilstrom  
Hubbard  
Johnston  
Jordan  
Karygiannis  
Knutson  
Kraft Sloan  
Laurin  
Lebel  
Lincoln  
Lowther  
Maloney  
Marceau  
Mark  
Martin (Winnipeg Centre)  
Mayfield  
McNally  
Minna  
Nystrom  
Peric  
Plamondon  
Price  
Ramsay  
Ritz  
Saada  
Stinson  
St-Julien  
Strahl  
Thompson (Wild Rose)  
Tremblay (Rimouski—Mitis)  
Venne  
Wasylcyia-Leis  
Whelan

Ablonczy  
Anders  
Axworthy (Saskatoon—Rosetown—Biggar)  
Bailey  
Bellehumeur  
Bergeron  
Blaikie  
Breitkreuz (Yellowhead)  
Brisson  
Caccia  
Casey  
Chatters  
Coderre  
Dalphond-Guiral  
de Savoye  
Desjarlais  
Drouin  
Dubé (Madawaska—Restigouche)  
Dumas  
Earle  
Epp  
Folco  
Gauthier  
Godin (Acadie—Bathurst)  
Goldring  
Hanger  
Hart  
Herron  
Hill (Prince George—Peace River)  
Hoepfner  
Jennings  
Jones  
Karetak-Lindell  
Kenney (Calgary-Sud-Est)  
Konrad  
Lalonde  
Lavigne  
Lill  
Loubier  
MacKay (Pictou—Antigonish—Guysborough)  
Manning  
Marchand  
Martin (Esquimalt—Juan de Fuca)  
Matthews  
McDonough  
Meredith  
Morrison  
Pankiw  
Picard (Drummond)  
Power  
Proctor  
Reynolds  
Rocheleau  
Schmidt  
St-Jacques  
Stoffer  
Thompson (Charlotte)  
Torsney  
Vellacott  
Wappel  
Wayne  
White (Langley—Abbotsford)—125

*Private Members' Business*

## NAYS

## Members

Adams	Anderson
Augustine	Axworthy (Winnipeg South Centre)
Baker	Bakopanos
Barnes	Bélair
Bellemare	Bertrand
Bevilacqua	Blondin-Andrew
Bonin	Bonwick
Boudria	Bradshaw
Bryden	Byrne
Calder	Cannis
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Chrétien (Saint-Maurice)
Clouthier	Cohen
Collenette	Comuzzi
Cullen	DeVillers
Dion	Discepola
Dromisky	Duhamel
Easter	Eggleton
Finlay	Fontana
Gagliano	Grose
Guarnieri	Harb
Harvard	Iftody
Jackson	Keyes
Kilger (Stormont—Dundas)	Lastewka
Lee	Leung
Longfield	MacAulay
Mahoney	Malhi
Manley	Marleau
Martin (LaSalle—Émard)	Massé
McCormick	McGuire
McKay (Scarborough East)	McLellan (Edmonton West)
McTeague	McWhinney
Mifflin	Mills (Broadview—Greenwood)
Mitchell	Murray
Myers	Nault
Normand	O'Brien (London—Fanshawe)
O'Reilly	Pagtakhan
Parrish	Pettigrew
Phinney	Pickard (Kent—Essex)
Pillitteri	Pratt
Proud	Provenzano
Redman	Reed
Richardson	Robillard
Scott (Fredericton)	Serré
Shepherd	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	Szabo
Telegdi	Thibeault
Valeri	Volpe
Wilfert	Wood—102

## PAIRED MEMBERS

\*Nil/aucun

**The Speaker:** I declare the motion carried.

\* \* \*

● (1810)

## CRIMINAL CODE

The House resumed from March 30 consideration of the motion that Bill C-211, an act to amend the Criminal Code (arrest of those

in breach of condition of parole or statutory or temporary release), be read the second time and referred to a committee.

**The Speaker:** Pursuant to order made on Monday, March 30, 1998, the House will now proceed to the taking of the deferred recorded division on the motion at second reading stage of Bill C-211 under Private Members' Business.

● (1815)

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

*(Division No. 123)*

## YEAS

## Members

Abbott	Ablonczy
Anders	Asselin
Axworthy (Saskatoon—Rosetown—Biggar)	Bachand (Richmond—Arthabaska)
Bailey	Benoit
Bernier (Tobique—Mactaquac)	Blaikie
Borosik	Breitkreuz (Yellowhead)
Breitkreuz (Yorkton—Melville)	Brison
Cadman	Casey
Chatters	Desjarlais
Doyle	Dubé (Madawaska—Restigouche)
Duncan	Elley
Epp	Goldring
Grey (Edmonton North)	Guarnieri
Hanger	Hart
Harvey	Herron
Hill (Macleod)	Hill (Prince George—Peace River)
Hilstrom	Hoepfner
Johnston	Jones
Kenney (Calgary-Sud-Est)	Konrad
Lebel	Longfield
Lowther	MacKay (Pictou—Antigonish—Guysborough)
Manning	Marchand
Mark	Martin (Esquimalt—Juan de Fuca)
Matthews	Mayfield
McNally	McTeague
Meredith	Morrison
Nystrom	Pankiw
Peric	Plamondon
Power	Price
Ramsay	Reynolds
Ritz	Schmidt
Steckle	Stinson
St-Jacques	Strahl
Thompson (Charlotte)	Thompson (Wild Rose)
Vellacott	Venne
Wappel	Wasylcia-Leis
Wayne	White (Langley—Abbotsford)—74

## NAYS

## Members

Adams	Alarie
Anderson	Augustine
Axworthy (Winnipeg South Centre)	Baker
Bakopanos	Barnes
Bélair	Bélanger
Bellehumeur	Bellemare
Bergeron	Bernier (Bonaventure—Gaspé—)
Îles-de-la-Madeleine—Pabok)	Bertrand
Bevilacqua	Blondin-Andrew

*Private Members' Business*

Bonin  
 Boudria  
 Brown  
 Byrne  
 Calder  
 Caplan  
 Catterall  
 Chamberlain  
 Chrétien (Frontenac—Mégantic)  
 Clouthier  
 Cohen  
 Comuzzi  
 Cullen  
 Davies  
 Debien  
 Dion  
 Dromisky  
 Dubé (Lévis)  
 Duhamel  
 Earle  
 Eggleton  
 Finlay  
 Fontana  
 Gagnon  
 Godfrey  
 Godin (Châteauguay)  
 Harb  
 Harvard  
 Ifody  
 Jennings  
 Karetak-Lindell  
 Keys  
 Knutson  
 Lalonde  
 Laurin  
 Lee  
 Lill  
 Loubier  
 Mahoney  
 Maloney  
 Marceau  
 Martin (LaSalle—Émard)  
 Massé  
 McDonough  
 McKay (Scarborough East)  
 McWhinney  
 Minna  
 Murray  
 Nault  
 O'Brien (London—Fanshawe)  
 Pagtakhan  
 Pettigrew  
 Picard (Drummond)  
 Pillitteri  
 Proctor  
 Provenzano  
 Reed  
 Robillard  
 Saada  
 Serré  
 St. Denis  
 Stewart (Northumberland)  
 Stoffer  
 Telegdi  
 Torsney  
 Valeri  
 Whelan  
 Wood—152

Bonwick  
 Bradshaw  
 Bryden  
 Caccia  
 Cannis  
 Carroll  
 Cauchon  
 Charbonneau  
 Chrétien (Saint-Maurice)  
 Coderre  
 Collenette  
 Crête  
 Dalphond-Guiral  
 de Savoye  
 DeVillers  
 Discepola  
 Drouin  
 Duceppe  
 Dumas  
 Easter  
 Finestone  
 Folco  
 Gagliano  
 Gauthier  
 Godin (Acadie—Bathurst)  
 Grose  
 Hardy  
 Hubbard  
 Jackson  
 Jordan  
 Karygiannis  
 Kilger (Stormont—Dundas)  
 Kraft Sloan  
 Lastewka  
 Lavigne  
 Leung  
 Lincoln  
 MacAulay  
 Malhi  
 Manley  
 Marleau  
 Martin (Winnipeg Centre)  
 McCormick  
 McGuire  
 McLellan (Edmonton West)  
 Mifflin  
 Mitchell  
 Myers  
 Normand  
 O'Reilly  
 Parrish  
 Phinney  
 Pickard (Kent—Essex)  
 Pratt  
 Proud  
 Redman  
 Richardson  
 Rocheleau  
 Scott (Fredericton)  
 Shepherd  
 Stewart (Brant)  
 St-Julien  
 Szabo  
 Thibeault  
 Tremblay (Rimouski—Mitis)  
 Volpe  
 Wilfert

**The Acting Speaker (Mr. McClelland):** It being 6:20 p.m. the House will now proceed to the consideration of Private Members' Business as listed on today's order paper.

\* \* \*

**INCOME TAX ACT**

The House resumed from February 4 consideration of the motion that Bill C-223, an act to amend the Income Tax Act (deduction of interest on mortgage loans), be read the second time and referred to a committee.

● (1820 )

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, it is a pleasure to speak to Bill C-223 put forth by the member for Portage—Lisgar. I think he deserves an enormous amount of credit for putting forth his private member's bill, which goes to the heart of a very serious issue affecting members of the lower socio-economic groups as well as middle income groups, to enable individuals to obtain their first home, to move from the large pool of renters to the pool of home ownership, thereby ensuring their ability to have a roof over their heads.

Bill C-223 does just that. Its purpose is to provide for the deduction of interest paid by taxpayers on the the first \$100,000 on a mortgage loan secured on the first qualifying home acquired by taxpayers.

My colleague from Portage—Lisgar spoke about this matter in the first hour of debate and made a very eloquent argument in favour of the bill. I would like to support what he said.

The bill addresses a number of concerns and illustrates a number of benefits. For example, it would lower the tax burdens of individuals and would ensure people would have more money in their pockets. This is particularly important in view of the fact that over the last several years individuals have been living with fixed incomes. Their disposable income has been eroded over time through bracket creep and the introduction of some 34 tax increases over the last four years. Therefore they have less money in their pockets to provide for basics such as home ownership. Bill C-223 would increase the amount of home ownership and housing affordability.

● (1825 )

In my riding of Esquimalt—Juan de Fuca the issue of affordable homes is extremely important. There is a large pool of individuals who would like to own homes but cannot.

Contrary to what the Parliamentary Secretary to the Minister of Finance said in his speech, that a taxpayer's choice of accommodation, owning versus renting, is a personal choice, for many people it is not a personal choice. For those people who are in the lower

**PAIRED MEMBERS**

\*Nil/aucun

**The Speaker:** I declare the motion lost.

*Private Members' Business*

socio-economic groups owning or renting is not an option. They do not make enough money to own a house.

How do we ensure that these people have enough money to eventually have the security of home ownership? Bill C-223 does just that. It would enable people to deduct the interest on the first \$100,000 of mortgage from their taxes. This will not benefit the rich. It will not benefit the speculator. The bill specifically states that it only deals with the first \$100,000. The bill specifically deals with those individuals in the lower socio-economic groups and those individuals who are first time homeowners.

The bill also provides an economic stimulus to the economy. It will increase the number of housing starts, put people back to work and generate more money through the economy.

The bill put forth by my friend from Portage—Lisgar is a win, win bill. It should not have any opposition. If one looks at the arguments put forward by members of the government, one sees that their concerns were addressed by my colleague. They are understandable questions from the government, but they are questions that have been answered and meet the objective not only of our party but of the government to ensure that people, particularly those with the middle and lower incomes, are able to finally own homes.

Renting is not something that people in lower socio-economic groups want. They want the security of home ownership. They do not like to rent. Renting takes away from the disposal income that they could use for other necessities such as food, clothing for their children and education needs. All these things would benefit those people who need it. Bill C-233 does just that.

The bill would also provide equity between homeowners with mortgages and those who do not have mortgages. Arguments against the bill have been that it would likely increase the price of houses. The price of houses is a function of supply and demand. We have an enormous demand but we do not have the supply. Bill C-223 would provide an influx of money that would provide a stimulus to the job market.

There are other issues to deal with. The bill can be seen as a backdrop against the declining disposal income of all people, the decrease in affordable housing and the declining economic situation of people from coast to coast.

I live in a city where housing is very expensive. There are a number of cities like that. This issue affects people who would like to own homes from Newfoundland to British Columbia. All provinces are affected.

The issue of affordable housing is serious. There has been declining funding for affordable housing because of the declining amount of resources governments have to spend. We understand that. We have to live within our means. If the government is to

withdraw the amount of funding for affordable housing then it should at least give people the ability and the tools to provide for their own housing. Bill C-223 would do just that.

The government should consider other options like expanding the RRSP to allow for a registered home ownership plan of \$5,000 beyond the current maximum for first time home owners, for those people who are purchasing homes for under \$200,000. If they were able to do that perhaps they could put money away. Perhaps they would have the economic tools to finally own a home and provide security for themselves and their families.

• (1830 )

The existing measures for RRSPs are not adequate. The Minister of Finance is considering carving away our RRSP maximum. That will take away the ability of people to provide for themselves.

It is good that RRSPs can be used toward the down payment of a first home. The government should be complimented on that. The government should also adopt Bill C-223, put forth by my colleague from Portage—Lisgar. It would be a fine complement to that measure.

Perhaps the government should also consider being innovative in providing tax shelters for individual Canadians who are prepared to invest in a home. Perhaps it should consider incentives for builders to provide affordable housing. This would remove the onus from the government and place it on the individual.

If governments are fiscally restrained, why not allow the individual to provide those funds? There is a large pool of funds in the private sector which could be used for investment. Those moneys could be targeted toward affordable housing. Why not provide a tax break for investors who are prepared to put up the money and fill the gap?

This is also a social situation. A home, a shelter, a roof over our heads is a basic necessity.

I support Bill C-223, which was put forward by my colleague from Portage—Lisgar. I would ask the government to support it for all individuals. The bill is primarily designed to address the huge need that exists for affordable housing, particularly for first time homeowners and those in the lower and middle income brackets.

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, it is my pleasure to speak today to Bill C-223. I begin by commending the member for Portage—Lisgar for introducing the bill. I commend him for providing the House with an opportunity to debate a very important principle, the principle of tax relief.

There is absolutely no doubt in my mind and in the minds of my Progressive Conservative colleagues that this nation is overtaxed. Once the House agrees on this then we can seek solutions.



However, let me be clear. Tax relief solutions must be for the benefit of all Canadians. Tax relief must be equitable and it must be efficient. Bill C-223 does not meet this requirement.

There is a very simple question to answer here. The question is, if surplus money is available, who will decide how to spend it? Will it be the Liberal government or will it be the Canadian people? We in the PC Party put our trust in the people. By putting money back into the pockets of Canadians we will let them decide how to better their own lives. That is why my party has proposed raising the personal exemption threshold to \$10,000 for every Canadian. That is the fair way to approach this issue.

My friends in the Reform Party are suffering from an identity crisis on this issue. The Reform Party trumpets itself as being the promoter of simpler and flatter taxes. This bill is neither. This is a call for a subsidy, a target tax break that benefits a few. When we enact legislation that targets only certain members of our society we are necessarily excluding others. In this case we would be doing nothing for the poorest members of our nation who are unable to even begin thinking of buying a home. Once again equity does not exist.

• (1835)

The message regarding our tax code is a tired, yet appropriate cliché: keep it simple. This bill at the very least adds another line to our already cumbersome income tax form.

Accountants are the overall winners with tax legislation that adds to the present complicated reporting nightmare that many Canadians are enduring as we speak. We need to make a collective decision that simplifying our Income Tax Act is a worthy goal. Then we need to strengthen our resolve to use our tax laws only to raise revenue, not to set public policy.

Fairness is conspicuously absent in this bill. The bill proposes that the interest paid on the first \$100,000 of a mortgage loan secured by that first qualifying home acquired by a taxpayer would be allowed as a deduction for tax purposes. The problem is that \$100,000 worth of property is not equal across this nation. The same home that sells for \$100,000 in one part of the country might easily command twice that in my riding of Markham. Even if we were willing to complicate the Income Tax Act, we certainly could not accept a tax initiative that does not treat all citizens equally.

There is another component here which should give all of us in this Chamber great pause. If we were to allow tax deductions for mortgage interest we would be opening a Pandora's box. It would be good if the bill's sponsor would reflect on how sure he is that the Liberals would not move quickly to subject our homes to capital gains.

### *Private Members' Business*

With regard to Bill C-223, we do not even have to wonder. We need only reflect on the words of the member for Etobicoke North. He stood in this House and said "If we allow the interest to be deductible, then surely the capital gains on the sale of the principal residence should be taxable".

The reason a capital gain on a principal residence is not taxable in Canada now is that we do not consider an investment in a principal residence as an investment. It is the ownership of a private home. Then he continued on to say "You can't have your cake and eat it too". This leaves little doubt in my mind as to the intention of this Liberal government if we were to pass Bill C-223.

There are other dynamics at play here and they need to be explored. At present there exists great acrimony within Liberal ranks. On the one side we have the Minister of Finance and his ever dwindling allies who know all too well that Canada's finances are still a long way from the Utopia he tried to sell in his budget.

Pushing and prodding them are the Minister of Health and his band of 1970 style tax and spend Liberals. They were thought to be extinct until recently when a small colony of 101 of them were discovered in Ontario.

We on this side of the House watch this battle with great concern. We do so because when the palace coup is complete all hopes for tax relief will be finished.

I say that we need greater vision than that which is represented in Bill C-223. We need to put aside all partisanship on the issue of comprehensive tax reform and come up with an acceptable alternative. This alternative must be effective in putting money back into the pockets of Canadians. It must be equitable so as to produce real bottom line benefits for all Canadians. We need to ensure it makes our tax system less cumbersome so that people can spend less time reporting to Revenue Canada. More importantly, we need to just do it.

I reiterate what my colleague from Kings—Hants said on February 4 when I say that a tax break is better than the status quo, but the public will is on side with those who seek comprehensive tax cuts. Let us not miss this opportunity.

**Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.):** Mr. Speaker, I am very pleased to rise to debate Bill C-223, an act to amend the Income Tax Act with respect to the deduction of interest on mortgage loans. Before I get into the speech itself I would like to take this opportunity to thank the member for Portage—Lisgar for all his hard work in seeing this bill come to fruition and debate in this House.

The purpose of this bill is to provide for the tax deduction of interest paid by a taxpayer on the first \$100,000 of a mortgage loan to first time home buyers.

*Private Members' Business*

• (1840)

Many of us here have had the experience of purchasing a home. It is a huge investment which gives a lot of security and joy. However, it is also the cause of a lot of stress and doubt. This, in many cases, is not simply the purchase of property, but the purchase of a home. A home is for families to grow together in, a place of security and a site of well-being.

Although the physical house may hold some importance for families, it is the psychological and social aspects of a home that people hold dear to them. A house is for living, but a home is to cherish.

One may wonder where I am going with this. In today's economy many young families simply cannot afford to purchase a house to make a home. Many young people start out facing an enormous financial burden, as most already have a huge debt load from pursuing their post-secondary education and getting started in their lives.

Knowing the economic realities that most young people face today, they have some other debts to pay, such as credit card debts with large balances. There is also the unseen debt that every single Canadian faces every time they pay a tax and also the enormous national debt that has been built up over the decades.

We should look at this bill as an intervention toward tax reduction. To put it more simply, young people today simply cannot afford to purchase a house on top of all the other expenses and taxes they have to pay. Instead of purchasing a home many couples, in essence, withdraw from their disposable income and throw money into rental properties that they will never recover and never receive benefits from when they could be using that money toward creating equity in a house.

The money saved in taxes could be used for paying down other debts or to increase their savings. In essence, buying a home is the largest single step that most people take in achieving retirement security. It is an investment that lasts a lifetime.

Bill C-223 would provide Canadians with an extra opportunity to purchase their first house by giving them a much needed tax break, making ownership more feasible. The economic spinoffs of such a move would also help local economies, especially the Canadian housing industry. It would also benefit the industries that supply furniture, furnishings and fittings that go into equipping and maintaining a home.

This initiative, Bill C-223, which has been brought forward by the hon. member for Portage—Lisgar, has widespread support from a variety of groups and individuals. In the short time I have I would like to quote from one of the supporters, although the theme expressed here is shared by many other organizations. I speak of the national trade association of the manufactured housing industry.

After reviewing the content of Bill C-223, the association said they “support both the logic behind the provisions of the bill and the limitations that have been applied. Limiting the benefits to first time homebuyers and the first \$100,000 of a mortgage will have a highly desirable effect of increasing home ownership among our young families”.

The association goes on to say “In our opinion, increased home ownership is of considerable benefit to the homebuyer, the community and the greater economy. Home ownership helps to foster stable families and stable communities. More housing demand will stimulate new housing development and produce secondary benefits throughout the local economy”.

I believe that the provisions of this bill would create a very enviable situation. I am sure that I speak for many of my hon. colleagues on all sides of the House when I say that stimulating the economy is very desirable and something that should be encouraged as much as possible.

Looking at my own riding of Cariboo—Chilcotin, I know that I would readily support any initiative, whether federal, provincial or local, which would have a positive economic spinoff for our local economy. With the economic downturn in the province of British Columbia we are in need of initiatives that will boost local economies.

• (1845)

There has been some opposition to the idea proposed in the bill. However, I feel this opposition is unwarranted. Opponents suggest that this would give an unfair financial advantage to homeowners over those who rent. This is simply untrue.

There are provisions by Revenue Canada that benefit those who own rental properties. Many types of expenditures are deductible from rental revenue in the year they are incurred, including property taxes, insurance, advertising, maintenance and repairs. Also interest paid on money borrowed to purchase or to improve rental properties can be deducted. Savings experienced by rental property owners can be passed on to tenants in the form of lower rents.

There has been some concern in recent years over the brain drain that has plagued Canada. With the highest level of taxation in all the G-7 countries, many of Canada's finest talents leave our country in search of jobs in the United States. Why do many Canadians leave for jobs south of the border? Very often it is for a lower rate of taxation.

Currently all U.S. mortgage interest payments are deductible. When homes are sold the vendors do not have to pay capital gains tax on the first \$500,000. Bill C-223 would place Canada on a more level playing field with the United States and may make the decision to remain here a lot easier for Canadians.

*Private Members' Business*

In closing, I encourage members of all parties to support the bill. This initiative can play an important role in serving as a building block for not only a stronger family unit but a stronger local community and a stronger economy.

Passage of the bill would provide great and needed benefit, particularly to young Canadians who despite their economic vulnerability bear enormous financial burdens. Young Canadians would be given the opportunity to set down roots and to eliminate some of their debts while at the same time being helped to prepare for the future. This is something we could all be proud of. It could even mean the difference between the same individuals staying in the community or leaving the country.

Again I thank the member for Portage—Lisgar for introducing the bill and for his initiative with regard to tax reduction.

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, it is a delight to stand in the House of Commons to speak on behalf of families across Canada and to add my words of encouragement to the government to show a little compassion for families, especially young families starting up and buying their first homes.

It is a pleasure to speak in favour of a tax break, something the Liberals just cannot get into their heads. If there is a little surplus, would the Liberals turn it back in terms of a tax break? No. Most of them think they better put it away for an election fund. They think they better keep that money ready in case there is an election. Then they can haul out the millennium fund. They would have all this money to reduce the debt and to reduce taxes and everything will be tickety-boo, great.

The Liberals will win the election because they will have all this money. It is unconscionable. It is terrible that they hang on to their money to use for political purposes. Meanwhile, they are shutting their eyes to the needs of Canadian families, young people and their children.

The bill before us is a private member's bill. I wish we could strengthen Private Members' Business. In my observations in the few years I have been here it seems the ideas which best represent the needs and the wishes of Canadians are presented in Private Members' Business. Those are the times when we get motions and bills like the one before us today which say to the House of Commons, to the government, that there is a need out there which has been identified by an elected representative. The individual MP has raised a matter that has been chosen and we can vote if it is a votable motion as this one is.

Most of the motions go by after debate for an hour and are set aside and nothing is ever done. What a total waste of the time of representatives elected by the people to run the country.

• (1850)

My colleague from Portage—Lisgar has brought forward a very important motion that would provide for a tax break on the money used to pay interest on a mortgage. I think that is absolutely necessary.

When I was a young man, and of course that takes us back decades, it was considered a big expenditure to buy a home. At that time when my wife and I bought our first home. The capital expenditure was \$20,000; that was the price of our first home. I remember saying to my wife that a mortgage for 25 years was a long time. The amount of money we had borrowed was \$14,000 and I calculated that we would pay over 25 years about \$14,000 of interest and \$14,000 against the principal.

I am speaking in round numbers, in case anyone is out there checking my mathematical credentials. I have rounded off liberally. If anyone wants the exact numbers, I will provide them. However this is a fact. To purchase a home at 6.5 % over 25 years one pays about 50:50 interest and principal.

Where does that interest go? It goes into the profits of people who have invested money through their banks and other financial institutions. The financial institutions turn around and give people like my wife and me a loan in the form of a mortgage.

It is absolutely incredible because as a home owner borrowing money I have to earn the money, pay taxes on the money and then with the money left after all the taxes pay interest. What happens to the people who receive the interest? They end up paying taxes on it.

As a matter of fact any business can deduct an interest cost as part of their business. Why can a family not deduct their interest cost as part of operating and providing for their family? My colleague is setting forth an eminently sensible proposal. I am amazed because I have read into what other members have been saying in their speeches that they will probably vote against it. It just blows me away. Why would they do that? Why would they continue to make it difficult for young families to get ahead, to buy homes and to start building some capital savings for their future?

Instead the government is most interested in tax, tax, tax and preferably tax the taxes, which it does too. That is another speech that I will give at some other time.

I urge all members to vote in favour of the bill. It is a very good bill. It is long overdue. It would put us, at least in this area, on an equal level with our American neighbours. Goodness knows what kind of a brain drain we have because our brightest young people are going to the States with its favourable tax situation and favourable job situation with a much lower rate of unemployment.

This is a very important measure. I urge all members to use their heads, to think independently and to carefully analyse, as we have done, the implications of the bill. Let us not hide behind technical

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excuses, that we cannot do this because of that. On and on they will go. Let us not do that this time. Let us rather make a bold decision to do what is right and to vote in favour of the bill.

**The Acting Speaker (Mr. McClelland):** The mover of a bill in Private Members' Business is afforded the opportunity to recap. I must make clear, though, that the mover of the bill having spoken will terminate debate.

There being no other members on their feet, I recognize the hon. member for Portage—Lisgar.

**Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.):** Mr. Speaker, it is a pleasure to get to stage of the bill.

● (1855 )

First I thank all participants in the debate on this private member's bill. I appreciate their thoughts. I especially appreciate those of my colleagues in the Reform Party who supported me in this regard.

The bill concerns a tax refund or a tax reduction. This will make home ownership more achievable for many. It is my intention that young families would reap the benefits of the legislation. My concern has been to do something right in the House to benefit future generations. I have children and grandchildren so that is why the bill is so dear to my heart.

In the aftermath of the government's budget it has become apparent to Canadians that the Liberals ignored their demands for tax relief. Canadian taxpayers shouldered the load for the elimination of the federal deficit, but the Liberal government apparently has no interest in giving them relief through tax reductions. This was a serious oversight on the government's part.

What a great opportunity for all members to support the bill and take a small step in righting that which was not done in the budget. This is especially important when we realize that we are asking young families to deal with a taxation burden never seen before in Canadian history. Going into the next century they are being forced to service Canada's \$600 billion debt.

A representative of the Toronto-Dominion Bank stated that on a typical 25 year mortgage at 6.35% first time home buyers could claim \$1,700 on their income tax. That is a tremendous amount of money for some young families. That is a good amount of extra money for a young family that is starting out. It would be especially good, considering that federal taxes will continue to increase to service our needs.

If members agree that the family is an essential building block for a strong society they should support the bill. By making it a little easier for families to acquire homes and build up some equity in them we would be supporting an essential building block of the nation.

If hon. members explain the bill to their constituents it would be widely supported. History has shown that in times when Canadians have been able to afford homes there has been a tremendous uplifting effect on the economy.

I have received numerous letters from individuals and groups in support of the bill. Those people with knowledge of the housing industry have given very positive support because they realize it will make home ownership more attainable for Canadians and therefore will create beneficial spin-off effects for the Canadian economy.

Young families would have extra money for appliances and furniture. They could possibly purchase big ticket items which were previously out of reach. They might be able to afford a better car or they might be able to put a few dollars away for education.

It is true that there is a program that allows putting RRSP funds toward a home. After many young people pay for rent, clothing and food there is no money left for RRSPs. The bill would give them a hand.

I hope all members of the House will recognize the bill as something non-political to give young people the opportunity to invest, to own a home in which they can build equity and in future years will be an asset for their retirement.

When I look at the building of the country and the homes that were affordable at the turn of the century and compare them to the homes of today, I wish and hope that every young couple could afford a home in the future. The quality of the homes has improved and the quality of family life will have to improve. I hope that we as a House take that issue seriously.

● (1900 )

To comment on what support I feel this bill will get, the saying no news is good news and not having heard from the Liberals tonight, I am sure that every one of them is supporting this bill. I congratulate them for that.

I hope that when this bill goes to a vote they will show up and exercise their right and support the young families that would love to move into these new homes with a tax break, that they will receive some beneficial effect of carrying the burden of debt that we have put on their shoulders, and that they can have a more comfortable home doing it.

[*Translation*]

**The Acting Speaker (Mr. McClelland):** Pursuant to order made earlier today, the motion is deemed to have been put and a recorded division deemed demanded and deferred until Tuesday, April 21, 1998, at the expiry of the time provided for government orders.

## ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

### FIREARMS

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, last July the commissioner of the RCMP accused officials in the Department of Justice with misrepresenting RCMP firearm statistics by overstating the number of firearms involved in violent crimes. He also criticized the Minister of Justice and the Canadian Association of Chiefs of Police for using these false and misleading statistics during the debate on Bill C-68, the firearms act.

I obtained the RCMP commissioner's letter by using an access to information request. Here are some excerpts. They are rather long:

The RCMP investigated 88,162 actual violent crimes during 1993, where only 73 of these offences, or 0.08% involved the use of firearms.

The RCMP investigated 333 actual homicide offences, including attempts, but only 6 of these offences involved the use of firearms according to the statistics provided to the Firearms Control Task Group.

We determined that our statistics showed that there were 73 firearms involved in a violent crime compared to the Department of Justice findings of 623 firearms involved in a violent crime.

It is of particular concern that the Minister of Justice and the Canadian Association of Chiefs of Police relied on these statistics while Bill C-68 was being processed in Parliament as evidenced by statements in the report, "Illegal Firearm Use in Canada".

The incorrect reporting of RCMP statistics could cause the wrong public policy or laws to be developed and cause researchers to draw erroneous conclusions. Considering the data is clearly marked as belonging to the RCMP, we must accept ownership and responsibility for the harm the data may cause. For these reasons, something must be done to remove it from circulation.

I asked the Minister of Justice to explain why the RCMP's analysis of its own firearm and violent crime statistics has never been made public?

The misleading analysis of the RCMP data was introduced six times into the Alberta Court of Appeal by the Department of Justice and interveners supporting the federal government.

Will the minister explain why the RCMP's analysis of its own firearms data was never introduced into the Alberta Court of Appeal? Why was justice department lawyer David Gates removed as a federal government lawyer in the provincial court challenge of Bill C-68? Why was a government lawyer replaced by a lawyer from the private sector midway through this important case? Did Mr. Gates object to the affidavits being filed by his own department?

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On September 3, 1997 Tony Dittenhoffer, senior researcher for the Canadian Firearms Centre, sent an e-mail message to CFC's director of policy and programs, Gordon Parry: "It is important that we have full explanation on the public record".

Can the minister explain why Mr. Dittenhoffer did not make this important information public when he appeared as a witness before the Alberta Court of Appeal? Why is the minister ignoring the advice of her own bureaucrats?

• (1905)

Yesterday the minister received a letter from the Canadian Police Association which said that the misuse of RCMP firearms and violent crime statistics in public, in Parliament and possibly the courts "will result in a justifiable lack of confidence amongst Canadians".

How does the minister intend to restore the public confidence that has been shattered by the revelations in the RCMP commissioner's letter.

Manitoba Attorney General Vic Toews has said this is an example of the police being used as political tools. This it will breed disrespect for the law.

When the government rams through this 137 page bill and 130 pages of regulations, it has to answer this final question. Is that why the minister and her bureaucrats did this and why—

**The Acting Speaker (Mr. McClelland):** The hon. Parliamentary Secretary to the Minister of Justice.

**Ms. Eleni Bakopanos (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I take great objection to some of the allegations made by the hon. member and I will answer him in the same manner that he chose to ask the questions.

I will quote word for word from the letter that the minister tabled in this House from the RCMP dated March 20, 1998:

I am responding to Lorne Gunter's column of March 15, 1998 titled "False stats used to support gun registry". The column did not indicate that on December 30, 1997 the RCMP commissioner wrote the Department of Justice indicating that we had reached an understanding on the statistics and how they were reported in "The illegal Movement of Firearms in Canada".

There was simply a different methodology used by the RCMP and the Firearms Smuggling Work Group in interpreting the original data. As part of our examination, we were focusing on criminal incidents in which a firearm was actually used in the commission of a crime. The Firearms Smuggling Work Group's examination criteria were broader, gathering information on all firearms recovered by police and categorizing them according to their circumstances. Not surprisingly, this generated a discrepancy which was the source of our original concerns. With this methodological

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approach we are satisfied that the conclusions of the smuggling report are reasonable, and are satisfied that there is no need to amend the report.

I want to once again state that the RCMP continues to fully support the new firearms legislation and its objectives.

BILL C-68

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, I have been listening very intently to the comments by the hon. member from Yorkton—Melville as well as to the parliamentary secretary.

I rise on the same subject matter. It has been brought to the House's attention that the data on which Bill C-68 has been based are seriously flawed. On July 21, 1997 the commissioner of the RCMP wrote to the deputy minister of justice informing him that the RCMP data used by the government and by the department officials during the debate over Bill C-68 were in fact flawed.

This is shocking. The statistics that were put forward and the references in both letters mentioned by the hon. member in the opposition set out that there is a serious problem here that has to be addressed. The commissioner states unequivocally that the incorrect reporting of the RCMP statistics could cause wrong public policy or laws to be developed and cause researchers to draw erroneous conclusions. That was in July 1997.

There is a lot of water under the bridge and a lot of things have happened since that time, including a challenge to the Supreme Court of Alberta by four provinces and two territories.

The serious question is have those statistics been put before the Alberta Court of Appeal without qualification, without correction if that is what is necessary? This is a very serious matter if that is in fact what has happened.

The allegations by the commissioner himself that they do not want the RCMP name attached to these statistics unless corrections are made speak in and of themselves to the confidence that the RCMP has in these statistics. Yet there is no disclosure, there is no open dialogue here on the part of the government. What we are getting here is that the RCMP is now satisfied, or certain members may be satisfied.

We want to know what has transpired from the time the commissioner wrote to the minister or deputy minister and what is this talk of methodological difference or somehow this has been glossed over. What does methodological difference mean? Does that mean economical with the truth? Does that mean these statistics have been used to spin a certain purpose or a certain objective?

There are many concerns that arise out of this bill, not the least of which is the broad widespread opposition that exists in rural parts of Canada.

• (1910)

The cost element again is something that has been exposed as being completely erroneous. The government suggested that it is going to cost \$48 million. It has already exceeded \$100 million. It is going to exceed \$500 million.

Recent information that has surfaced and been brought forward to the House must cause the government serious concern. There are questions that have to be answered by the minister or by the government. If the conclusions that have been drawn, conclusions the government wanted Canadians to draw, are based on seriously flawed statistics that do not truly represent the incidence of violent crime and the use of firearms in the country, that is something that has to be addressed and has to be corrected soon.

The e-mails and letters that have been sent back and forth between various government officials and members of the RCMP have to be looked at in a very close and meticulous way before we go any further with this piece of legislation.

The minister has a duty to the House of Commons and she has a duty as a lawyer to slow the process down and give Canadians the truth on what has taken place in this process.

As a member of the opposition it is my responsibility to ask questions. As members of the government it is their responsibility to give us answers, and truthful ones.

**Ms. Eleni Bakopanos (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as the minister answered in the House, we have been truthful and we have brought forward all the information.

This question has been discussed many times. Not only is the RCMP now satisfied with the report, the hon. member should also understand that the firearms smuggling work group conducted the original study. Membership of the group included experts from the RCMP, the Ministry of the Solicitor General, the Canadian Association of Chiefs of Police, the chief provincial firearms offices in both Quebec and British Columbia and the Ontario Provincial Police. The group selected the researchers and the principal researcher was under secondment from Statistics Canada.

Most recently, the RCMP reviewed the statistics—they were available—this time counting only those guns actually used in crime. If you ask a different question you must expect a different answer, and that is what happened in this case.

Commissioner Murray stated in his letter of December 30, 1997 which was quoted earlier: "The RCMP now understands the scope and methodology of the original".

There is also question about the firearms mentioned in the original RCMP letter and cited by the hon. member for Yorkton—Melville. The member indicated that only 73 of the 88,000 violent

crimes investigated by the RCMP involved firearms. This is simply not possible. Statistics Canada indicates that there were 195 firearms homicides in that same year and more than 8,000 firearms robberies were committed. Given that the RCMP is responsible for policing about 25% of Canada, if this is true then the investigation is a larger proportion than that indicated by the member.

[Translation]

I remind the House that recent events in the United States have shown us again that this legislation is important to Canada and to the safety of our fellow Canadians.

[English]

#### LABOUR SPONSORED INVESTMENT FUNDS

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, this is the last and final day for working people in the provinces of Ontario and Quebec to invest in labour sponsored venture capital funds as RRSP contributions. Their timeframe has been lengthened due to the time lost during the ice storm.

Indications are that the contributions to labour sponsored venture capital funds for this year will be down dramatically, a total of \$505 million by March 1, compared to \$1.2 billion in 1995.

The industry officials feel this slide in contribution rates is due to the changes made to the tax system where the rate of contribution or the maximum allowable contribution has been lowered from \$5,000 to \$3,500. The maximum tax credit was reduced to 30% from 40% and the minimum holding period is raised to eight years rather than the previous five years.

Another rule upsets the industry in that a person is disallowed from reinvesting in a fund for two years if that person withdraws money out of the fund.

All these factors have had a devastating effect on the health of these important financial instruments and we cautioned the government that this would happen were these changes put into effect. At the current rate of decline in less than two years labour sponsored venture capital funds will be out of investment capital to invest in the community.

Conventional lending institutions, chartered banks especially, have not been meeting the needs of industry with adequate supply of venture capital. No matter what they say in their ads or their promotional material the fact is small to medium size businesses willing to expand their operations and grow their businesses and create jobs are being turned down flat when they go to their banks for business loans.

● (1915)

It does not seem to matter how good your business plan is or what your ideas are for increasing your business. More loans are being turned down than are being granted. This is unlike in the

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United States where banks are required through the community investment act to reinvest some of their profits every year into risk ventures that otherwise would not necessarily qualify for business loans. No such regulation exists in this country.

The banks will tell us about the small business loans they have actually given out, but a more telling figure would be to know how many they have turned down in the same period of time. This is all the more reason then that labour sponsored venture capital funds are important to small business.

In the province of Manitoba 80% of all venture capital put out last year was through the Crocus labour sponsored venture capital fund. In other words small businesses that are tired of going to banks and being turned down end up entering into an equity position with the Crocus investment fund. I am pleased to say there are more businesses in my inner city riding of Winnipeg Centre that have benefited from these funds than any other riding in the province.

The Minister of Finance and his department have stated in letters to the Crocus fund that they recognize the problem. They feel that perhaps they have gone too far in limiting the access to using the funds for RRSP purposes. They have promised to monitor the situation. To quote the Minister of Finance "action will then be taken if the situation warrants it".

In light of the numbers now made public, \$505 million down from \$1.2 billion and the fact that within two years these venture capital funds will be out of capital to invest in the community, will the Minister of Finance review the situation now and make the necessary changes for the next RRSP season?

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, first of all I would like to remind the hon. member that as a result of the generous tax assistance provided by the federal government and many provincial governments, labour sponsored funds experienced very rapid growth in the past few years.

When the decision was made to limit the tax assistance, LSVCCs had about \$2 billion in assets. Despite the fact that LSVCCs raised about 50% less in the RRSP season which followed the 1996 budget, their total assets surpassed the \$4 billion mark at the end of 1997.

As well, let us not forget that the LSVCCs are not the only providers of venture capital in this country. During 1996 the amount of venture capital in Canada rose from \$6 billion to \$7.1 billion. The availability of venture capital for Canadian businesses has never been greater. In fact, I pose the question, is there sufficient capital available to meet the demand? Let me provide a few figures.

At the end of 1996 labour sponsored funds had \$1.4 billion available for investment in small businesses. They invested about

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\$400 million in 1996, a record year for them. Based on this information there seems to be no evidence of a shortage of funds available for investment.

This is not to say as the hon. member has mentioned, that there is no need for ongoing monitoring of the situation. On the contrary, preliminary figures do indicate that LSVCCs invested in excess of \$600 million in businesses during 1997. This investment pace combined with the possibility of large amounts of redemption could signify, at least in some provinces, future shortages of venture capital.

Last year's RRSP season was the first under a reduced tax credit. We need to analyse the results, the adequacy of the supply of venture capital and the efficiency of tax incentives at improving access to capital for small and medium size businesses to be able to determine if changes are warranted.

I want to assure the hon. member as in fact the Minister of Finance has assured him, that this government will continue to monitor the situation very closely and take measures to ensure that venture capital is in supply in strong measure in this country.

## RESEARCH AND DEVELOPMENT

**Mr. Chris Axworthy (Saskatoon—Rosetown—Biggar, NDP):** Mr. Speaker, some time ago I raised with the Minister of Industry the subject of innovation and research and development in Canada. In particular I wanted to know why the minister and this government had not made research and development a priority. Why do they continue to let Canada fall behind the rest of the world in this area?

The Minister of Finance in his most recent budget stressed that our goal must be "to make Canada not just a participant in the modern economy, but a world leader". That is right. The problem is that budgets have put Canada further and further behind. All experts agree that Canada suffers from a serious innovation in R and D gap.

President Clinton of the United States recently stated that sustained prosperity requires a continuous stream of technological innovation. That is quite right.

The minister might say that they have increased funding to the three granting councils that finance research and provide grants to students. Those three research agencies have seen their budgets restored in this last budget to 1994-95 levels. In other words, this last budget simply restored some of the cuts. By the year 2000-01, Canada's support for basic research and education for researchers will be no higher than it was six years earlier.

• (1920)

There are no new dollars, no new investment in R and D. That simply is not good enough. Others in Canada agree.

The president of NSERC, the National Sciences and Engineering Research Council, recently said that more will have to be done in the coming years to build that capacity up to a competitive, world class economy. Even the Secretary of State for Research and Development has said the same thing. The president of Memorial University, just as an example, has said that Canada is acting like a third world country when it comes to R and D.

We are a vital trading nation. We need to get the message through to the government that we have to invest in the future. Other industrialized nations have listened and taken action. I mentioned President Clinton who has proposed future spending increases for institutes in the United States which are significant in comparison to ours.

The National Institutes of Research, the U.S. counterpart of the Medical Research Council, would see its funding rise by 50% by the year 2003, which is after steady increases through the 1990s, unlike in Canada. There is a 10% increase for the National Science Foundation, the U.S. equivalent of NSERC, building up to a 24% increase by the year 2003.

I could go on, but the point is that Canada is simply not in good shape when it comes to R and D and innovation. In fact while our funding has decreased, Australia, Germany and France have doubled their funding on basic research.

When the OECD studied this question, it called Canada a middle technology country along with other countries such as India, Greece and Mexico. Of the top 14 countries, only Italy's record on R and D spending is worse than Canada's.

This is not only embarrassing but it places Canada on a very dangerous path. Relying on other countries to do our basic research for us is simply not acceptable because it means that the information we get will be based on their priorities, not ours. The fact that Canada grossly underinvests in research and development is an important reason why the Canadian economy is left with more than 1.5 million people unemployed.

We know that Canada simply cannot continue in this way. We know that being competitive is the way in which we will make our way in the world. It is time this government and this minister recognized that and acted accordingly.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, Canada's innovation gap was first mentioned in 1995 when the OECD stated that Canada had low levels of R and D expenditures and industrial innovation when compared to other developed countries. Since that report was released, this government has in fact taken bold initiatives to improve the situation.

We have created Technology Partnerships Canada, a \$250 million a year investment with the private sector, to assist the



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development and commercialization of new technologies. As of April 1, 1998, TPC will have approved \$521 million in R and D investments which will lever \$2.2 billion in R and D and downstream investments by industry.

We established the Canada Foundation for Innovation, an \$800 million partnership investment to renew research infrastructure across Canada. The CFI issued a request for proposals on December 9, 1997.

We also renewed our commitment to the networks of centres of excellence by making this program permanent at a level of \$47 million annually. Over 400 firms and industry associations are network partners who have benefited from leading edge research.

We established a partnership between the Medical Research Council and the Canadian Medical Discoveries Fund to help bridge the innovation gap for life sciences research through investments which will commercially exploit research in universities and hospitals.

We have given the Business Development Bank of Canada a new mandate to support the growth of knowledge based, export oriented small businesses.

We are working with private and public sector partners to ensure that all of Canada's 16,500 schools and 3,400 libraries are connected to the Internet by 1998. We are also setting the conditions for Canada to become a laboratory for the creation of interactive, multimedia learning software and networks.

These actions demonstrate clearly that we are committed to making Canada an innovation based economy.

**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 7.24 p.m.)

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