



CANADA

# House of Commons Debates

---

VOLUME 135 • NUMBER 127 • 1st SESSION • 36th PARLIAMENT

---

OFFICIAL REPORT  
(HANSARD)

**Monday, September 28, 1998**

**Speaker: The Honourable Gilbert Parent**

## CONTENTS

(Table of Contents appears at back of this issue.)

All parliamentary publications are available on the  
“Parliamentary Internet Parlementaire” at the following address:

**<http://www.parl.gc.ca>**

## HOUSE OF COMMONS

Monday, September 28, 1998

The House met at 11 a.m.

---

*Prayers*

---

### PRIVATE MEMBERS' BUSINESS

• (1100)

[English]

#### CALGARY DECLARATION

**Mr. Rob Anders (Calgary West, Ref.)** moved:

That a Humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all documents, reports, minutes of meetings, notes, memos, polls and correspondence relating to the Calgary Declaration.

He said: Mr. Speaker, Motion P-22 requests the government to put forward all documents relating to the Calgary Declaration.

A wise man, a man of biblical note, King Solomon, said "What has been will be again and what has been will be done again. There is nothing new under the sun". Unfortunately I have to report that I think that is the case today.

Previously we in the Reform Party, as well as others, made access to information requests with regard to documents relating to the Charlottetown accord. There was some delay and scuttlebutt with regard to the delay of those documents, some secrecy, and we all know how pernicious secrecy is.

• (1105)

My prediction is that the government will vote down this motion and not produce the documents with regard to the Calgary Declaration. I think that is somewhat hypocritical. On the one hand the government was talking about how open it wanted the process concerning the declaration to be. It said it did not want to do things the way Mulroney did with the Charlottetown accord. It wanted this to be a very open process, but we have secrecy.

It is worse than that. It is not just the case of secrecy, that the government is hiding something, but it is using taxpayers' money to do it. That is what I find objectionable. Polls are done to find out

how taxpayers feel on certain issues, for example, the credibility of political leaders in negotiating these types of deals.

Even though it is taxpayer money that is used to find out what the taxpayers feel about particular situations, they are not being told. They are not being given the information. We have some serious problems with that.

This is very reminiscent of what happened with Brian Mulroney in 1992 when the Tories refused to release the taxpayer-funded polls on Charlottetown. It begs the question of why this taxpayer money is being spent. Why are these polls being held back? Why are we not being apprised of the situation?

It boils down to a few reasons. One of the things the government likes to say is that somehow this will taint federal-provincial relations. That was decided in court by Judge Rothstein. I will get into the quotes in a minute. In that case there was a determination that the government did not have a legitimate case to deprive the public of these documents.

I will go into some of these things that I think need to be touched on because previous information commissioners and others have made determinations with regard to this.

Government members, when in opposition and even while running in the last election in 1997, made promises which were contained in the red book. Indeed there was a violation of one of the sacred red book promises. We do not like to see that happen. There are probably others, but I will point out one which is glaring.

Information Commissioner Grace wrote that it is "passing bizarre that the public should be denied knowing what the public thinks when the public pays for collecting information about itself".

It is passing bizarre. But it is something that is not so bizarre that I would put the Liberal government past it because that is exactly the case today.

I am going to revisit some of the comments made by government members when they were in opposition, the criticisms they levelled against the Tory administration of Brian Mulroney on secrecy.

The government House leader has in his riding the lovely town of Prescott which I have been to several times. At that time he said that the government must justify why taxpayer dollars were spent gathering information that could have benefited the party in power, the government of the day. That is exactly the same question we

*Private Members' Business*

raise today. Why is this Liberal government refusing to allow access to documents that could benefit it in terms of its strategy and what it is doing?

If it does not benefit in terms of the strategy and what it is doing and if it is not being used for partisan purposes, then let us see the documents. The taxpayers have paid for them. It is only fair to give taxpayers access to the documents.

If the Calgary Declaration was supposed to be an open process, then let us open up these documents. Basically that is what this motion asks today.

The justice who had some serious problems with the rationale used by governments previously to withhold documents just like these was Justice Marshall Rothstein. He said that he did not see a harm to relations with the provinces, that basically those types of arguments were unfounded. He thought that disclosing public opinion surveys was indeed important.

• (1110)

It is not as though this is a cheap endeavour. It is not as though these are piddly sums of money. The principle is of course that the government, because it is using taxpayer dollars, should make these types of studies, these types of surveys, these types of polls available to the public which is paying for them. The government is violating that principle in terms of what it is doing with these secret deals.

More than that, it is also a case of money. We have seen this administration continually increase the amount of money it is spending on these polls. Indeed government advertising alone, used in conjunction with these polls, is over \$100 million a year.

The strategic polling that we are talking about here that was done with regard to the declaration, which the government is withholding, amounted to millions of dollars. It is unacceptable.

These types of polls are also used for political or partisan purposes when they probe views on people like the Prime Minister, the Leader of the Opposition and various premiers who were involved in some of the negotiations. If the government is going to be using public dollars, then everybody should be made aware of them, including those people across the way who are the subject of some of those polls.

It is important that we include some precedents in this debate. Polling results on the Charlottetown accord amounted to 700 pages. That is a lot of polling. When we look at what it contained, the idea that the government withheld it from the Canadian public who paid for it is heinous.

Once again we have the government marching down the path to a deal with regard to the Constitution, or at least putting forward a

declaration with regard to it. We know it has had some determinations on it. Certainly it has done polling. It has told me that it has done polling. I have been contacted by people who are involved with intergovernmental affairs. I have been contacted by people who are involved in the Privy Council Office. They have told me that they have these documents, but they said they do not want to release them. They said that instead I should go through an access to information request or something like that.

If the government has the documents, if it has located the documents, surely, for the taxpayers who paid for the documents, there should not be a problem producing the documents in the House.

When the government released the 700 pages of documents relating to the Charlottetown accord, it did so in an attempt to pre-empt a court ruling and avoid setting a legal precedent. If that legal precedent had been set of course we would be looking at using it today. It only released those documents to avoid setting a precedent with regard to the release of these types of documents. That is wrong.

If in principle it should be releasing these documents, as it should because taxpayer dollars have paid for them, then we should not have to wait. The government should not be hiding behind the skirts of a legal decision, trying to avoid it. It should be forthright and release these documents.

The bills that Decima and Créatec had with respect to the Charlottetown accord amounted to \$306,000. I am sure these types of things are going on today, but because the government is being secretive in terms of what it is doing with these documents we are not going to know the actual figures and what polls were done until it actually comes forth and releases them.

I also note that it is not just the official opposition which is concerned about things like this, it is also people whose job it is to inform the Canadian public, namely the Canadian press.

Once again with regard to precedents, because I am laying the groundwork which is very important in this argument, the last time the journalists from the Canadian Press, Southam News, the *Globe and Mail* and other researchers asked the Privy Council Office to disclose public opinion research on constitutional proposals the government refused to do so.

• (1115)

It is not just a case of the official opposition or opposition parties in the House requesting the information. It is a case of journalists in the country who under the freedom of the press have their responsibilities to report to the public on the goings-on of the government. With secrecy like this it is very difficult for them to do their job. It is difficult for us to do our job as the official opposition,

and the taxpayers are being denied the information. That is very unfair.

This points to the ideas in government circles on something like this. At the time when this was being debated sources in the government indicated that they did not want to release the polling data because they would fall into the hands of the enemies of the state. Those are the types of comments that have been used by governments with regard to secrecy. It did not want the polling results made available to the public because it worried they would get into the hands of enemies of the state.

Who are those enemies? Is it the official opposition? I do not think so. We have the best interest of Canada at heart, as does the government. As a matter of fact in this case I think it is more so because we are not the ones promoting secrecy and hidden agendas. We are not an enemy of the state. Surely it is not the people who are viewed as an enemy of the state by the government. It should not be the people. They are the ones the government is supposed serve. They are the ones the opposition serves. Certainly the people should not be viewed as enemies of the state in this type of matter. The documents should be made available.

I also touch on the fact that there are good people on the other side and I appeal to them today, those in government. Some may be backbenchers. Some may even be in cabinet but usually they are not the veterans who have a vested interest in some of these things to make sure contracts go out to long time friends of theirs. Certainly some are rookies, those who are a little more fresh to the process or a little more accountable and a little more responsible, a little more in touch with the people who elected them.

Those people have argued in the past that they want polling and advertising done by the bureaucrats and not decided by some people in cabinet and not decided by some people who have vested interests on the other side to keep the whole process secret. As a result they should be following through on that. They should be ringing true some of those words and making good on that pledge. Instead we have veteran cabinet ministers who in the past have told bureaucrats who should be included on bidders' lists. They do not want everybody to fairly bid on the process and they want to keep it secretive. There are examples of that.

We have a cabinet minister from the city of Winnipeg where I was born who awards very lucrative contracts in the hundreds of thousands of dollars to a long time friend of his, Angus Reid, who also resides in the same city.

Once again I implore members of the government that these things do not stay secret forever. When they finally come out the egg is on their face and it makes them look secretive, like they are hiding and manipulative, and all these things are seen for the fair value of what they are. They might as well come clean early and allow Canadians access to the documents because it will come out eventually; it always does. We have to end the whole practice of

### *Private Members' Business*

some would say payola, patronage, kickbacks or backroom dealing. Anyway we want to phrase it, it is wrong and we should end these types of things.

Where are the credible standards of political behaviour? I will get to the red book because it addresses some things about political behaviour and the government should be coming clean on them.

Unfortunately when the secrecy ends the government goes into damage control mode, and we have seen that. It touches on the whole controversy of the use of pepper spray at APEC. We have seen the government go into damage control mode because eventually the secrecy will not hold. Eventually it breaks. Eventually somebody talks. Whether it is a bureaucrat, a disgruntled cabinet minister or a backbencher who is underappreciated, somebody breaks. Maybe it is a new government that takes the positions of control and is able to go ahead and expose some things to shed some light on some of the evil dealings, the secretive dealings that have gone on.

Then it is very unfortunate because that party is in damage control mode and it is too late. They could rectify these positions early but they rarely save themselves that way.

• (1120)

Before going to the red book—I am holding the best till last—I will talk about some of the research firms that I expect will be profiting from some of these polls, these secretive deals, the ones that are not being disclosed today.

In the last couple of years they have benefited to a hefty sum from the government. Maybe somebody in those organizations will be willing to talk about the polls that have been done and the results that are not being released by the government. Ekos Research, Coopers & Lybrand, Angus Reid, Pollara, Environics, Compas, Sage, Price Waterhouse, Phase 5, Créatic and DJC Research have had very lucrative contracts from the government. Maybe somebody in those firms knows about these secret polls, these polls the government is trying to conceal and will not release with a declaration.

I will get to the red book, another red book broken promise. I think back to the red book of 1997. If we flip open that red book and look at page 6, "Securing our Future Together", we see that the Liberals are making a promise: "We will ensure that any future debate which calls into question the continuing existence or unity of Canada will be characterized by clarity and frankness". That is the promise the Liberal Party made when it went to the polls in 1997 after having governed the country since 1993.

Today we want some clarity. Today we want some frankness. We have put forward the motion for the production of papers with regard to the Calgary declaration. I am imploring the government

*Private Members' Business*

for some clarity, for some frankness, and to make available those documents.

I have had phone calls from the Privy Council Office and from the Department of Intergovernmental Affairs. They have all told me that they have the documents. If they have them, why will they not release them? In its handwriting it is saying that it wants to see clarity and frankness with regard to the continuing existence or unity of the country. Certainly the Calgary declaration falls within the mould.

They, by their own words, should produce those documents. It is the taxpayers money. The taxpayers have paid for these polls. They have paid for these surveys. It was their money. They are owed. They deserve to have access to these things. In order to do its job the official opposition deserves access to them. Because of the right to free speech the press has a right to access to them. It should be able to do its job. It is not fair when the government does not live up to its words, conceals documents and lives by secrecy.

I will wrap up with the general pattern we have seen in this regard which I hope we do not see continued today. It is the pattern of depriving the public of the documents and the wherewithal as to what went on.

With regard to the protesters at APEC summit in Vancouver, we have seen secrecy, concealment and a disdain for democracy. A number of times we saw closure in the House of Commons. We are seeing a concealing of taxpayer funded documents. It is wrong. We have nothing new under the sun. They should come forward with these things.

[Translation]

**Mr. Paul DeVillers (Simcoe North, Lib.):** Mr. Speaker, I had a number of reasons for wanting to take part in this debate on the motion by the hon. member for Calgary West This motion calls upon the government to lay before the House copies of all documents, reports, minutes of meetings and memos relating to the Calgary Declaration.

• (1125)

Although this steals somewhat from the thunder of the hon. member's speech, the government agrees to follow up on this Reform initiative and I am delighted with his interest in the Calgary Declaration.

Moreover, I recall that on November 25, 1997 the members of the official opposition were the ones calling for a debate on the Calgary Declaration, and the motion making such debate necessary at that time had come from another Alberta MP, the one from Edmonton—Strathcona.

This government has nothing to hide. The Calgary Declaration grew out of the desire of nine provincial premiers and two territorial leaders to define a framework of discussion with Cana-

dians to strengthen federation. Our government has always supported that initiative and today's motion gives it the opportunity to reiterate that support and to emphasize its merit.

The consultation process surrounding the Calgary Declaration was a transparent one. Canadians were invited to take part. The legislatures of those provinces where consultations were held adopted the declaration, and the reason behind the support it obtained throughout the country is that our fellow citizens identified with the values on which it is based.

[English]

The Calgary declaration is based on seven principles that are completely in line with our government's national unity policy. It highlights our country's diversity. It calls on Canadians' tolerance and generosity and reflects what we are, not only in our own eyes but in the eyes of the world.

The Calgary declaration is not a proposal for constitutional reform but a statement of principles that are shared by Canadians. It highlights not only the things that differentiate us from one another but also the things that unite us and make us collectively stronger.

[Translation]

Our government supports this message of unity, not because it is intended as a miracle solution to all the challenges facing our country, but because it clearly defines the values of the Canadian community.

We did not wait to be urged by anyone to make unity the top priority of our government. I would invite anyone who has forgotten this to reread the throne speech of September 23, 1997, with its clear illustration of the path the Canadian government intends to take to lead its citizens toward the new millennium. In a word, our government has showed leadership.

Leadership can take many forms. Let us not lose sight of the fact that unity is not merely a constitutional matter. It must be reflected in all spheres of our life as a nation. Our approach is one based on efficiency emphasizing co-operation from the provinces.

Our leadership and actions have created a climate favourable to Canadian unity. This does not mean, of course, that there is no room for improvement, but I think I can safely say that the conditions in this country are better today than they were when we came to office in the fall of 1993.

[English]

Indeed I would invite those who are skeptical to look at the figures that testify to our success in the financial and economic fields. In only a few years we have managed to balance a budget that was running a huge deficit of \$42 billion only five years ago. That was a challenge that many people thought could not be



overcome. However, we took on the task with determination and the efforts made by all Canadians have been crowned with success.

[Translation]

My reason for bringing up our economic and financial success in this debate is simple. The Calgary Declaration carries a message of unity, but our government does not believe the unity of this country to be separate from other spheres of human activity. Instead, it pervades each of these spheres. It reminds Canadians of the levels of excellence they can aspire to achieve when there is a collective will behind their actions.

Canadians may not fully realize this. However, there are many examples of our success at the international level, which show what can be achieved by working together toward a common goal.

[English]

I would like to illustrate this with figures. Let us look at the economy. Between 1994 and 1997 Canada's GDP grew by 2.9% a year on average, the strongest performance of the G-7, putting us in 14th place of the OECD countries. Average annual employment growth was 1.8%, the best performance, on a par with the United States, of the G-7 countries and in ninth place among the OECD countries.

• (1130)

The OECD forecast that we will have the strongest economic growth of the G-7 countries for 1998 and 1999. Canada's inflation rate has averaged 1.5% over the past five years, one of the lowest in the world.

[Translation]

That is not bad for a country which some claim does not work. As I said, the unity of a country as diversified as Canada does not rest solely in the hands of governments and institutions; it calls on the efforts and energy of everyone who believe in the future of Canada.

Canada's worth is not tied solely to its economic successes or its social safety net. It is more than a mere accounting operation. If that were the case, a downturn in monthly statistics would be enough to propel those advocating secession into action.

Canada is much more than that. It is a country where men and women from all corners of the community of nations come together to achieve a shared ideal. This ideal springs from values shared by Canadians in the various regions across the country and by Quebecers. The merit of the Calgary Declaration is that it draws these values out and reminds us that what joins us together is far greater than what separates us.

In this regard, I remind the sceptics of the results of a poll released in May 1998. According to it, a substantial majority of the people in Quebec—67%—including a majority of those on the yes

### *Private Members' Business*

side—60%—supported the Calgary Declaration. In addition, 82% supported equality among Canadians, 57% favoured equality among the provinces and 61% stated that Canada offers diversity, tolerance, compassion and equal opportunity, among other things.

The Calgary Declaration is not the solution to all of Canada's challenges, but it does point out that it would be easier for us to meet our challenges as a united front. It also underscores the heritage of values and principles we share in Canada.

It was on this heritage that we built the successes we have enjoyed throughout our history, and, as the Calgary Declaration points out, we must continue to build on it in the future.

[English]

In conclusion I simply say that the government intends to comply. Inasmuch as we appreciated the opportunity to discuss the Calgary declaration once again in the House, we find it is a bit of a waste of the House's time.

[Translation]

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, it is now my turn to speak to Motion P-22 from the Reform Party, which asks that all documentation—including correspondence, documents, reports and minutes—relating to the Calgary Declaration be made public.

In the speeches, I also heard reference to polls and public opinion analysis. At the time of the Charlottetown accord, the federal government spent millions and millions of dollars analyzing public opinion, and it is no doubt doing the same thing in this case. We can assume that, behind all of this, a lot of money has been spent on assessing the impact on public opinion of this Calgary Declaration.

Incidentally, has anyone in this House recently heard about the Calgary Declaration? That document may be one of Canada's best kept secrets. They keep it in a drawer somewhere. They figure that, at times, they can use it to make Quebecers believe that some other minor change will eventually take place. That document is so limited in scope that they are uncomfortable talking about it, because there is so little in it.

The hon. member for Simcoe North alluded to public opinion polls. If this is what they are going to lay before the House, then it is nothing new. That information is already available on the Internet site for the Calgary Declaration.

• (1135)

We wanted to look at the issue more thoroughly. We did not have much faith in the kind of Mickey Mouse polls sponsored by the government. Therefore, we had our own poll conducted by Léger & Léger in Quebec, and by Comquest outside the province. Of course, we were quick to release the findings of that poll in the spring, to

*Private Members' Business*

show how Quebeckers and Canadians were appreciative of the Calgary Declaration.

Since I could not remember all the figures, I brought the results of that poll here with me. The first finding was that no one knew about the Calgary Declaration. I will give the exact figures later, but that was when people were asked if they knew the Calgary Declaration.

Without getting into numbers, I remember a television report here in Ottawa—which is, after all, the national capital and a city where people follow politics rather closely. People on Sparks Street, not far from here, were polled and the results were broadcast on CBC or CTV. People were asked what they knew about the Calgary Declaration. It was lunch time, and there were probably many public servants around, since Sparks Street is so close to Parliament. Out of the seven or eight people interviewed at random, none knew what the Calgary Declaration was, or whether it was related to politics, sports or business. No one knew about it. Yet this was in Ottawa, the national capital, where the Liberals get all excited whenever this issue comes up. However, it generates very little interest on the streets.

I now come to the first question in our poll. People were asked whether they thought Canada had made a new proposal to Quebec since the 1995 referendum. They were asked “Have there been any proposals?”, because the Calgary Declaration was supposed to have been a form of response to the last referendum in Quebec. When all regions of Canada are taken together, 25% of those polled said yes; 56% said no; and 19% said they did not know. One person in four, therefore, thought there had been some sort of offer. No details were provided; one person in four thought that maybe something had been put on the table.

It gets even sadder when the Calgary Declaration is mentioned. People were asked if they had heard of the declaration, but they were not asked if they knew what it was. One person out of three, or 33%, had heard of the Calgary Declaration.

They were then asked if they had a general idea of the content, even if they did not know the details. This will be a big disappointment to those who think the public has any great interest in the declaration: 17% of those polled had heard it was something about the unique nature of Quebec; 6% had heard it was something about provincial equality; and 12% gave other answers. But 70% of people had no idea what it was about.

And now they tell us that a large number of people support the declaration. I heard the parliamentary secretary tell us that people throughout Canada, including Quebec, support the Calgary declaration.

**An hon. member:** They would have to know what it was about.

**Mr. Pierre Brien:** Nobody knows what it is about. When they find out, I can guarantee you that they will not think much of it. This is a initiative that never got off the ground; nobody talks about it.

People were then asked whether they thought that the Calgary Declaration would solve the problem of national unity. We will now see whether they are as optimistic as our Liberal friends. Only 2% of people thought there was a very strong likelihood that it would solve the problem of national unity; 15% said they thought it was rather likely that it would solve the problem of national unity.

• (1140)

A total of 17% of those polled said that it would perhaps solve the problem and 83% said it would solve nothing. This is very revealing. I could go on. Several questions were asked and the poll results were made public at the time.

There was another question. The members opposite misled us. They kept telling us that Canadians had been consulted, that they would be given an opportunity to express their views, that there were elaborate plans for a cross-country consultation. People were asked whether they had been consulted in any way. “Do you feel like you have been consulted on the Calgary Declaration?” It was a yes or no answer: 4% said yes, 94% said no and 2% did not know. The last two categories add up to a total of 96%.

I must remind members how this consultation process took place. In some instances, it was done at little publicized public meetings. Some of it was done through the Internet. Some of it was done through toll-free lines. It was done in a variety of ways, but every effort was made to keep the consultations secret.

In conclusion, the Calgary Declaration is a constitutional initiative that is going absolutely nowhere. If the government were really serious, it would talk about the fact that, during the summer, the provinces agreed on the social union concept and discussed priorities for the future.

Among other things, they agreed that the federal government should reinvest in our health system as a priority, with a well established mechanism that would require the agreement of a majority of the provinces for an initiative to be put in place. Moreover, if a province has its own program, it should be allowed to opt out. That kind of proposal is much more promising for a government that promotes co-operation.

What is the attitude of this government, starting with the Prime Minister? “If the premiers want to run Canada, they just have to run against me in the next election”. The last one who tried that ended up at the helm of the Liberal Party of Quebec where he is having a lot of problems. That is the tactic they used. It is a message. We have not forgotten and others will not forget either.



Let us tackle serious issues. The government should focus its attention on responding to the provinces' unanimous consensus that it should put more money in our health system, allow them to administer that money, and invest in transfer payments instead of wasting its time on something that will lead nowhere.

People have not heard about it and I presume they do not want to hear about it anyway. This information can be made public, but it will be a total waste of time. However, it will help us find out how much money has been wasted so far on this constitutional circus that is turning out to be a very lucrative industry in Canada.

[English]

**Mr. Ted McWhinney (Vancouver Quadra, Lib.):** Mr. Speaker, I am happy to pick up the debate in response to the motion of the hon. member for Calgary West. He is one of the more interesting and promising of the new members of this House.

I hope he will allow me to say I had a feeling of disappointment that he offered a rather turgid complaint about a non-existent issue, access to documents. He should have been uttering a celebration, Beethoven's Ode to Joy that a distinguished western provincial premier had opened the doors to the west to understanding of Quebec's distinct role in the Canadian federal system and the merits of seeking constitutional recognition or accommodation to that fact.

Of course one of the great virtues of the Calgary declaration is that it offered the opportunity for Canadians to understand that we are one country, that we are tolerant people and that people in the west, so far from having fear of Quebec and what it represents, wish accommodation and wish for a plural Canada and a federal system that reflects that. We are all doing our best.

I sat as a member of the commission of the premier of British Columbia to implement the Calgary declaration. We went around the province. I can report that 80% of British Columbia voters saw nothing unusual, in fact everything to commend, in a comprehension that Quebec was indeed a distinct society within Canada and that the constitutional rules could and should recognize that fact. Why not?

• (1145)

There is a coming of age in Canada and the debate, sometimes angry but for the most part I think educational, has helped us on. Constitutional law is a dialectical process. New principles evolve. They are developed to meet new societal facts.

I wrote in 1979 that relatively minor constitutional adjustments on the part of English speaking Canada when the quiet revolution was still in its early phase would have enabled a containment and a

### *Private Members' Business*

utilization of Quebec's best constitutional drives in a new and renewed federal system. I think this is true.

One of the problems of comprehension is related to the constitutional principle of equality before the law. It rests, as the Greek philosophers themselves recognized centuries ago, on a notion that we treat equal things equally when there is a congruence of these societal facts underlying the positive law. Then the positive law must be applied in the same way. Where the societal facts are different they demand a differentiation of treatment and that is in itself a full recognition in the best spirit of the Greek philosophers of the principle of equality before the law.

This has been enunciated by the privy council in some of its better judgments on the Canadian Constitution. It has been reaffirmed by the United States Supreme Court, Justice Douglas in particular, in examining the meaning of the constitutional principle of equality before the law which we have replicated in our own 1982 charter of rights.

The Pepin Robarts commission to which I had the privilege of being chief adviser, along with Leon Dion, Dion Père, John Meisel, developed this rather complex phrase which I think was probably one of the reasons Prime Minister Trudeau buried it, asymmetrical federalism. If we get into phrases that are too technical people run away in fear, but all it was designed to show was where there are distinct societal facts, a good and subtle federal system will take account of those facts and make the changes accordingly.

I hope my friends in the Bloc will understand if I express a regret that the quiet revolution has not given birth to more bright, interesting ideas that transcend the issues of Quebec particularism. It is a privilege to have undergone a quiet revolution. But there is an absence of refreshing new ideas from Quebec, and this has been true for 40 years since the quiet revolution began, on the relations, for example, of executive and legislative power.

On the principles of the judiciary, the nature of the constitutional legitimacy in relation to bodies such as the Senate, bodies such as the supreme court and the constitution of judges, Quebec could have helped us here. It is our hope that it was not a quid pro quo in British Columbia in saying yes, we are not afraid of distinct society, we recognize and accept that. But we would have hoped, for example, that there might have been some movement on Quebec's side to say in return we like the five regions too, we will give you that concept.

There are things we could have done together and should have done together and can still do together. It is for this reason that I welcome the motion of the member for Calgary West and in its full spirit, the celebration of the fact that the west understands Quebec. The west wants to work with Quebec. It is a sign of the times that

*Private Members' Business*

premiers such as the premier of Alberta, so far from being politically weakened by such a move, can gain a new and augmented national stature.

I think this is the good thing that has come out of the constitutional debate and it is in that spirit that we will all work to renewing the federal system. We can change a constitution by formal amendments. We can change it by practice. There are so many areas, particularly in this area of executive legislative relations, on which many members on this side of the House have strong views. Many of us would like to see the committees take on a new and dynamic role. Why have these expensive royal commissions when parliament can do the job and where historically it has done it?

• (1150)

The message would be come and work with us and we can build a new constitution. Constitutions are living treaties and they are intended to evolve.

[*Translation*]

**Mr. André Harvey (Chicoutimi, PC):** Mr. Speaker, you may find that I am seated a bit too far, but we are not responsible for the situation. As you know, there was a byelection in the riding of Sherbrooke in which we lost a seat and we have come to terms with that. In fact, I want to congratulate the new hon. member of the Bloc Québécois who will soon be joining us.

Do not worry, our priorities are elsewhere. We do not intend to quarrel over this and you can be assured that our priorities will not be over the seating pattern of the House of Commons. We thought we had reached an interesting compromise, but we were told at the last minute that it would not fly.

Too many serious issues have our constituents concerned for us to start to quarrel over this. However, it is unfortunate that a whole party had to be displaced to reallocate one seat. It seems an extraordinary measure to take to make room for one newly elected member of Parliament from the Bloc Québécois.

Anyway, you may rest assured that we are still proud to be here, in the House of Commons, to stand for our constituents and also to represent the Progressive Conservative Party, which is the only national alternative to the government in office.

In this spirit, these days, we may be last, but you can be sure that one day we will be first. I think it is the right way to react to this massive displacement following the election of only one new member of Parliament.

I now want to deal with the motion put forward by our hon. colleague from the Reform Party on the documentation related to the Calgary declaration. It is quite surprising to see that the motion today is put by a Reform member, at a time when the people have a

whole different set of priorities. No one can be against a statement of principle, the Calgary declaration, that includes praiseworthy objectives. However, we should stop constantly coming back to this issue and wanting to make this debate a priority—

I regularly go back to my riding. I have frequent opportunities to speak with my fellow citizens. The focus is on the priorities of concern to them, whether it be the development of business or of tourism, or the fact that the bulk of Quebeckers, and most other Canadians as well, have trouble obtaining quality health care. No one ever refers to the Calgary declaration.

I think that taking a frivolous approach to a debate like today's is tantamount to a lack of respect for our fellow citizens. Such is my perception. I must tell the House quite honestly that it is far removed from what our fellow citizens are concerned about.

I have no objections to a party wanting to have complete documentation on a declaration that has been made. Of course our party is in favour of that. But making this the object of a House of Commons debate proves just how far the Reform Party is prepared to go in stirring up things around the fact that by far the majority of our fellow citizens want to see constitutional peace. We hear regularly from two-thirds of Quebeckers that constitutional debate is one of their lowest priorities. I believe that we here in the House of Commons must show some responsibility and not keep coming back to this same debate.

There is a better way of casting some light on the debate and of affording people of good will in this country, and all of its governments, with the opportunity to reach agreements that will work in favour of the development of our communities.

• (1155)

That way is to not keep harking back to the constitutional issue, since our fellow citizens have asked us to take a breather on this. I am not fully convinced about the real intentions of the Reform MPs.

It has often been said that what goes around comes around. Judging by the focus of their campaign advertising during the last election campaign, how can anyone take this motion before the House in good faith? They say "We want the documentation relating to the Calgary declaration". Let them get it, read it over and over, go into it in detail. They are out of touch with reality with this.

What is serious though is that after running an advertising campaign that excluded seven million Canadians—that is all of Quebec—during the election campaign, they now come up with a motion such as the one before us. This shows a blatant disregard for the issues that our fellow citizens want us to tackle on their behalf.

The Reform Party's intentions seem questionable to me. Members will remember Bill C-237, asking that the federal government be authorized to negotiate the terms of separation. We may

regulate everything we want, but we will never manage to keep in the same room people who do not want to be together. Regulating the constitutional issue is the best way to destroy the country, to split it up.

I feel that Reformers want to pursue that avenue because it is a matter of survival for them. Reformers survive because of the splits between the various regions of the country. They survive in a very specific region because they make their fellow citizens believe that all other Canadians are against western Canada. I am convinced that all Canadians, including westerners, want constitutional peace, and the only way to achieve that peace is to stop making matters worse by tabling motions such as this one.

The Reform Party is adding fuel to the fire, as it did during the last election campaign and continues to do here in this House. It promotes division to ensure its own survival in the regions that it represents. Reformers have absolutely no national agenda.

Again, regulating the constitutional issue is the best way to destroy the country. If such is the objective, then let them continue down that road.

Among the issues that our fellow citizens want us to tackle is deciding what to do with an accumulated surplus of \$20 billion, thanks to the excessive premiums imposed by the government. The government is about to make important decisions: should it lower taxes, reduce premiums or invest in specific areas? It is urgent that we begin a consultation process to find out what exactly our fellow citizens would like us to do with that surplus. These are the issues that people want us to tackle.

It is wrong for the Reform Party to keep going against people's will. I doubt there is a single Canadian, including in western Canada, who asked the Reform Party member to table a motion asking that we have access to all documents relating to the Calgary declaration. Westerners, like Quebeckers, like people in my riding of Chicoutimi, want us to tackle the issues that are of concern to them. These issues are employment, economic development, the creation of new businesses—

**An hon. member:** This is true.

**Mr. André Harvey:**—and growing poverty. At a time when people are demonstrating and calling for a federal strategy against poverty, we are being asked to table documents relating to the Calgary Declaration. It is an outrage. As far as I am concerned, the Reformers should get all the papers they want to amuse themselves, but in the meantime, the Parliament of Canada should be dealing with more concrete issues.

Let me repeat that we are pleased to sit in this House, even on the back benches, and it is from these seats that we will do our work in a constructive manner.

• (1200)

[English]

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, I congratulate the member for Chicoutimi for his remarks.

### *Government Orders*

I like to think that the Reform Party does not have a hidden agenda by this motion which would lead to a more divisive debate in this country than there has been already on the national unity issue. I would prefer to think that the member for Calgary West really does want to lead the way in getting better access to the type of government documents, federal and provincial, that members of parliament, the press and the public should have access to.

I would assume that he would not want to open up documents that might adversely affect federal-provincial relations. He does not want to cause dissent. He wants knowledge.

I suggest to him that the problem he really ought to be addressing is the Access to Information Act. Currently under section 14 it rather broadly prevents the government from disclosing any type of documents relating to federal-provincial affairs.

If the Access to Information Act were amended so that it was not so broad, so that so much was not restricted from public disclosure, so that in this particular section it was narrowed down that governments should only withhold information that would cause problems with federal-provincial relations, then his motion would have merit.

I would suggest as it is currently framed the motion does strike with too broad a brush and has the potential of causing great damage.

We must give the federal government and the provincial governments an opportunity to debate divisive issues in privacy and perhaps give them a 30-year rule whereby these things should be reported. Right now I really do think that what the member should be doing is looking to amendments to the Access to Information Act. Then I think he would get exactly what he wishes.

[Translation]

**The Acting Speaker (Mr. McClelland):** The time provided for the consideration of Private Members' Business has now expired and the order is dropped to the bottom of the order of precedence on the order paper.

---

## GOVERNMENT ORDERS

[Translation]

### CANADA SMALL BUSINESS FINANCING ACT

**Hon. John Manley (Minister of Industry, Lib.)** moved that Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of

*Government Orders*

small businesses, be read the second time and referred to a committee.

He said: Mr. Speaker, eleven months ago I came before the House to seek its approval to extend for one year the lending authority under the Small Business Loans Act.

I said at the time that this extension would allow us to complete a comprehensive program and policy review that was under way at that time. It would allow for thorough consultation with both private and public sector stakeholders. And that it would allow us to consider the auditor general's recommendations.

The extension also gave us the opportunity to take into account the recommendations of the Standing Committee on Public Accounts.

[*English*]

Today I am pleased to inform the House that the analytical phase of the review of the SBLA, the Small Business Loans Act, has been completed. The results of this review can be seen in Bill C-53, the Canada small business financing act.

As hon. members will see, the bill as well as a program evaluation framework and performance measures designed for it address the concerns raised by the auditor general and the public accounts committee. I am confident that Bill C-53 responds fully to those who support the program and encouraged us to continue to improve it to increase its effectiveness and to reduce its cost to the taxpayer.

As I told the House just a few months ago, our objective is an improved program which responds to the needs of small and medium size business.

• (1205)

Bill C-53 contains no changes to the major program parameters. The new provisions it does contain are aimed at ensuring the long term life, financial viability, cost effectiveness, usefulness and accountability of this program. In so doing it will continue to meet the needs of small and medium size businesses and to help them grow in the years ahead.

Why have we not proposed changes to the program's parameters? First, our analysis found that the program is fundamentally sound. It has proven itself for 37 years. Our consultations with public and private sector stakeholders showed that small business believes this program works. Our research supports the soundness of the program's current structure. Our analysis indicates we are on course toward the cost recovery goal.

[*Translation*]

Second, this is not an appropriate time for grand experiments. The recent and quite unexpected volatility in currency and trading

markets that we have all witnessed, confirms, again, the importance of sound, consistent public policy.

Small business, which is especially vulnerable to the vagaries of economic gyrations, needs stability. It needs this even more so at a time when the country is about to enter into a vigorous debate on the role and structure of its financial services industries.

The House can go a long way to help establish a climate of stability for small business by giving its approval to Bill C-53, the Canada Small Business Financing Act.

Decisions related to the recommendations of the Mackay Task Force and the proposed bank mergers will have a direct bearing on the well-being of small business, which is the source of economic and job growth in every region of the country.

Like all others, the financial services sector is under pressure to adapt itself to the impact of electronic banking, E-commerce, the Internet and other new technologies that are reshaping the way business is conducted.

[*English*]

Small businesses continue to identify the lack of access to appropriate credit as an impediment to their growth. I think hon. members will agree that it is essential for us to ensure a measure of stability by continuing the one program which is available to all legitimate for-profit small businesses wherever they are located in Canada. Small and medium size businesses are an anchor for our national economy. In fact they make a crucial contribution to our collective economic well-being. This is one reason support for the bill before us is important.

There are more than 2.5 million small businesses, including self-employed individuals across Canada. These account for 99% of all Canadian businesses. Together they have generated 70% to 80% of all new jobs in Canada over the last three years. Businesses with 100 employees or less account for 50% of all private sector employment and 43% of gross domestic product. It is a sector of the economy that continues to grow. Growth in the small business debt financing market outpaced that of the total business market, increasing by 20% between 1994 and 1996.

Despite the increase in available capital and the increase in lending, access to credit continues to be identified by entrepreneurs as a significant barrier to the growth of small businesses. This is precisely why we are asking the House to approve the Canada small business financing act.

[*Translation*]

The objective of the small business financing program is to facilitate the availability of loans for the establishment, expansion, modernization and improvement of small business enterprises.



Loans may be made by approved lenders for terms of up to 10 years. Business will be able to borrow up to \$250,000. Lenders must pay a one-time up-front 2% registration fee which can be charged to borrowers. In addition, lenders must pay an annual administration fee of 1.25%.

• (1210)

These asset-based loans are available for the purchase of land or equipment, or for making leasehold improvements. They are not available for financing the purchase of shares, working capital, or existing debt. These loans cannot be made to finance the purchase of goodwill or other intangibles.

[English]

Virtually all non-farm small businesses are now and will be eligible to borrow under the new program if it is approved by parliament. Eligible borrowers include enterprises in Canada that operate for gain or for profit, provided the annual gross revenue of the business does not exceed \$5 million.

Farming operations and charitable and religious organizations are excluded from the current program. Parliament has established a sister program entitled the Farm Improvement and Marketing Co-operatives Loans Act to facilitate farmers' access to credit. I note also that the bill proposes the design and implementation of a pilot program for lending to the voluntary sector.

The bill before us today provides a step forward in streamlining the Small Business Loans Act. We expect that this will make it easier for the loans officers in the 13,000 points of service to understand it.

While all the key provisions of the act are contained in the bill, most of the detailed administrative provisions will be in the regulations. This means that all major control levers remain in the act while the regulatory regime provides a more complete guide to program implementation.

I will now outline for the House the key provisions contained in the bill.

The bill would provide authority for the Department of Industry to conduct audits to ensure compliance with the act and regulations. It would provide authority to create a limited pilot program on a cost recovery basis for capital leasing. It would also provide authority to create a limited pilot program on a cost recovery basis extending lending to the voluntary sector.

I am also proposing to replace the current sunset clause. Every five years Industry Canada will conduct a comprehensive review of the program using an evaluation framework and performance measurements. The resulting report on the program's performance,

### *Government Orders*

effectiveness, financial viability and progress toward cost recovery would be tabled in parliament and referred to committee for consideration.

As a means of maintaining and ensuring cost recovery, the governor in council through regulation would have the power to restrict eligibility criteria for access to program loans.

The crown's contingent liability under the program would be capped at \$1.5 billion over five years. This means that regardless of the dollar value of the loans made under the act, taxpayers would never have to cover more than \$1.5 billion on loans made in that period. That \$1.5 billion payout would only happen if all loans were to default, all of them, which is a rather unlikely prospect.

Historically the rate of loan losses has been 5.8% meaning that over 94% of all loans have been repaid without incident. This contingent liability would automatically be renewed every five years. This will permit lending to continue while parliament considers the comprehensive review. I will explain briefly the rationale and thinking behind these provisions.

[Translation]

The bill proposes the creation of two pilot projects designed to be financially self-sufficient. Hon. members should know that I intend to call upon their advice, through the Standing Committee on Industry, when the regulations and the parameters of the pilot projects are being drafted.

The only kind of financing which currently enjoys the government's risk sharing is asset-based lending.

Capital leasing is a rapidly growing form of small and medium sized business financing. Some hon. members and the leasing industry have pressed for its inclusion under the program.

• (1215)

The leasing industry says it generally does not provide financing to firms less than two years old or those seeking amounts less \$100,000. A major portion of current SBLA clients fall into these categories.

That is why authority to design a capital leasing pilot program is included in the bill. It would test the need to fill an apparent but, as yet, unproven gap. As I have indicated before, it would have to be independently self-sufficient in terms of meeting its cost of claims.

[English]

The voluntary sector plays an increasingly important role in Canada. Consistent with our previous commitments, Industry Canada consulted members of the voluntary sector to determine whether the CSBFA program should be extended to this sector.

*Government Orders*

Some indicated that extending the program would make a real difference to a voluntary group's ability to serve its community. A proposed pilot would test this view and it would also be designed to be self-sufficient.

An item that we had to reject was the suggestion that the program be used to provide access to working capital. The program already indirectly facilitates access to working capital through a 90% financing rate on fixed assets. This is higher than conventional lending. This provision leaves a greater portion of small business equity available to finance working capital. During our consultations stakeholders said that they did not see the program as an appropriate way to meet their working capital needs.

The sunset clause that called for the program to come to an end after specific periods of time created undue and really quite unnecessary anxiety for both lenders and borrowers. It has also led to situations where the House has been asked to provide legislative authority while facing a tight deadline. This has constrained parliamentary consideration. Further, it is not a businesslike way to manage a program which is badly needed by small business.

Under the new provisions parliament will have the opportunity to review the program's effectiveness every five years. Currently all major control elements of the program are found in the act. The proposals contained in the bill, if approved by parliament, would change this authority so that the governor in council would have authority to make regulations to restrict access to the program to ensure that it remains on a cost recovery track.

This power is restrictive only. Should a future administration wish to make changes similar to those made in 1993, for example, it would need to seek parliamentary approval for them. This protects the control of the House over appropriations while ensuring that action can be taken in a timely fashion to mitigate taxpayers' risks under the small business financing act.

The bill also proposes a number of measures which may reduce the level of program losses, thereby lowering default and claims on the program.

[*Translation*]

Earlier this year, Parliament set the program's total lending ceiling at \$15 billion for the period April 1, 1998 to March 31, 1999. Traditionally, the lending ceiling has been used to control the size of the program. This has led to confusion. It has led to the mistaken belief that taxpayers are lending the entire \$15 billion. This is simply not the case. Lenders are lending money they raise themselves.

Taxpayer liability has always been much less than the aggregate lending ceiling. This is because of the formula which is used to cap the limit on claims that the government must pay in the event of default. The new bill maintains this formula, but eliminates the artificial and confusing aggregate lending ceiling.

[*English*]

To make the government's and the taxpayers' liability absolutely clear, we are capping the contingent liability at \$1.5 billion for each five year period.

• (1220)

Hon. members should understand that program costs have never come close to this contingent liability and that these costs are now offset by revenues on loans that have been made under the program since 1995. I would also like to point out that this contingent liability allows the program to continue guaranteeing lending of approximately \$2 billion a year, which is the current yearly average.

In 1995 the government set the program on a cost recovery track. A private sector analysis of the program indicates that on loans made since 1995 the program is in fact on track. However this analysis has also shown that the program is extraordinarily sensitive to changing program parameters and may be affected by other economic conditions.

There are many factors that affect the performance of the program. Industry Canada will therefore continue to monitor the program very closely.

[*Translation*]

To conclude, Mr. Speaker, allow me to remind the House, once again, how critically important the proposed CSBFA is. Created in 1961, its overall record is one of great success. Its results demonstrate the need to make it a stable, long-term instrument of our economic policy.

Last year, it provided access to nearly \$2 billion in financing. This means that close to 30,000 firms across the country, in all regions, got necessary financing that they might not have had access to otherwise. Some 9,000 of these firms were in rural communities. The majority of loans, averaging nearly \$68,000, went to firms less than three years old.

[*English*]

The success rate of the program is quite high. Defaults have fluctuated periodically and we anticipate a rise for a period. The fact is that the loss rate on loans have been on average 5.6% over the 37 year life of the SBLA program. Private sector forecasts suggest the current fee structure is expected to offset the claims costs of the program on loans made since 1995.

The program which parliament is being asked to approve does not represent a subsidy to small business therefore, or to the banks or other lenders. As currently structured the program shares the risk of lending among lenders, borrowers and taxpayers. Loan losses now guaranteed under the program are expected to be fully cost recovered.



*Government Orders*

The CSBFA will continue to offer a way for the government, financial institutions and small business borrowers to share the risks of fixed asset based lending to smaller, younger firms.

In providing this risk pooling the Canada Small Business Financing Act will support one of the most dynamic growth sectors in the Canadian economy.

[*Translation*]

As I mentioned earlier, an important contribution that we can make at this time for this sector is to provide it with stability.

This stability is provided through the bill, which will continue to provide the small business community access to financing, even as the finance services industry continues to restructure. Maintaining the major program elements provides a stable base of financing for small business, while institutions and their product lines are under review.

[*English*]

Measures are contained in the bill which will maintain the program on a cost recovery track. This contributes to its stability, ensuring taxpayers long term support for this important risk sharing program.

Eliminating the aggregate lending ceiling will also enhance the stability of the program. It will reduce the periodic uncertainty which has plagued the program in the past.

Each time we have approached this artificial ceiling we have been required to return to parliament for an increase. The proposed cap on the contingent liability provides a real cap on our liability but does so in such a way that will not unnecessarily take up the time of the House of Commons.

By eliminating this periodic uncertainty we will enhance borrowers' confidence that the program will be there in the future to facilitate financing for at least a period of five years. Stability will be enhanced by eliminating the sunset clause and replacing it with a regular review during which lending will continue.

In the past this provision has created uncertainty about the future of the program. It has also constrained parliamentary consideration of the program in the past. This proposal will eliminate these features while still allowing for appropriate parliamentary reviews.

• (1225)

[*Translation*]

As provided in Bill C-21, authority to register loans under the Small Business Loans act expires on March 31, 1999. The authority under the current bill would commence April 1, 1999.

One of the many strengths of this program is that it is delivered by lending professionals, not bureaucrats. This, however, means that the more than 1,500 financial institutions must have the time they need to train their staff on the new legislation and regulations. With over 13,000 points of service, this is no small task. This is why lenders have asked for 90 days to prepare themselves to implement the legislation. While this may reduce the time for parliamentary consideration, I believe that effective implementation to serve Canada's small business community is important.

[*English*]

For this reason I urge all hon. members to support the passage of bill as soon as possible.

**Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.):** Mr. Speaker, according to the Canadian Federation of Independent Business and the auditor general, access to reasonable financing is the single biggest impediment to growth in the small business sector.

What can be done? What is the role of government? The first thing that should be done is to determine whether there is a legitimate market failure. In that regard the performance of the government is abysmal.

What has the government done to quantify the degree to which access to financing for small business is a problem? How extensively has the government reviewed the performance of Canadian banks in this regard?

Instead of answering these questions, instead of being proactive and demonstrating leadership, what do we see from the Liberal government? We see it tinkering with yet another fundamentally flawed government program.

Despite the fact the government has not quantified the problem of access to financing for small business, we can safely assume that a problem exists. Improved access to financing for small business would clearly have a beneficial effect on the economy: lower unemployment, more disposable income and so on.

How do we achieve this? What are the impediments that need to be removed in order to alleviate the underlying problems which truly inhibit the growth of small business? They are excessive employment insurance premiums, high levels of taxation and a banking system which lacks competition. They are not a lack of government programs or a bureaucracy that is too small.

What does the Liberal government do? Instead of lowering employment insurance premiums, instead of cutting taxes, instead of deregulating the banking industry to increase competition which would benefit all consumers and instead of taking those measures that would clearly have a direct and immediate benefit on every small business owner in Canada, the government is preoccupied with changing the name of the Small Business Loans Act to the the Canada Small Business Financing Act.

*Government Orders*

What insight, what vision, what incredible leadership it has demonstrated by changing the name of the program. In terms of positive change for small business, the legislation is no more significant than a dot over the letter *i* in the word stupid.

The fundamental flaw with the Liberal government is that it does not understand one of the most basic concepts of governing: a dollar left in the hands of a consumer, an investor, an entrepreneur or taxpayer is more productive than that same dollar in the hands of a lobbyist, a bureaucrat or a politician.

• (1230)

Therefore the answer is not a government program that taxes Canadians, then runs our money through an inefficient bureaucracy and then selectively redistributes it. That creates an uneven playing field. It chooses winners over losers. Inevitably mistakes are made. Businesses acquire financing which is not viable and they would not have acquired the financing had the government and taxpayers not subsidized them. The net effect to small business in Canada is a negative one.

I do not know how it can justify its concept of these programs. It can tax people, run it through the bureaucracy and then somehow have a more beneficial effect with that money than if it had just left it in the pockets of Canadian business owners and taxpayers. How it can claim that degree of interference in our economy can possibly have a positive effect is beyond me.

The Minister of Industry started in his speech to introduce the new Canada small business financing act by talking about long term life and viability of the program. Notice that he is more concerned with jobs of the bureaucrats who work and who administer the program than he is with the small business owners of Canada. He also said that the program is fundamentally sound and that it has proven itself for 37 years. Did the minister not read the report of the auditor general? It was a report that prompted him to change the name of the program. I suggest he probably did read it but he is clearly prepared to ignore some of the conclusions we must draw from the deficiencies and the problems which were cited by the auditor general and the degree to which banks are abusing this program.

I am a perfect example of that. Prior to entering politics I had several businesses. On opening one of them I went to a bank for financing. The bank said yes but I had to acquire my financing under the Small Business Loans Act. At the time I was not apprised of the criticisms that the auditor general had for the program. I was not that conscious of how disastrous and what the negative effects of programs like this had on small business owners like me. I was more concerned with meeting the day to day demands of my business. So I agreed to it. I was forced to pay a premium on my interest rate charges. I was forced to pay registration fees. I was

forced to endure even more burden because the government made available to the banks a tool by which they could guarantee themselves the loan at a cost to the small business owner and at a potential cost the Canadian taxpayer. The banks are abusing their privilege or their ability to use this program, guaranteeing loans that they would have in most cases given out anyway.

The minister said the volatility we have seen recently in the marketplace shows we need stability. Therefore now would not be the time to implement any drastic policy change of the government.

• (1235)

However, I would suggest just the opposite. Would the volatility in the marketplace not suggest to the minister that the program is not fundamentally sound, as he said, but that it is fundamentally flawed? How can the government sleep walk through the currency crisis that we have endured in this country over the past couple of months and that it not occur to it that maintaining the status quo is exactly the problem that got us into this mess in the first place?

The minister also went on in some detail to quote some statistics about how many small business owners there are in Canada and how much small business contributes to our economy. It is good that he understands and recognizes the importance of small business. However, what I do not understand is why he would not be trying to support business. Why is he tinkering with a fundamentally flawed program when the government should be reducing employment insurance premiums?

What would have a greater effect on every small business owner in Canada, not just the ones who apply for a guarantee of their loan under this program? Every small business in Canada would benefit by a reduction in the employment insurance premiums to a much greater degree than any bureaucratic program administered from Ottawa could possibly hope to achieve.

What about the GST? Why is the minister preoccupied with changing the name of the Small Business Loans Act instead of eliminating the GST which this government once promised? It once said that it would scrap, eliminate and abolish the GST. The GST is probably the single largest burden on small business owners. The amount of paperwork that a small business owner must deal with, effectively acting as a tax collector for the government, is preposterous.

If the minister were really concerned about small business he would be targeting those kinds of things, not trying to rejuvenate a fundamentally flawed program.

What about deregulating the banks? If access to financing is indeed a problem for small business, why is the government not addressing that issue. Rather than solving the problem, the government is trying to deal with it by coming up with another govern-

ment program. Its answer is not to fix the problem but to create a government program that will in the end cost taxpayers even more money to try to paper over the real problem.

What about cutting taxes? This government has implemented 37 tax increases since it came to power. It is choking the life out of ordinary average Canadians who face a tax burden that is difficult to meet. Why? So it can fund all its programs like this.

The minister mentioned that this does not apply to farmers in Canada but there is another program for farmers. Again this is a clear illustration that the government's answer is just to create more bureaucracy and more government programs because it does not understand the simple concept that it cannot possibly tax Canadians, send that money to Ottawa, run it through the inefficient bureaucracy that everybody knows exists here and come out with a more positive impact than if it had just left that money in the hands of Canadians in the first place.

Another thing the minister discussed was the registration fee of 2% to qualify for a loan under this program and a 1.25% annual administration fee. Does he not understand the extra burden that would place on a business that is already considered marginal in the first place? In theory this program is supposed to provide access to capital that would not otherwise be there, access to financing that small business owners could not normally get. The banks would look at it, evaluate it and say this is not viable, you cannot meet the interest payments. What is the answer? The taxpayer is going to subsidize the loan and they are going to pay even higher interest rates. Does the minister not understand that the viability of that business has now decreased even further, the chance of that being a successful venture?

• (1240)

The minister said that some of the changes he has implemented are a step forward in streamlining the Small Business Loans Act. That may be true. When we compare the old SBLA to the new CSBFA it may be that he has tinkered and improve some deficiencies. But what has that accomplished? What is the point in tinkering and improving an act that is bad, that in the end is harmful to business?

One of the tinkering things that the minister has implemented is to replace the sunset clause with a regular review. I would like to suggest that the sunset clause remain and that it be dated September 28, 1998, today's date, and that the sunset clause not only apply to this legislation but to the government.

Bill C-53 does not deal with the underlying barriers to growth of small business in Canada such as excessive employment insurance premiums, high tax levels and a highly regulated banking system. Further, it does not fix the problem of small business access to reasonable financing which both the Canadian Federation of Independent Business and the auditor general note is the single biggest impediment to growth in that sector.

### *Government Orders*

I initially was going to move a motion which stated that this House decline to give second reading to Bill C-53 at this time because the government of the day has done nothing to alleviate the underlying problems which truly inhibit the growth of small business such as excessive employment insurance premiums, high levels of taxation and a banking system which lacks competition.

However, I am informed that for technical reasons I have had to change the wording. Therefore I move:

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

Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses, be not now read a second time but that the order be discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Industry.

**The Deputy Speaker:** The chair finds the amendment in order.

• (1245)

Debate is on the amendment.

[*Translation*]

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, while we in the Bloc Québécois are extremely disappointed with this so-called review of the small business loans legislation, we do not agree with the Reform Party.

We must realize how essential the Small Business Loans Act is to small and medium size businesses, despite what I heard. Our criticism of the legislation was not to say we should get rid of it but that, in reviewing it, greater care and attention should be paid to small and medium size businesses.

I am disappointed that, while the legitimate concerns expressed by the auditor general and the Standing Committee on Public Account were taken into account, the need to assess the economic impact of small business and of the effect of small business loans on this economic impact were not.

The truth is that, in Canada and Quebec, small and medium size businesses are crucial and that, even if they sometimes fold 12, 24 or 48 months after having been set up, the economic activity resulting from the creation and growth of small businesses constitutes an extremely important factor. Studies have confirmed this.

However, in the government's logic, the economic contribution of small business is not taken into account. I find it unfortunate that, if he did not wish to amend the act immediately, the minister did not see fit to increase the number of areas where pilot projects could be conducted.

For instance, the possibility of granting loans, in certain circumstances, for working capital funds has been eliminated. In light of the fact that the studies I have come across were not conclusive, why not look at the actual impact of inadequate funding on the

*Government Orders*

death of small businesses? Why not consider growth problems on the basis of inadequate funding?

One could say that, in a way, insufficient funding is worse than no funding because it does not allow businesses to develop as well as they could. The same is true of seed money: not giving enough is increasing the chances the business will not survive.

Loans are not all that is required for businesses to develop. Indeed, improvements are also required with respect to management practices and to the advice provided to businesses. As they are established or expanding, they must indeed be encouraged to visit the financial institutions before they spend all the money they had for their products, design, etc. and find themselves broke before the money lenders and thus forced to accept insufficient funding.

• (1250)

It is true, conditions of management in the growth and expansion of businesses must be improved, but my argument is in favour of adequate funding.

In this regard, I question the title the minister gave to his new bill. He is calling it the Canada Small Business Financing Act. I say it is not the funding act, because with a bill like this one, I know of few emerging or expanding businesses that will not need other financing. I think the title of the existing act is much more accurate. It is the Small Business Loans Act. This is one sort of loan. There will have to be other types of funding to enable businesses to start up in the proper conditions.

I must point out in passing that the minister is pleased to add the word Canada to the bill's title. I realize his attachment to Canada, but I think that there is no need for the government to add the word Canada to every program it sets up, as if it feared that Quebeckers and Canadians might forget. The effect will be quite the opposite, and that is the end of my digression.

The bill also contains a number of problems in its administration cleanup aspect. I hope the minister will deal with these issues.

For example, when the minister says in his bill that Canadians will give out a maximum of \$1.5 billion in loans, he is in fact not saying everything, because this \$1.5 billion should be called, in jargon, a contingent liability limit. In reality, given the costs the small businesses pay and the rates above prime, the costs of this program could reach 6.4% without costing the government's budget one cent. However, the problem is that this \$1.5 billion margin may prevent, in fact does prevent, all the credit that might otherwise be given out from being given out.

I would also like to point out that the minister has given himself increased powers in this bill. The technical provisions in the act have been withdrawn, and the minister will be able to make the

regulations he wishes. I agree that part of the regulations needed to be updated. However, the deletion of all of these provisions seems to me to be a major problem, especially since, as the officials in his department have acknowledged, the minister will now have the regulatory authority to reduce the scope of the legislation.

Of course, the regulations cannot go further than the legislation itself; that is normal. But by giving the minister the authority to make regulations and then by deleting these provisions from the bill, you allow him to ensure that the new legislation is not as generous as the current one.

Also, the bill authorizes the minister to launch pilot projects. In fact, the minister has already announced two such initiatives in very specific areas. I think we could and should have pilot projects in other areas.

• (1255)

Although it may be helpful for people interested in capital leases and loans to the voluntary sector, I do not think the new spirit of the legislation can be found in these provisions. In fact, the only good news borrowers will find in this bill is that the small business loans program, where the loans are to some degree guaranteed by the government, is maintained. That is the only piece of good news.

The rest of the bill raises fears that once the banks realize that government officials will now be able to assess their use of the programs, they will start to ask a lot more from borrowers, who unfortunately will go bankrupt. Since the government will not cover more than two years of interest, the banks will be forced to repatriate personal assets more rapidly.

Of course, the principle of self-financing is nowhere to be found in the bill. This could be seen as a means of allowing the minister to factor in the conditions of the economic cycle. But because the bill does not specify current conditions, and it is left to the minister to make regulations, we are left with some concerns.

I must, however, say that the fact that funding does not have to be approved every year, but runs for five years subject to a comprehensive review, meets with our approval. There will thus not be worries about the program coming to an end.

We have questions, however, about the comprehensive review. It should be conducted by a House committee, in this case, the Standing Committee on Industry, and it should look at the cost benefits from a budgetary as well as an economic point of view.

What has perhaps not been brought home often enough is that it is much better for an enterprise to be created, even with difficulty, and to employ X number of people for a few years, to generate wealth in the community, and not just wealth but economic activity as well, even if it unfortunately goes bankrupt two years later for lack of sufficient expertise. This is infinitely preferable to the entrepreneur just working for himself. As often happens, he might



*Government Orders*

recover and get back on his feet without the right advice at the right time.

But, for the economy in general, for the economy of a particular region, it is far better for such economic activity to have taken place than for people to continue receiving the normal and necessary support of social programs, which would serve a much better purpose if these people could contribute themselves to greater economic activity.

Despite what certain economists thought less than one year ago, it would be very surprising if recessions had disappeared from the economic world, and I can now say that they clearly have not.

• (1300)

On the contrary, many of the people claiming a year ago, more than ever, that there would not be a recession are now the ones bringing up the spectre of a world-wide recession. Although the crises being experienced in Southeast Asia, Russia and South America do not all have the same cause, nevertheless the globalization of markets can provide conditions for such a spread. As we know, Canada is not immune, nor are the United States or Europe.

Those in the west are well aware of the heavy impact there of the great difficulties being experienced by individuals and businesses in Southeast Asia.

Under the circumstances, the Small Business Loans Act ought to have sufficient flexibility to allow the minister to inject more money into business loans in times of recession, particularly since we know this \$1.5 billion figure for guarantees will never come close to being reached. I invite my Reform colleagues to examine this clause.

I regret that the revision has been done merely from an accounting point of view. It was necessary, but the Small Business Loans Act—which is what I would prefer it to still be called, because once again it will not be a “financing act” for small businesses since this program is insufficient—is an important piece of legislation, but far from sufficient. One need only re-examine the repeated complaints from the Canadian Federation of Independent Business to know that this is so.

The more small businesses are denied credit, as they set up or expand, the greater the risk they face. We know how frequently they go bankrupt and at times it is very clearly because of a lack of credit.

This is what forces the provinces, and especially Quebec, in both the private and public sectors, to develop complementary programs. Once again, according to what I hear from the small and medium size businesses that, in search of help, turn to their member of Parliament as a last resort, there is not enough money for unsecured loans.

And what about the fact that there is no provision for businesses in the knowledge sector? The government makes a big fuss about the knowledge economy. The knowledge economy needs a lot of capital. The only thing the government has done was to announce in the spring that \$30 million would be available over five years for products, for content. That is not nearly enough. Canada has expended considerable effort on infrastructure and on electronic highways, but, in the area of content, there is no help for local artists, artisans and industrialists and no provision for these areas in this revision to the Small Business Loans Act.

• (1305)

It is therefore unfortunate that the old SBLA was not tightened up more and that the government felt only an accounting review was necessary without a thought to economic development.

This act is vital to economic development and to job creation. It must serve this objective. When it fails to do so clearly, it fails in its primary goal, and we will continue to go after the government on this point.

[English]

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, it is a delight to have the opportunity to represent the federal New Democrats and to make some opening remarks with respect to Bill C-53, the Canada Small Business Financing Act. This is a new form of the old SBLA, the Small Business Loans Act, that we have been debating in this House for 20-some years, or perhaps even a bit longer than that.

I am delighted to have a chance to participate in this debate for a number of reasons, not the least of which is that I have recently been appointed by the leader of our party to be the business spokesperson for the federal New Democrats.

I have been, in a sense, lobbying for this for quite some time and I have often asked myself why I felt this was important. Then I realized that one of the reasons is that most people I know today are either in some kind of business, have been in business or plan to be in some form of business. They tend to be small businesses, small enterprises, young firms.

I started to think about this and realized that one of my senior staff persons on Parliament Hill has been with me since the beginning, more than 18 years. Her partner runs a small contracting business in the city of Ottawa.

The partner of one of my other staff members who has been with me for 14 years also runs a small consulting business in Ottawa, working for the private sector as well as government.

The father of the newest addition to my staff, a young man recently out of Queen's University, has run a large cement contracting business in my constituency for many years. Once he

*Government Orders*

leaves Parliament Hill, he and his partner plan to open a printing firm in Winnipeg.

Therefore the people around me are used to the notion of working with business on a personal level.

Then I started to reflect on the people who play a close role in our lives, our campaign workers, our campaign teams, the executives of our organizations.

The president of my federal executive is an interesting man. He is a member of the carpenter's union, but he also runs a construction company. When he is unable to find work as a carpenter, he goes out and does small enterprise work for individuals, various firms and so on.

My last campaign chair was a retired manager of B.C. Tel. He runs a honey-producing business these days.

I reflected back on some of the people over the years who played key roles in my campaigns. My sign chair was the owner and manager of a retail postal outlet and the publisher of a magazine in British Columbia. The deputy sign chair in my campaign now runs a fairly large contracting business in the construction sector.

The media chair was an individual who owns and manages a community newspaper. The deputy media chair in my last campaign owns a media consulting firm and has done that successfully for a number of years.

Fundraisers tended to have a relationship with business. One was a partner in a large law firm. One was the owner-manager of a health food store. One ran an insurance company. One was the owner-manager of a recreational vehicle outlet. One was the owner-manager of a restaurant and pub. There were others, but these were people who played a central role in my election campaign.

The campaign advisers were interesting. They included a person who owns and manages a hunting and fishing lodge in central British Columbia. Another was a pub manager-owner. Another was the owner and operator of a bowling alley and trophy shop. Another individual was a financial adviser. He runs a private business as a financial adviser.

• (1310)

Canvass organizers included a person who owns a trucking company. Another is the owner-manager of a small retail outlet which sells children's wares, toys and that sort of thing. One owns an electric contracting company. One runs a recreational vehicle outlet. One is an owner-operator of a hair salon. Another is a manager of a body shop. One person runs a tour company. One owns and runs a mining exploration company. A number are in the silviculture business and many are small farmers and ranchers.

There are just under 300,000 farmers and ranchers in Canada and a good percentage of those individuals have incorporated busi-

nesses. I think it is fair to say that farmers now, almost by definition, have become business operators because of the complexity of the art and science of farming these days.

While we often refer to people as being a rancher or a farmer, in essence they are running a small business, often incorporated for a whole variety of reasons.

When I made soundings in terms of this legislation being proposed by the federal government it was not difficult to get reaction from people. Many of them have used the program in the past. Many of them wanted to use the program but were not eligible. Particularly interesting were the number of women entrepreneurs who have started businesses and have had a difficult time accessing various types of financing. They often referred to the frustration they have experienced with their bankers.

I want to say first that, in my judgment, this has been one of the better federal government programs in terms of actually helping small business. There is a great deal of rhetoric in this House, and probably in legislatures across the country, announcing programs that are designed to assist the small business sector, but they often do not seem to go anywhere.

There might be a program, but after two weeks the funding is all used up. It is on paper, but I think there is very little assistance to the small business sector when it comes to government programs. I am not even certain that the small business sector often wants government programs to help them.

I refer specifically in our area to the community futures program which has done an amazingly positive job in creating hundreds and hundreds of small businesses that otherwise would not have been created simply because they were able to access capital up to a maximum of \$75,000.

We are talking about people who want to create enterprises in this country and create jobs. I think all of us feel that there is an important goal for our country, and that is the goal of full employment.

Ideally, if everyone was working at a decent job, a whole lot of problems that we face as a country would simply evaporate overnight. A lot of societal problems exist because people do not have jobs. Or if they do have a job, it is not a decent paying job.

If we are serious about creating employment for Canadians we have to acknowledge that most of the employment that is being created today and certainly most of the employment that will be created in the next number of years is going to be created by the small and medium size business sector of the country. These are the people who will actually create the jobs. They will be able to move rapidly to take advantage of changing markets and changing opportunities, whereas the larger firms simply will not be able to respond so quickly and so well.



*Government Orders*

It seems to me that it is our obligation to find ways and means to support, encourage and nurture that sector of our society in which jobs will be created in the next decade or two if we hope to bring this country to the level that we know it ought to be in terms of full employment.

I will say that the SBLA, the Small Business Loans Act, which we are about to change, has probably been one of the most effective programs we have seen. It certainly is one of the most used federal programs in assisting business, and it is well understood. For those reasons I think we ought to be careful as we proceed with this new legislation called the Canada Small Business Financing Act.

I want to say that federal New Democrats support this legislation in principle.

• (1315)

We have some serious concerns, which I will get to. We particularly want to see it advanced at this stage for three reasons.

One is that it is a continuation of a program that has been relatively effective compared to other federal programs. It has been constant in its purpose as a program to assist young and small firms in obtaining debt capital because of gaps in equity and capital for this end of the market particularly.

The program has been accountable. In other words, a regular revisiting of this program by parliament tends to focus on areas that need to be changed. This is one of the shortcomings in this legislation we worry about because it will not be coming back to parliament for periods of time.

An area that has been identified as causing difficulties in terms of financing for small business in Canada has been the recent move to leasing equipment. Under the SBLA leasing equipment or leasing materials was not something that would be financed so this had to be change.

Another area was the non-profit sector. I think we are all appreciative that increasingly businesses in the non-profit sector need to find ways and means of supporting themselves. I am thinking here of something like a child care centre. Under this new legislation it will be able to use this program to go to the banks and other financial institutions to get a loan so they can improve the service they provide.

In terms of the move to leasing which on balance is a positive move, the opportunity it opens to the non-profit sector is also a positive move.

Those are the two fundamental reasons we feel that this should be advanced further. Once it gets to committee obviously some of the fine tuning will take place.

I have to muse at this point as to where this notion of leasing requirement originated. In my discussions with the Canadian Federation of Independent Business I was told that its members have not been crying for this. I wonder if it is not the banks who maybe are trying to use this legislation because they want to get into the leasing business. They want to move into auto leasing first but pretty soon they will be leasing television sets and goodness knows what else if they get their way in this bank merger and the changes they are seeking to the financial legislation before us these days. I am a bit worried about that. I am going to flag it right off the top.

When I look through all of the briefing material for this new legislation and after speaking with a number of government officials who are involved in this, there was one sector which I think was obvious by its absence. That is the sector dealing with women entrepreneurs. If there is one thing we acknowledge today it is that the growth in the small and medium size business sector is being led by women, yet financing is a major problem that women have.

I am approached regularly by women who are so frustrated because the banks say "Yes, we will lend you the necessary money to start your enterprise but you have to get your husband to sign the form". They say "My husband is not in the business. He does something else", and the banks say "That is just the way it is. We would like to have your husband's signature". This is a terrible situation to accept. One of the fundamental weaknesses of this legislation is the absence of dealing with this problem.

Another area is that of aboriginal business. As Canada moves toward more self-determination and self-reliance for our First Nations people, one of the problems they have is getting into business and creating job and employment opportunities for themselves and others. Financing is a crucial matter and again it is not being addressed by this legislation. Hopefully it will be in some other sectors.

Another area is what we might call knowledge based business, the information technology business. Someone wants to borrow some money from a bank or a financial institution and his only asset is himself. He is wearing his cap sideways and an odd T-shirt and goes into a bank to borrow some money. Even if he is a brilliant individual who wants to start a knowledge based business and everyone knows he or she is going to be successful, well, the bank is not used to lending money to people who wear their caps sideways and T-shirts. But that is the new reality.

One of the more interesting businesses I was at on the opening day was that of a couple of young people who were opening up a tattoo parlour. They had a business plan laid out and had demonstrated that this was going to be a money-making effort. I guess most people in Kamloops will be wearing a tattoo one day if these people are going to be successful.

*Government Orders*

• (1320)

This is the way the world is. These are small businesses, often home based. They are not addressed adequately in this legislation. Most people these days, the self-employed individual starting out in business are starting from that home based business. They are not being adequately considered in this legislation. I see this as another shortcoming.

There is also the equity issue of financing. I realize this legislation is not the place to address this issue but I feel that I have to wave the flag. When it comes to equity capital, parliament has to take this more seriously. I may be wrong but I do not recall that there has been any real effort to address this problem which is faced by small and medium size businesses in our country. I hope we can use this as a heads up and conduct some serious examination of the problems associated in this area and ways and means to overcome them.

There are many concerns about this legislation.

I am curious about maintaining the upper limit of \$250,000. Under this type of legislation, the average loan today is about \$86,000. It has come down from about \$90,000 in 1997 and is up from \$50,000 in 1994. It is fair to say that people are using this program to access financing for their business when they have difficulty doing it otherwise. These are small loans. There is a ceiling of \$250,000 and hardly anybody uses that. Should we not visit that?

This legislation applies to firms that have over \$5 million in sales. When we look at the number of firms in this country that have sales in that category, do they need help under this legislation? Is this the best place to show support for those types of firms?

These questions are more of the musing kind than critical comment. On balance, we support this program with some qualifications.

There is the fact that it does not seriously address the whole issue faced by women who are starting businesses today. They are growing young businesses and are entering the market with entrepreneurial ideas that they want to see in place through production to sale, not export. There is the whole issue of aboriginal funding. Home based business is crucial for increasing numbers of Canadians. This is not addressed adequately in this legislation. We have concerns that these sectors are not being properly addressed under this kind of legislation. We need to be reminded of these problems.

I also want to use this as an opportunity to find ways and means to support the small business sector. This is one of them. It has been successful in the past.

Today we cannot overlook the fact that small businesses are not very positively inclined toward the bank mergers. As a matter of fact if the bank mergers as proposed are allowed to proceed, the two resulting banks would have 75% of the number of loans under this legislation. By any definition that is real concentration. The small business sector is concerned about the ability of competition in the financing marketplace.

I do not think I have run into a single person who runs a small business who likes this bank merger issue. Not a single one, although there might be one whom I have not yet found. In my judgment there is universal condemnation of this initiative. The Canadian Federation of Independent Business would largely substantiate that in terms of the work it has done with its members.

In closing, we will support this legislation at this principle stage. We will be raising some of our concerns in committee to see if they can be addressed in this legislation through amendments.

Perhaps other more appropriate initiatives can be taken by the federal government to acknowledge that the jobs of the future will be created not by the large corporate sector nor on balance by government, although government has a role to play in job creation in critical sectors. I am thinking of education and health care, child care, elder care, pharmacare, home care, those particular sectors.

• (1325)

A goodly number of jobs will be created by the small and medium size business sector in our communities. They are the people we know best. They are the people we live with and see every day on the streets of our communities. They are the people who should be receiving our support. I believe that this piece of legislation, Bill C-53, is a step in that direction.

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, I am not sure you can hear me from way down here, but the positive of being down here is now we can always look right instead of having to look left.

Today I rise to speak on Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small business. For the purpose of brevity, this bill seeks to replace the Small Business Loans Act with the new Canada small business financing act. In essence parliament will be attempting to guarantee that the principles of the success story known as the Small Business Loans Act will continue into the next millennium.

Since 1961 the Small Business Loans Act which was implemented by the Progressive Conservative government under John Diefenbaker has helped over a half million Canadian businesses. In the 37 years that have followed, parliament has shown its resolve to assist small business by continuously updating and innovating the act to ensure that it remains responsive to the needs of Canadian small and medium size enterprises.

*Government Orders*

By and large this duty has been discharged with commitment and diligence. I remind the House of this because the same hand that passes this torch on will be expecting much of us. Since its inception the Small Business Loans Act has experienced a successful repayment rate in excess of 94% of all loans. When we consider that during this period the program has guaranteed loans worth \$22 billion, the numbers become all the more impressive.

In 1997-98 the Small Business Loans Act borrowers reported that they would create 74,600 new jobs. This is even more significant when we understand that over 50% of all loans made under the provisions of the act would never have been made under conventional lending practices.

This is easy to believe when we note a 1996 study entitled "Economic Impacts of the Small Business Loans Act". The study found that approximately 45% of the borrowers in the sample were companies that were less than one year old. In comparison, only 5% of non-SBLA loans went to start up firms.

Much has already been done to facilitate the work of this House as well as the industry committee when it begins its in-depth examination of Bill C-53. To date, a comprehensive review of the financing needs of small business has been completed with special emphasis on the following areas: the economic impact studies; the compliance and default studies; the stakeholder consultations; the cost benefit analysis and future evaluations; and the capital leasing studies. As well, our hon. colleagues in the other place finished the committee report entitled "Review of the Small Business Loans Act".

In dealing with this bill, I would like to stress both what has been included and what has been excluded. As for what is in this bill, many provisions of the Small Business Loans Act have remained unchanged. The loan loss ratio remains at 85% of the cost of claims for loans in default. This is the same rate that it has been since 1995. Lenders remain responsible for the remainder.

Members of this House will recall that the Liberal government reinstated this ratio in 1995 after the Conservative government had reduced the risk to lenders in 1993. The Conservative government did this to encourage a greater participation by the financial sector in the Small Business Loans Act.

When a government sets up a program like the SBLA which guarantees loans for small businesses, it does so for one very obvious reason. Without such an act, loans would be labelled too high risk by lenders and they simply would not be given. Therefore I have to question the judgment used by the government when it increased the risk to lenders.

At the risk of attributing motives, this appears to be an instance where good politics took precedence over good policy. I say this

because since the Liberals did this, we have studies which show that small and medium size enterprise lender dissatisfaction has been steadily increasing. Rather than pointing fingers at lenders or borrowers, this legislation should be focusing on improving the environment for both.

• (1330)

A few other program parameters which have not changed should be noted. The maximum loan size remains at \$250,000. When this issue was reviewed it was found there was very little support for increasing this figure. Until recently the Canadian Federation of Independent Businesses was arguing for a reduction of the loan threshold. One notable exception to this is the tourism industry where many have called for a doubling of the \$250,000 threshold. This has been due in part to the significant capital investment required for facilities. The percentage of the costs of eligible capital assets accepted for financing remains at 90%. This is a reasonable figure and there is no need to review it.

However, there is a shortcoming with this bill that lies in its failure to come to grips with the issue of the lack of access to the Small Business Loans Act that currently exists for knowledge based industries. The minister raised hopes when he asked for a report that asked for the Small Business Loans Act to be expanded to target knowledge based industries. Unfortunately when the answer comes back that something definitely needs to be done, he chooses to ignore it.

Knowledge based industries are among the most dynamic job producing companies in Canada today. The problem lies in the fact that their major assets are intellectual and thus are not capable of being financed under current criteria. So what are we to do, ignore them? Based on the industry estimates which I read this year, the same estimates which place so much emphasis on the importance of thriving as a knowledge based economy, I am more than a little surprised that we have no firm plan from the minister.

It is not my intention here to cast aspersions but in the past the Minister of Industry has indicated his willingness to encourage the development of our knowledge based economy. My party stands ready to assist with this. Perhaps Bill C-53 is the vehicle we can use.

I turn my attention to the specific changes that will come about if Bill C-53 is implemented. First, there is a mandatory program review provision. If passed, this would mean the end of the current provisions that require an automatic ending of lending authorities if a new bill is not passed as we saw last year with Bill C-21. While we are still a little short on the details that would constitute this review process, in general terms it appears to be a good idea.

*Government Orders*

I say that for the following reasons. Under the current system, the government is in a situation where it must present a bill to parliament in order to keep the program alive. This bill could potentially contain clauses the government of the day would like to slip through while at the same time keeping the opposition handcuffed by the inherent time constraints. After all, who wants to be the party that takes the blame for the demise of such an historically important and successful act? With this in mind the review process is a better way to deal fairly with any necessary changes.

Under the proposed process the review would see data collected over a five year period prior to the review used to give parliamentarians and policy makers the tools needed to evaluate where changes need to be considered. At the end of the five year period, currently designated as March 31, 2004, the minister would have 12 months in which to cause a comprehensive review. At this point we are not prepared to comment on the reasonableness of these time constraints as we look forward to reviewing them at the committee stage.

Bill C-53 proposes a new component to the act, the idea of pilot projects both for capital leasing and for the voluntary sector. Capital leasing has been an ever growing and popular financing option for small and medium size enterprises. This particular type of lease ensures that the lessee will own the equipment at the end of the lease. A provision of this nature serves to protect the interests of taxpayers as the equipment will become an asset of the company at the end of this lease. Or so one would believe if one were to read the memorandum that was distributed by the minister to all parliamentarians. However, Industry Canada's report "Access to Financing for Small Business: Meeting the Changing Needs" is not so definitive in its treatment of capital leases. I refer to page 17: "Capital leasing is the leasing of equipment for the major part of its useful life, with the expectation that the lessee will obtain ownership of the equipment". If the intent of the bill is to guarantee that all capital leases under the program will be lease to own agreements the wording should be carefully considered.

• (1335)

At present the leasing industry does not approve leasing for firms under two years old seeking less than \$100,000. This typically excludes the majority of present Small Business Loans Act borrowers. Parliamentary committees will be consulted for the implementation of such a pilot project. In doing so, I trust we will come up with a program which is responsive to the stated needs that exist.

The other proposed pilot project deals with the voluntary sector. The document "Securing Our Future Together" makes a commitment to reviewing federal small business programs with a view to extending their mandate to the voluntary sector. This program raises many questions. In recent hearings conducted into this

issues witnesses generally were opposed to extending provisions of the Small Business Loans Act to the voluntary sector.

Some of the reasons cited included costs as well as instability of revenues. These are legitimate concerns and I also would be concerned if we were to put in place a program which would allow non-profit or voluntary organizations to unfairly compete with other business interests. This is something that needs to be more thoroughly explored at the committee stage.

Contingent liabilities are a new addition to the act. The claim being made is this is somehow necessary to shield the taxpayers against incurring more than \$1.5 billion liability should all loans default. Based on the fact that the program as it stands is only experiencing a 5.6% default rate coupled with the fact that the program would have to be five times larger for such a large payout to be made, I am suspicious of this clause.

A cynic might suggest that this is merely window dressing and marketing to make the government appear fiscally responsible. The reality is the threshold is set so high it will never come close to being tested but it does sound nice.

Cost recovery is a worthy goal of the program. Toward that achievement, Bill C-53 seeks to allow the government the ability to restrict access to program loans or guarantees. Too little has been released on this clause to discuss it with any depth and I would caution that any legislation covering this area must be generous in scope with allowance for various contingencies. We have a heavily regulated financial services sector already. If any abuse of process is suspected other avenues may exist to achieve compliance.

The next area I wish to address is that of the proposed accountability framework. This proposal by Price Waterhouse will access the Canadian small business financing act over the next five years. Several criteria will be used, including the visibility of the program to potential borrowers, its impact on creating and maintaining jobs and the performance of the borrowers. The auditor general in his report on management of the small business loans program points out that claims audit procedures need to be strengthened. This is an area that will have to be dealt with with great sensitivity to the viability of the program as a whole.

I remind the House that the reason this act exists is due to the undeniable fact that a problem exists. The problem was the unwillingness of banks to lend to small and medium size enterprises. Any attempt to change the program so as to put greater compliance demands on lending institutions will only result in fewer small businesses getting the financing they desperately need. While I am not opposing the provisions at this time I am suggesting that we tread carefully.

Finally, I would like to address a clause in the Industry Canada review of the Small Business Loans Act. Specifically in the booklet "Meeting the Changing Needs" on page 17 there is a reference to asset transfers.



*Government Orders*

• (1340)

Included in this is a reference to non-arm's length transfers of assets of going concerns.

The issue I raise is that specifically itemized as being excluded from the CSBFA act guaranteed loans would be the sale of a business from a parent to a child. This needs to be reviewed and for very good reasons. We no longer live in a time where the purchase of family businesses is financed by long apprenticeships, that is to say children working at below market value with the understanding that some day the businesses will be theirs.

Rather, the inherent value of small businesses represent the equivalent of an RRSP to many business owners. This provision would result in children being unable to secure the proper financing. What would happen then? I suggest that parents who are facing the insecurity of retirement would be forced to look at selling their business to a non-relative who would not know the ins and outs of the particular company and would have access to the Canadian small business financing act loan guarantees.

Is this fair? I think not. At a time when high taxes and a lack of opportunity are leading to brain drain and breaking down the family unit, we do not need to make the situation worse with punitive anti-family legislation.

Once again I look forward to working at the committee level to see if we can change this.

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, I am pleased to offer some comments on the debate today because it concerns a subject that is very near and dear to my heart, small business. Having been in small business for over 20 years, when I had a real life before I became a politician, I was aware of many things that were lacking in what it took to run a successful small business.

I cannot let this debate go by without revisiting a couple of things that this government has failed to recognize. At the top of that list is the level of EI premiums.

Small businesses and the people they employ are currently being overcharged by some 33% on EI premiums that are necessary to not only sustain the program but also to provide a reasonable rainy day fund in case we have a downturn in the economy.

Not only do we have that rainy day fund available but the finance minister has decided that he wanted to create a hurricane fund. We now have a surplus of \$20 billion in EI premiums for this year. Let me clarify that. There are many workers who think there is \$20 billion in the fund but in fact all that is there is an IOU from the finance minister who has scooped the entire pot and it looks like he is intending on defying or changing the law that governs EI surpluses so he can continue to scoop an extra \$6 billion per year.

I know members want me to conclude but I cannot stop without talking about the high taxation level. Canada is the highest in all the G-7 countries. Small businesses are stressed under a burdening tax regime that makes us uncompetitive. I would like the member from the fifth party to elaborate. I know this is the Reform issue but I am sure the Tories can try to elaborate on it.

**The Acting Speaker (Mr. McClelland):** Just before the hon. member for Markham responds, I make the point that this is a small business act. We are allowing a fair amount of latitude in the questions and comments and debate but let us try to touch every once in a while on the touchstone of the bill that is on debate.

**Mr. Jim Jones:** Mr. Speaker, I could not agree more that there is a virtual surplus of over \$20 billion. We know a tax on unemployment insurance is really a tax on small business and other employment. The government should be reducing that. Also we are too highly taxed in this country. It was interesting to see over the summer when the Asian flu was starting to impact the dollar in Canada that all the money that was leaving those countries was not coming to this country but was going to the U.S. I think a good reason for that was that investors viewed the risk they saw in this country as not being worth the payback. Maybe our taxes are too high, both our personal income taxes and also the way the government is milking the employment insurance fund.

• (1345)

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, I want to join my colleague to my left who raised the issue of the EI fund.

On the weekend I saw a fellow on the street with a huge sign that said "Paul the pirate". I approached him to see what on earth he was up to and he said "The Minister of Finance is pirating funds that working people and small entrepreneurs have put into the EI fund for the last number of years. He is stealing \$5 billion this year". How can he do that?

My friend from Markham made reference to the changes in the legislation that would result in a five year opportunity to review the success of the program, particularly the pilot studies, and that the minister would have significantly more room in terms of regulatory change. I know there has been a change in government policy, perhaps in every department, where more emphasis is being given to providing responsibility and authority to the minister to change regulations having to do with certain pieces of legislation.

Does my hon. friend from Markham not have some concern about this area in terms of ministerial influence, in terms of adjusting or changing legislation, in terms of where that might take us?

Second, does he feel, as I do, that there is a crucial area in the field of financing for tourism related projects? I do not think this

*Government Orders*

legislation meets that area of the economy in any way and it is something that we should be looking at as parliamentarians.

**Mr. Jim Jones:** Mr. Speaker, I thank the hon. member for his question.

With respect to legislation on tourism, I am not aware if funding is adequate in that area.

The area I am concerned about, which this act does not address, is the knowledge based sector. I believe that at least 10% of all funding should go to the knowledge based sector because the knowledge based sector is the future of this country. We should be willing to take a risk and look after that industry too.

The five year timeframe is something that we will be discussing in committee, so I will comment on that later.

\* \* \*

**BUSINESS OF THE HOUSE**

## STANDING COMMITTEE ON PROCEDURE AND HOUSE AFFAIRS

**Mr. Bob Kilger (Stormont—Dundas, Lib.):** Mr. Speaker, there have been discussions among all parties and if the House will give its consent I move the following:

That the membership of the Standing Committee on Procedure and House Affairs be modified as follows:

Gurmant Grewal for Ken Epp; Lynn Myers for Mac Harb; Joe Fontana for Carolyn Parrish; and Gar Knutson for Rey Pagtakhan.

[*Translation*]

And that the following Members be added to the list of Associate Members: Joe Jordan, Jay Hill, Garry Breitkreuz, Grant McNally, Deborah Grey, Elinor Caplan, Steve Mahoney and Mac Harb.

[*English*]

**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)

\* \* \*

• (1350)

**CANADA SMALL BUSINESS FINANCING ACT**

The House resumed consideration of the motion that Bill C-53, an act to increase the availability of financing for the establish-

ment, expansion, modernization and improvement of small businesses, be read the second time and referred to a committee; and of the amendment.

**Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, just a few weeks ago, at the end of August, we all witnessed how volatile and unpredictable economic forces can be.

Stock markets and national currencies were whiplashed overnight during a sudden explosive global crisis of confidence. Fortunately it was short-lived panic, but at times like this every sector of the economy feels vulnerable. Particularly vulnerable to cyclical economic shifts are small and medium size businesses.

Many do not have the financial resources to wait out economic swings. Even in periods of stability, largely because of the difficulty of getting adequate credit at reasonable rates, it is a formidable challenge to manage a small business profitably.

However, manage and succeed they do. The vision, the energy, the perseverance and the plain hard work of Canadian entrepreneurs have made small business an absolutely indispensable component of our national economy.

These businesses continue to be the fastest growing segment of the economy. They also continue to be the biggest generator of jobs by far in every region of the country. It is obvious that this community will continue to benefit many Canadians if we take the measures necessary to facilitate its health, expansion and profitability.

An important contribution that we make at this time for this sector is to provide it with stability. The House can go a long way to help establish a climate of stability for small business by giving its approval to Bill C-53, the Canada Small Business Financial Act. This stability is provided through the bill which will continue to provide the small business community with access to financing.

Maintaining the program on a cost-recovery track will enhance the certainty of continuing taxpayer support for this important risk-sharing program.

We are eliminating the aggregate lending ceiling which has created uncertainty about the program in recent years and replacing it with a more realistic mechanism to continue the program.

This will enhance lenders' and borrowers' confidence that the program will be there in the future to facilitate financing. Stability will be enhanced by eliminating the sunset clause and replacing it with a regular review during which lending will continue.

Finally, by maintaining most of the parameters of the current legislation, stability is further ensured. Everyone who deals with the program knows where they stand.



*S. O. 31*

The bill also contains a major benefit for Parliament. This is the provision for a recurring five year parliamentary review of the Canada Small Business Financing Act program.

It also provides for the development of a comprehensive accountability framework which will give Parliament improved and more accurate data and performance measurements against which to evaluate the program's financial standing, its efficiency and its success in meeting cost recovery.

The program evaluation framework and the performance measures that are being developed will also address the concerns raised by the auditor general and the Standing Committee on Public Accounts. When he appeared before the committee, the auditor general stated that the program was generally well run, with a minimum of costs.

The program, as hon. members know, has since been subjected to a comprehensive review, analysis and assessment. This review took account of the observations and recommendations of the auditor general. This will eliminate the periodic concern that the program will not be available and will permit Parliament the time it needs to carry out a careful review of its operation. This has not always been possible in the past because of the deadline on lending authority created by the sunset clause.

When the minister launched a review last November he set three goals for any program that would emerge as a result. He wished to ensure that the program would remain relevant to the needs of small business, be financially self-sustaining and have an adequate accountability framework.

The comprehensive review conducted by the department included examining issues with borrowers, potential borrowers, lenders and major industry associations.

• (1355)

This review included a series of studies in the following broad areas: economic impact studies, compliance and default studies, stakeholder consultations, cost benefit analysis, and future evaluation and capital leasing studies.

In launching the comprehensive review the Minister of Industry set the goal of developing an appropriate accountability framework for the program as one of the three conditions for continuing the program. The framework is intended to provide parliamentarians with answers to questions that have frequently been asked about the program, questions such as the relevance of increasing access to financing for small business; the need for continuing federal government involvement; its impact on the creation, maintenance and displacement of jobs; the performance of borrowers; whether the program as designed meets its objectives; whether it overlaps with other programs; whether small businesses have other financing needs not met by the program; and whether program costs can be predicted accurately and recovered.

In addition to this, the framework will also report on progress toward achieving cost recovery and the reliability of forecasting for the program.

The pertinent information that parliamentarians will need to accurately measure the performance of the program will be provided through better methods of collecting data. Administrative changes and new regulatory provisions will ensure that information is collected. For example, the new legislation requires lenders and borrowers to provide certain information needed for program evaluation. An accumulating database will monitor performance and aid in assessing the targeting of the program. More categorized information on program use and on impacts such as job effects will be included in the annual reports.

There is a provision in the bill for recurrent five year reviews of the program. These will be conducted with the evaluation framework and empirically sound performance measurements. They will provide the House with the information it needs to make decisions about the program.

The accountability framework for the program that I have just described is the kind of tool that this House needs to make well-informed judgments and appropriate decisions on complex issues that have a direct bearing on the livelihood of millions of men and women, the small entrepreneurs in this country and the millions more that they employ.

I know that members of the House are well aware of the crucial significance of small business. I also know that each one of them would want to have available the best evaluation tools and the most reliable information possible when making decisions that can affect the health and prosperity of the small and medium size business sector.

It is for this reason that I am glad this bill has been tabled so early in this session so the industry committee can have a thorough review before passing it on to the other House.

[*Translation*]

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

---

## STATEMENTS BY MEMBERS

[*English*]

### LITERACY

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, Canada spends close to \$50 billion on education and still over 25% of Canadians cannot read, write or use numbers well enough to meet

*S. O. 31*

the demand of our society. Obviously our education system is failing.

As we move into the 21st century it is imperative to rethink the way we educate our children. As a start, the provinces have an obligation to work together to implement important initiatives such as establishing national literacy and education standards.

I am pleased to report that yesterday our city, Ottawa, hosted its first "Word on the Street" festival to celebrate the pleasure of books and reading. This event highlighted the work of local writers and was organized in support of literacy programs.

I would like to congratulate and thank everyone dedicated to the promotion of literacy, especially Peter Calamai and Joyce Fairbairn. Their work has not gone unnoticed.

\* \* \*

**EMPLOYMENT INSURANCE FUND**

**Mr. Darrel Stinson (Okanagan—Shuswap, Ref.):** Mr. Speaker, I have received many complaints from laid off workers in Okanagan—Shuswap who cannot qualify for employment insurance benefits under this government's new rule. When times were good they paid in but now they cannot get benefits.

• (1400)

Employment insurance is supposed to be part of our Canadian social safety net. Instead of the fund being insurance for workers who get laid off, this government has been using the EI fund as its own personal piggy bank, piling up a surplus of \$20 billion.

The finance minister is even trying to keep the premiums high rather than cutting them as the law requires. That this government sees itself as being above the law is the best argument yet that the EI fund must be removed from this government's back pocket and administered instead by a board of private sector employees and employers. It is their money.

This government's EI administration inside general revenues is nothing less than legalized theft. If this was in the private sector—

**The Speaker:** My colleagues, once again I think we are getting a little bit close to the line. Words such as "theft" and "stealing" should not be used in the House of Commons.

\* \* \*

**CHIN WING CHUN TONG SOCIETY OF CANADA**

**Ms. Sophia Leung (Vancouver Kingsway, Lib.):** Mr. Speaker, I am very pleased to announce the 80th anniversary of the Chin Wing Chun Tong Society of Canada.

This organization provides many programs for the Chinese community in Canada. For 80 years it has been making a great contribution to business, culture and education in Canada.

Recently the first North American Chan's Kinship Conference was held which brought together descendants of the Chan clan from all over North America.

Congratulations to the organizers and members of the Vancouver Chans for making their organization a great success.

\* \* \*

**TRADE 98**

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, it gives me great pleasure to inform the House about Trade 98 which took place recently in Magog, Quebec.

Twenty-five leading women exporters were invited to work together with senior government officials to address trade barriers facing women entrepreneurs.

The focus of Trade 98 was to learn why export markets are not being tapped to their full extent by women entrepreneurs and to launch a national research program to address and remedy the situation.

This research is being undertaken by the trade research coalition which was established by the Minister for International Trade following the overwhelming success of last November's Canadian businesswomen's trade mission to Washington, D.C. Their findings will be the basis for trade policy discussions at next May's Canada-U.S. Women's Trade Summit.

As I have said many times in this House, women business owners are a major force in our economy today leading over 700,000 small and medium size businesses and employing in excess of 1.7 million Canadians. While this trend continues to grow, this government continues to work with women business owners.

\* \* \*

**AMNESTY INTERNATIONAL**

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, Amnesty International is a membership movement dedicated to protecting human rights. It is also independent of any government, political persuasion, or religious creed.

Its main focus is to work for the release of all prisoners of conscience who have not used or advocated violence. This includes people detained anywhere for their beliefs or as a result of their ethnic origin, sex, colour, language, national origin, social origin, economic status, birth or other status.

Amnesty International also works for the fair and prompt trials of all political prisoners, abolition of the death penalty, torture and other cruel treatment and to end extrajudicial executions and disappearances.

As 1998 marks the 50th anniversary of the UN Universal Declaration of Human Rights, I am sure that all hon. members would like to pay tribute to Amnesty International for its important efforts to promote, defend and protect internationally recognized human rights.

\* \* \*

#### CANADIAN BLOOD SERVICES AGENCY

**Mr. Grant Hill (Macleod, Ref.):** Mr. Speaker, today Canada's new blood agency takes over the duties of the Red Cross.

Will this new Canadian blood services agency be better positioned to prevent infected blood in the future? In my judgment the following issues still need to be addressed.

One, ultimate authority for the blood system should rest with the federal health minister. His accountability should be clear and precise.

Two, Canadians should be encouraged to donate their own blood prior to elective surgery. This would reduce donor demand and increase safety.

Three, research into blood substitutes should be a primary focus of any modern blood agency.

Only when these three issues are addressed will we begin again to trust our blood transfusion service.

\* \* \*

● (1405)

[Translation]

#### COMMONWEALTH GAMES

**Mrs. Maud Debien (Laval East, BQ):** Mr. Speaker, it is with great pride that I welcome the return of two Laval athletes from the games in Kuala Lumpur: Alexandre Despatie, who, at age 13, became one of the youngest athletes in the history of the Commonwealth Games to win a gold medal, and Kasia Kulesza, who won a gold medal in synchronized swimming for her duo with Jacinthe Taillon.

Kasia Kulesza won a bronze medal twice already: first, at the 1996 Olympic Games in Atlanta and then at the 1997 world championships in Ganzhou, China.

Kasia is a resident of Laval East, the riding I have the honour of representing in this House. She is one of the finest up and coming young athletes in Quebec.

*S. O. 31*

On behalf of the people of Laval, I congratulate you, Kasia, and wish you the best of luck in the coming Olympics.

\* \* \*

[English]

#### HOUSING

**Mr. Bill Graham (Toronto Centre—Rosedale, Lib.):** Mr. Speaker, Toronto Centre—Rosedale is home to many diverse co-operative housing units. In bringing together people from different backgrounds in a secure housing environment, co-ops play an important role in providing stable communities in our fragile inner cities. The people who live there genuinely seek to improve their communities.

As we await the report of the Advisory Council on Social Housing Reform and the Ontario government's response to it, we find that the Ontario government, by downloading the responsibility for social housing to the municipalities, has created serious difficulties in how to deal with both social housing generally and co-ops in a way that ensures the viability of this important Canadian resource.

Co-operative housing is a unique form of housing. It is an important component in any comprehensive social housing policy. All levels of government together with the co-operative housing movement must work together to craft a viable and thoughtful solution to this issue, one that will preserve this important and unique form of housing.

\* \* \*

#### MAGAZINE ADVERTISING

**Mr. Réginald Bélair (Timmins—James Bay, Lib.):** Mr. Speaker, on July 29 the government announced a new measure which will regulate the supply of advertising services directed at Canadian consumers by foreign publishers of magazines. The legislation will soon be tabled in the house. Without this measure foreign publishers would enjoy significant advantages over Canadian publishers.

[Translation]

Advertising revenues are essential in order to be able to produce stories, commentaries and ideas that reflect our values, heritage and opinions, which constitute a line of communication at the heart of our culture and identity as Canadians.

The new measure does not restrict in any way the access of Canadians to foreign periodicals. Canada is and will remain one of the most open countries in the world in terms of foreign publications. At present, more than 80% of periodicals sold in Canadian newsstands are published abroad.

[English]

This new measure—

**The Speaker:** The hon. member for Saskatoon—Humboldt.

*S. O. 31*

### FIREARMS

**Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.):** Mr. Speaker, last year the Canadian government sponsored four UN workshops on issues of firearms ownership. Canadian bureaucrats chaired those meetings. As an elected member of parliament representing Canadians, I requested observer status at the UN meetings. However, the Minister of Foreign Affairs repeatedly denied my access.

Those UN workshops culminated in a seminar in New York last week. The seminar was sponsored by Canada. Once again Canadian bureaucrats participated. Much to the surprise of the foreign affairs minister, I was present not as a Canadian but as an Australian.

Next on the UN agenda is a small arms convention.

Given that more UN meetings are planned for the future, the minister should reconsider his decision to handcuff Canadian MPs and grant observer status to those of us wanting to attend. Canadian MPs should not have to continue to go as Australians in order to monitor the activities of this government's bureaucrats.

\* \* \*

[Translation]

### GEMINI AWARDS GALA

**Mr. Claude Drouin (Beauce, Lib.):** Mr. Speaker, the Gemini Awards gala took place yesterday evening. It was the 13th edition of a great event that pays tribute to the very best people in television.

People were nominated in a number of categories, and the winners displayed all kinds of emotions ranging from joy and wonder to amazement, as is often the case in such circumstances.

Whether these people work in the field of information, whether they are producers or authors of the best documentaries, or whether they are the best performers, one thing is certain: the Canadian public is lucky to enjoy so much talent and originality.

I congratulate all those who contribute to this truly dynamic industry that television is.

Ultimately, it is Canadians who benefit from the talent and know-how of our authors and performers. We can never overemphasize their important contribution to the Canadian cultural identity.

\* \* \*

● (1410)

[English]

### POLICE AND PEACE OFFICERS

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Mr. Speaker, I rise today on behalf of the NDP and all Canadians to enthusiastically

support the creation of a national memorial day for police and peace officers to occur the last Sunday of September of each year. This has been long overdue.

This will formalize a tradition observed for over two decades. It is clear that the families and colleagues of fallen officers count on all of us to pay tribute to the memories of police officers who are no longer with us. It is a time when we all pause to reflect on the contribution that police and peace officers make to our society and to honour their sacrifice.

A formal national memorial day will serve Canadians well and remind us that our safety often comes at the great sacrifice made by our peace officers. We are all indebted to police and peace officers for their hard work and sacrifice. They have paid with their lives for their dedication to their communities. They and their families deserve our gratitude and recognition.

\* \* \*

[Translation]

### INTERNATIONAL AID

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, the minister responsible for international co-operation announced on Friday that Canada would provide \$600,000 in assistance to the victims of the hurricane that devastated the West Indies. The money will be distributed through CIDA.

This confirms once again Canadians' generosity when it comes to helping those in need, or those who are victims of catastrophes around the world.

The Canadian spirit of openness and co-operation is well-known throughout the world, and I feel lucky to live in a country where international assistance and co-operation are truly part of our traditions and values.

\* \* \*

### FUSILIERS DE SHERBROOKE

**Mr. David Price (Compton—Stanstead, PC):** Mr. Speaker, for nearly 20 years now, the Fusiliers de Sherbrooke have been connected with an important annual fundraising event for the Fondation du Centre universitaire de santé de l'Estrie. Over the years, this foundation has collected over \$15,000 at this event, which is held at the Sherbrooke armoury.

This year, the foundation is being penalized by the totally unacceptable behaviour that took place at a regimental dinner held by the Fusiliers on September 12. Until the investigation into these incidents is completed, the armoury cannot be used for social events.

Let us look at this objectively. The community ought not to be punished because a few individuals acted in an unacceptable manner. I am asking the minister to look into this matter, which

merits special attention, and to take the necessary steps to allow the foundation to hold its fundraising event as planned.

\* \* \*

[English]

### AGRICULTURE

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, over the years I have travelled around Peterborough riding in good economic times and bad. During this time I have seen firsthand the ongoing contributions of supply managed agriculture to the rural economy and way of life.

Milk, poultry and eggs provide a steady flow of funds which ripple into local economies. This allows rural areas which are a vital part of our country's national fabric to continue to thrive in today's changing marketplace.

Supply managed farms, their workers and families work in a very sophisticated competitive environment. As a result the quality of farms and farm workers in these sectors is extremely high.

Our rural areas have benefited from the presence of supply management. Consumers benefit from high quality products and stable, reasonable prices. It is easy to see why Canada's effective use of supply management in agriculture has been a model around the world.

\* \* \*

[Translation]

### MEMBER FOR SHERBROOKE

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, the people of Sherbrooke have spoken. They have just sent a clear response to the Prime Minister of Canada, whom they recognize as responsible for the huge cuts in health throughout Canada. They have just told the federal government they will no longer put up with his arrogant attitude toward Quebec, whether the issue concerned is the Constitution or the millennium scholarships.

The people of Sherbrooke have figured out that electing a Bloc Québécois MP was, first and foremost, the way to ensure that their interests would be defended. They have sent a clear message to the rest of Canada: the Liberal government is not an acceptable choice for them. More than ever in Quebec, the centralist and invasive governing style of the Prime Minister is not to our liking.

• (1415)

The people of Sherbrooke have had the opportunity to express aloud what a large majority of Quebeckers really think.

We wish our new colleague, the hon. member for Sherbrooke, a warm welcome among us.

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

### Oral Questions

#### NEW MEMBER

**The Speaker:** I have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of the following member:

Mr. Serge Cardin, for the electoral district of Sherbrooke.

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

\* \* \*

#### NEW MEMBER INTRODUCED

Serge Cardin, member for the electoral district of Sherbrooke, introduced by Mr. Gilles Duceppe and Mr. Stéphane Bergeron.

---

## ORAL QUESTION PERIOD

[English]

### EMPLOYMENT INSURANCE

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, there is a law that says when the finance minister overtaxes you with employment insurance premiums he has to return that money. That is the law. It is a law that limits the tax grabbing power of the minister.

Now we hear that the minister wants to change that law. Will the finance minister tell Canadians here and now that he will not change that law, that he will not continue to rob Peter to pay Paul?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, first of all let me say that no specific proposition has been made to cabinet. We have, however, had an important debate, a debate which has existed since 1986 when the auditor general insisted that the EI amount be consolidated with the government's general funds.

Let me point out that governments have to make choices and those choices involve a reduction of EI premiums, absolutely, but they also involve a reduction in personal income taxes and they involve spending in important areas like health care.

We must have that debate and the government looks forward to having that debate in the House and across the country.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, we can talk about choices any time. We are happy to do that. However when it comes to employment insurance there is no choice. The law says that the minister must give that money back.

Is he going to change that law to get his hands on the money that the law says he is not entitled to?



*Oral Questions*

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the debate that is required in this country in an era of considerable global volatility when country after country outside our borders is in recession is: Is the government going to give up that area of its financial manoeuvring which prevents us from going into a deficit? Is the government going to maintain a balanced approach? Are we going to reduce debt? Are we going to reduce personal income taxes? Are we going to reduce EI premiums? Are we going to invest in health care?

• (1420)

That is the debate. I would suggest the Reform Party ought to begin to gauge it on that basis.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, according to the chief actuary Canadians are paying 33% more than they have to. This is a \$6 billion a year tax grab.

Why does the finance minister not just give the money back? Why does the minister not just drop the money and walk away, slowly, and keep his hands where Canadians can see them?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, what is the debate the Reform Party is afraid of? Our payroll taxes are substantially lower than those of most G-7 countries including the United States. Our personal income taxes are higher.

Why will the Reform Party not engage in a debate as to the proper allocation of those fundings? Why will the Reform Party not debate the future of health care? Why will the Reform Party not take a proper attitude toward the global economic crisis that surrounds our borders? Why will the Reform Party not deal with the real issues?

[Translation]

**Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.):** Mr. Speaker, the Minister of Finance does not understand. The employment insurance fund is not his personally, and amending the law would change nothing. The Minister of Finance cannot use this money to build up his slush fund.

How can the Minister of Finance justify pocketing the money of Canadian workers and employers?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, is the hon. member saying that employees in Canada are not going to benefit from the protection of the Health Act? Is he saying that they will not benefit from tax cuts? Is he saying that employees in Canada would not suffer should we face another deficit? Is that his position?

[English]

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, it is amazing the finance minister just simply cannot understand a direct question. It is clear that the finance minister is thinking about changing the law that deals with the EI surplus. We

are talking about \$6 billion here. That is a lot of money out of the pockets of Canadian workers and employers.

What we want to know, what they want to know, what all of Canada wants to know is: Does the minister intend to change the law so he can get his hands on the \$6 billion of EI surplus he is not entitled to? Is he going to change the law or not? It is real simple.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, government is about choices but so is parliament about choices. We ask the Reform Party—

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

**The Speaker:** Colleagues, I appeal to you once again. The question has been asked. We have heard the question and I am sure all of us would like to hear the answer. I invite the hon. Minister of Finance to take the floor.

**Hon. Paul Martin:** Mr. Speaker, government is about choices. The government's choice is to proceed on a balanced approach.

I ask members of the Reform Party if Canadians are entitled to know their position? Are they in favour of health care? Are they in favour of lower income taxes for Canadians? Are they in favour of reducing debt? Are they in favour of reducing EI premiums to the extent we can afford? That is the issue.

Why is the Reform Party afraid to basically say what it wants to do, or in fact do we now know?

[Translation]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Bloc Québécois has been saying for over a year now that employment insurance premiums should not be used to increase the government's budget surplus. The chief actuary at the Department of Human Resources Development is now saying that the surplus essentially belongs to the workers and businesses that have contributed to the fund.

Now that the actuary is saying the same thing as we are, will the Minister of Finance finally use the \$20 billion surplus to improve protection for the unemployed and to lower premium rates?

• (1425)

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, since coming to office we have lowered employment insurance premiums every year. Last year, we reduced them by 20 cents, for a total of \$1.5 billion.

We intend to continue with a balanced approach. This means that we will invest in health. It also means that we will lower personal taxes for Canadians. We will reduce the debt and provide the economic activity and development that our country deserves.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, when the Minister of Finance tells us about choices, he forgets an essential reality, namely that three out of five people



who are currently unemployed and who paid premiums—in some cases throughout their working lives—never qualify for benefits.

Does the minister not think that it is illegal and also profoundly immoral to act in such a fashion?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the Bloc Quebecois leader talks about morals. The Bloc wants us to lower employment insurance premiums by \$5 to \$6 billion. They want us to reduce taxes by \$10 billion while at the same time making a massive \$11 billion investment in transfers to the provinces. The total cost would be in excess of \$25 billion. I wonder what planet these people live on.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, the truth is that the latest statistics are shocking.

Only 42% of the unemployed manage to get employment insurance benefits.

Now that everyone can see the damage done by the employment insurance reforms, how can the Minister of Human Resources Development tolerate that his colleague, the Minister of Finance, is preparing to legalize the misappropriation of billions of dollars from the fund's surplus, when 6 out of 10 unemployed persons are not entitled to benefits?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, as I have stated repeatedly in the House, our government is concerned by the drop in participation in the employment insurance system over the last few months and the last few years.

This tendency has existed for the last ten years. It has reached a point where I have asked Statistics Canada to tell us why the participation rate has fallen over the last few years. I hope the information we obtain will be useful to us, in October, so that we can understand the problem better and take appropriate steps to correct the situation.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, by waiting for the results of the Statistics Canada study and letting the Minister of Finance do as he wishes and misappropriate the surplus in the employment insurance fund, are we to understand that the Minister of Human Resources Development will once again submit to his colleague, the Minister of Finance?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, I can tell you that the Minister of Finance has been very clear on this: no decision has been made in this regard.

It is absolutely obvious, and you have my assurance, that in discussions concerning the surplus in the employment insurance

fund, in my capacity as Minister of Human Resources Development, I will continue to apply the policy of the government, whose priority is to help Canadians get back to work, because that is what the unemployed expect from us. And I will continue to ensure that the employment insurance system serves Canadians well.

\* \* \*

[English]

## APEC SUMMIT

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, the Prime Minister keeps giving assurances that the Public Complaints Commission will get to the bottom of the Prime Minister's actions and those of his staff in the Spray-PEC fiasco, but the government's own lawyer says that documents from the Prime Minister's Office are not even relevant to the inquiry.

How does the Prime Minister explain the contradiction?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, there is no contradiction.

The commission hearings will open on Monday. I am sure they will look thoroughly into the matters that have been brought before it by the protesters who have made complaints.

How does the hon. member explain that she once again said something to the House on Friday that was inaccurate, and fails to get up to apologize, when she claimed that Mr. Goldenberg took an initiative to contact the president of the University of British Columbia and it was just the opposite?

Why does she not get up and apologize? Explain that contradiction.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, earlier today a motion was filed with the Public Complaints Commission seeking assurances that the commission would include the actions of the Prime Minister and his staff.

• (1430)

In view of the Prime Minister's stated commitment to co-operate fully, will the government instruct its lawyers to immediately support this motion?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, under the law setting up the commission, its terms of reference are set by the commission itself and not by the government.

Therefore I am sure the commission, which is at arm's length from the government, a non-political and non-partisan body, will listen carefully and make the proper decision.

*Oral Questions*

I do not think it is appropriate for the leader of the NDP to call on the government to in effect instruct the commission.

\* \* \*

**VETERANS AFFAIRS**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, it is really nice to be back in Wayne's world over here in the corner.

Tomorrow there will be merchant navy vets on a hunger strike on the steps of Parliament Hill. After World War II they were denied veterans job preference, rehabilitation grants, free university education and land grants that went to all other veterans.

Today these merchant navy veterans want to know if the veterans affairs minister will bring in corrective legislation and compensation to make them equal with all other vets.

**Hon. Fred Mifflin (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, I met with the veterans shortly after they arrived on the steps of the House of Commons and I discussed the situation with them.

In particular, I was concerned about their health and welfare so I described the amenities that were available for their sustenance on this strike.

The hon. member knows that legislation passed in 1992 gives these veterans exactly the same benefits as armed forces veterans to recognize the tremendous contribution they made to the freedom and security of this country.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, in April the minister at the committee meeting stated that he would be bringing in a new bill to make them equal, probably by the end of June. It is almost October and we have not seen it.

This minister and this government have squandered enough taxpayer money to compensate the surviving merchant navy veterans several times over. The cancellation of the Pearson airport deal cost taxpayers over a billion dollars, enough to compensate 53,500 vets. There are only 2,300 of them.

When will this minister have the courage to compensate these vets if they have—

**The Speaker:** The hon. Minister of Veterans Affairs.

**Hon. Fred Mifflin (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, the hon. member knows the legislation that was passed was not retroactive. She also knows the legislation gives these veterans exactly the same benefits she is asking for.

I wrote her a seven page letter on August 12, explaining her 40 points. If she wants to know any more, she has to go back to her Conservative cronies because it was they who passed the bill.

\* \* \*

**CANADA PENSION PLAN**

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, last week the finance minister protested loud and long that there was no political interference with the work of the chief actuary of Canada.

Was the minister aware of the high level gag committee chaired by his assistant deputy minister that was set up to censor the work of Mr. Dussault for "political sensitivity"?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, there is no gag committee. Given the changes and the establishment of an independent fund within the Canada pension plan, it is incumbent on the provinces and the federal government to work together to basically determine new ways of operating, ways that are really open to all the provinces.

Let me simply say one thing. There is no doubt that the chief actuary's reports will be available to all the provinces and to all Canadians. There will be no blockages or inefficiencies placed in the way of Canadians or provinces dealing—

**The Speaker:** The hon. member for Calgary—Nose Hill.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, on June 4 in a letter to the province of Ontario, Canada's chief actuary wrote that requests for actuarial estimates on Canadians' pension plan "are now channelled through and reviewed by a case review committee which is responsible for determining whether the request must be disregarded on account of its political sensitivity".

How can the minister pretend the chief actuary is independent when the government's censors are controlling the information he gives out?

● (1435)

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, let me repeat there will be no blockage or obstacle placed in the way of provinces or Canadians dealing with the chief actuary.

Second, I understand that the superintendent of financial institutions has indicated that he will be available to meet with the media later this week to discuss all these issues.

Third, a subcommittee has been struck by the House of Commons finance committee to look at all these issues and the superintendent would be delighted to appear before it.

*Oral Questions*

[Translation]

**EMPLOYMENT INSURANCE**

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the government seems to be having trouble deciding whether to use EI surpluses to lower premiums and help contributors, or to lower taxes generally. It appears to be leaning toward the second course of action.

My question is for the Minister of Finance. Does he realize that, by opting for a general tax reduction, he would have decided to slough off the cost of the tax break for everyone, including the rich, on those earning \$39,000 and less, which is complete nonsense?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, what I realize is that, by lowering taxes, we will be easing the burden for the elderly, who are living on a fixed income and do not derive any benefit from reduced EI premiums.

There will be a tax decrease for self-employed workers who do not benefit from reduced EI premiums.

I put the following question to the hon. member: Since he has put the two choices on the table, will he have the courage to tell us which he would favour?

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, I take the side of the most disadvantaged and the middle-income earners of this country, because of the \$37 billion in taxes the minister has wrung out of them.

**Mr. Gilles Duceppe:** They do not have boats to sell.

**Mr. Yvan Loubier:** Is the Minister of Finance telling us that he will do everything in his power to change the Employment Insurance Act so that it is legal to take the money of unemployed workers and low-income earners and use it to lower the taxes of the richest members of Canadian society?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, there is no need for the hon. member to get so worked up.

The question is this: Is he in favour of lowering taxes for the middle class and the most disadvantaged members of society? Is he in favour—

**An hon. member:** Oh, oh.

**Hon. Paul Martin (Minister of Finance, Lib.):** —of other investments in health for the provinces and to help the middle class, or does he want to make empty speeches?

\* \* \*

[English]

**APEC SUMMIT**

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, the solicitor general loves to tell us that the public complaints

commission is going to get to the bottom of the APEC affair. Under that commission it has been demanded that protester Jones release between 800 and 1,200 documents to the public complaints commission, including private correspondence even with his girlfriend.

By contrast, the Prime Minister's office has released one thin binder. Are we to believe a 33 year old student protester has more documentation on this than the Prime Minister?

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, surely the hon. member, after all of last week, will understand that the public complaints commission is the instrument that has been established by parliament to get to the truth. I think most Canadians would appreciate allowing it the opportunity to find that truth, as that is ultimately what we are all after.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, to be very candid, I do not believe the solicitor general is interested in getting to the bottom of this affair. I believe he is blocking it by using the public complaints commission.

How is it that a 33 year old student has more documentation demanded of him by the public complaints commission than the Prime Minister to this point has revealed? How can he explain that this is not a cover-up by the Prime Minister's office?

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, I can assure the hon. member that I do want to get to the truth and I think most people are aware of that. The instrument to do that is the PCC.

On the question of availability, the PCC makes the decisions as to where to get its information. It is its job to get to the truth and it will get there.

\* \* \*

[Translation]

**EMPLOYMENT INSURANCE**

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, my question is for the Minister of Finance.

While the Prime Minister is literally up to his neck in the employment insurance fund surplus, everyone is denouncing the contribution rate, which is far in excess of needs. By artificially maintaining employer and employee contributions at a high level, is the Minister of Finance aware that he is directly harming job creation, as well as slowing economic growth considerably?

● (1440)

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, to begin with, allow me to offer my congratulations, and those of my colleagues I am sure, to the hon. member on his election.

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

*Oral Questions*

**Hon. Paul Martin:** I understand that the hon. member is brand new, and therefore perhaps not familiar with all the facts.

When we came to power, as the hon. member will learn, contributions were about to be raised to \$3.30. We froze them at the \$3.17 level, and have brought them down every year since then. Last year we cut them by \$1.5 billion.

**Mr. Serge Cardin (Sherbrooke, Bloc Québécois):** Mr. Speaker, I may be brand new here, but I am capable of reading the act and of realizing that it is illegal to divert the employment insurance surplus.

Instead of looking for ways to do what the legislation forbids him to do, why does the minister not simply lower contributions? That is what small and medium sized business wants.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, had the hon. member spent a little more time here, he would know that, last year for example, we put \$50 million into helping small and medium sized businesses, to help these businesses with the millennium bug problem. That we have a tax deduction for small and medium sized businesses, from which they benefit, instead of big business.

That, between 1980 and 1987, we lowered employment insurance contributions only for them, and that last year we eliminated contributions for young people, the bulk of whom are hired by—

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

\* \* \*

[English]

**INDIAN AFFAIRS**

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, six months ago after the department of Indian affairs breached Bruce Starlight's confidentiality and privacy, the minister apologized and promised it would never happen again.

On August 24 Leona Freed of the Dakota Plains Band wrote a confidential letter to the Indian affairs minister and the health minister complaining about the sewage system on her reserve. Three weeks later Mrs. Freed received a letter from the chief's lawyer threatening a lawsuit. This is exactly the same thing that happened to Bruce Starlight.

Can the minister tell us, since she promised this would never happen again, how Mrs. Freed's privacy and confidentiality was violated?

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, I am glad to be able to clarify the record here because indeed the *Winnipeg Sun* wrote an article that was misleading and incorrect. It would have us believe that the

letter that Mrs. Freed was referring to was written recently and that in fact her confidentiality had been breached recently.

The initial letter was written in 1995. Indeed the letter did find its way to the band council and that is why we have changed our approach, why we have entered new requirements in the department to manage that information.

So we are making progress. We do respect the confidentiality of information and we will ensure in my department that it is protected.

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, the minister is badly misinformed. This is the second time that Leona Freed's privacy has been violated.

The first time she got a letter from the minister of Indian affairs apologizing and saying it would never happen again. Now it has happened again. She wrote the letter on August 24 of this year. Three weeks later she was threatened with a lawsuit. This is six months after the minister said that this kind of stuff was going to end, that she was going to make sure to take steps.

How could this possibly have happened after she promised it would never happen?

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, let me carry on with the clarification.

The letter the member was referring to, dated August 24, was sent to the Ministry of Health. That is not the ministry of Indian affairs.

In my ministry we have taken action to deal with confidential information. We understand that as it is received by my department, so it should be managed effectively. It is my belief that the Minister of Health will also take such precautions because it is important that all constituents of this government feel that their information can be protected.

\* \* \*

[Translation]

**SCRAPIE**

**Ms. Hélène Alarie (Louis-Hébert, BQ):** Mr. Speaker, my question is for the Minister of Agriculture and Agri-Food.

The massive destruction of sheep to eradicate scrapie is killing Quebec's sheep industry.

● (1445)

If the minister really wants to save this industry, what is he waiting for to stop the massive and useless destruction of sheep and offer the producers affected a financial compensation that is fair, adequate and, above all, retroactive?



*Oral Questions*

[English]

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, we are continuing our discussions with representatives of the sheep industry in Canada and following the explicit instructions they gave us many months ago. They want this disease to be eradicated.

We are working to eradicate this disease and we are treating those affected by it in exactly the same manner in which we treat the owners of all reportable diseases in our livestock herds and flocks in Canada.

\* \* \*

**FISHERIES**

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, the Northwest Atlantic Fisheries Organization recently held its annual meeting in Lisbon, Portugal.

For the sake of moving forward with enforcement and conservation measures necessary for the recovery of the northwest Atlantic fish stocks, I now ask the Minister of Fisheries and Oceans what was accomplished at this meeting.

**Hon. David Anderson (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I am happy to report to the House that Canada achieved virtually all of its objectives at the NAFO meeting. We achieved a continuation of 100% observer coverage past 1998. We have also achieved moratoria on a number of stocks at risk, including groundfish and other species.

We are very pleased with the results. We believe NAFO to be a very important part of the international management of stocks in the Atlantic.

\* \* \*

**ABORIGINAL AFFAIRS**

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, the revelations of the Minister of Indian Affairs and Northern Development were very enlightening to the House today. She just stated that it is her belief that the leak took place in the office of the Minister of Health.

Leona Freed took the minister at her word when she said awhile ago that her government could be trusted by the aboriginal people. Look what happened.

I ask the Minister of Health, since it has been revealed that the leak took place in his department, what is he doing about it?

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, let us see if we can clarify things a little more.

There was an article written in the *Winnipeg Sun* that talked about letters received by my department. I want to clarify to the House that the letter that was referred to was written in 1995 and that, indeed, it did find its way to the band council. But we have subsequently introduced a whole new regime of controls and management for confidentiality.

Now opposition members are getting confused. They do not really understand that all departments of the federal government have a role and a relationship with First Nations.

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, let us really clarify this issue. The letter in question was not written in 1995, as the hon. minister would like us to believe, it was August 24 of this year. That is about a month ago, not a long time ago.

I ask the Minister of Health again. Did the leak take place from his office or did it take place from the office of the Minister of Indian Affairs and Northern Development?

**Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, this government believes that confidential information should be protected. That is why in my department we implemented a whole new strategy of managing work that comes from First Nations so we can control confidentiality.

What is confusing here is that the opposition does not understand that different departments of government have relationships with First Nations. In this particular case the letter which is being referred to was not sent to my department but indeed to the Department of Health.

\* \* \*

**EMPLOYMENT INSURANCE FUND**

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, to deduct money from a person's paycheque for a specific use and then to use it for something completely different would be nothing short of fraudulent, yet that is exactly what the Minister of Finance is proposing to do with the EI surplus.

Will the Minister of Finance agree that using the EI surplus for anything other than income maintenance and training would mean that EI premiums are nothing more than yet another tax on the employers and employees who pay for it?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, what I would agree with is that we have to have an important debate in this country. The government has essentially said that health care is important. The government has said that lowering taxes for low income and middle income Canadians is important. The government has said that making sure this country does not go into deficit in the midst of enormous global volatility is important.

*Oral Questions*

● (1450)

I can understand that the Reform Party may not want to debate unimportant social issues; I am amazed to understand that the member from the NDP does not.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, what we are seeing in the Liberal cabinet is sort of a clash of the Titans. The Minister of Human Resources Development is sitting on this absolute windfall of money that is growing at \$500 million a month and the Minister of Finance cannot wait to get his hands on it.

Will the Minister of Human Resources Development tell us today that he is going to fight for Canadian workers and make sure the money is used for its intended use—unemployment income, maintenance and training—and not for the leadership aspirations of the Minister of Finance?

**The Speaker:** The last part is getting a little close again. The hon. Minister of Human Resources Development.

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, I have already been very clear in the House. No decision has been made on this specific issue, but as a government we have insisted on having good, active labour market measures to help unemployed Canadians reintegrate into the labour market. That priority will not change.

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, the EI fund is wholly funded by workers and employers. The government has a legal and a moral obligation to give the surplus back to those workers in the form of lower premiums.

The minister has said that breaking the law and raiding the EI fund is simply a matter of choice, a matter of political priorities.

Will the minister do the right thing today and simply lower EI premiums, or will he pillage the fund like Genghis Khan the finance minister and his marauding hordes of Liberal backbenchers?

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

**The Speaker:** Last week we had Jesse James and Bonnie and Clyde. Today we have Genghis Khan. I think we are getting a little carried away in our statements and our questions. I am going to permit the hon. Minister of Finance to answer the question.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, if the hon. member's idea of Genghis Khan is somebody who in each of the last four years has reduced EI premiums, then what would he call the previous Conservative finance ministers who every single year increased those premiums?

Is it Attila the Hun? Is it Tamerlane? Or is it other things which are equally unparliamentary?

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, the Liberal government has made it open season on anybody who disagrees with it, including students at APEC or public actuaries.

The finance minister says that the CPP actuary, Bernard Dussault, was fired for management differences. Since then the EI actuary, Michel Bédard, has publicly disagreed with the minister's plans to raise the EI fund.

Will Michel Bédard's management differences with the minister result in his being fired?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, Michel Bédard is the chief actuary of the employment insurance branch in my department. He is doing a fine job. His analyses and advice are very important to me. It is an opinion that is very important, but the opinions of all Canadians are also very important when we make decisions about the employment insurance system.

\* \* \*

[Translation]

**TAX RETURNS**

**Mr. Mark Assad (Gatineau, Lib.):** Mr. Speaker, my question is for the Minister of National Revenue and concerns information released on September 22, 1998, on Radio-Canada's RDI news network.

It appears that a former journalist from *The Gazette* has been under surveillance and that information from his personal income tax returns has been obtained from Revenue Quebec.

Could the Minister of National Revenue assure this House that his department protects confidential information through specific mechanisms to prevent the leaking of information contained in individual tax returns?

● (1455)

**Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.):** Mr. Speaker, I thank the hon. member for his question. I realize that this issue concerns all Canadians.

[English]

I can assure the House and Canadians that confidential information obtained by Revenue Canada is vigorously protected. Confidential information may only be used or disclosed in accordance with specific exceptions contained in the legislation which Revenue Canada administers.

Maintaining the privacy and confidentiality of information by Revenue Canada is fundamental to the confidence that Canadians have in the department's self-assessment system.

*Oral Questions***YOUNG OFFENDERS ACT**

**Mr. Chuck Cadman (Surrey North, Ref.):** Mr. Speaker, Ontario's attorney general has been reported to be astounded over the Minister of Justice's proposals to further weaken the controversial youth justice laws.

Is the minister really planning to introduce mandatory release of young offenders after they serve only half of their sentences? Yes or no, please.

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as the hon. member should know, we are in the process of consulting on the working paper we released in May of this year. As the hon. member knows, we are responsible for the enactment of the law. The provinces are responsible for the administration of the law and it is our intention to consult closely with the provinces.

It is our intention to consult closely with all the provinces before introducing legislation in this House.

\* \* \*

[Translation]

**MONTREAL CONGRESS CENTRE**

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, every time we ask the secretary of state about the expansion of the Montreal congress centre, he says that the infrastructure program has ended and that a decision on this project should have been made before it had ended.

Are we to understand that from now on every time federal participation is required in an economic development project in Quebec the secretary of state will tell us that the infrastructure program ended in 1996 and that it is too late to hope for any help?

**Hon. Martin Cauchon (Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.):** Mr. Speaker, in essence, what the member must understand is that, because the PQ in Quebec City dragged its feet and failed to submit the Montreal congress centre proposal within the right program, the people of Montreal run of the risk of having to do without a totally remarkable development tool.

However, despite the negligence of the PQ, I have said that the members on this side of the House will continue to work very hard to come up with a solution.

\* \* \*

[English]

**NUCLEAR TESTING**

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, radioactive fallout from the nuclear tests of the 1950s

and 1960s in the Nevada Desert have been documented in a recent study by the National Cancer Institute in the United States.

The poisonous fallout from those tests crossed into Canada, but the health impact study stopped at the border. One American scientist said that there was almost disinterest from the Canadian government on this issue.

Who is standing up for Canadians on this issue? Will the Minister of Health take charge of the file and agree to ascertain the impact of the cold war era bomb tests on the health of Canadians?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I will take the question under advisement and determine what, if any, information has been put together and advise the member as soon as I have that information.

\* \* \*

**APEC SUMMIT**

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, day after day Canadians have been forced to witness the sad spectacle of the Prime Minister cowering behind the solicitor general and his broken record responses about the independence of the APEC inquiry that is going on.

Why should Canadians have any confidence that a government that ignored the findings of the Krever commission and the findings of a human rights tribunal on pay equity will respond to any finding by that so-called independent body when it has ignored the findings of every other independent inquiry the country has had?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. member is quite wrong in the premise of his question, as usual.

The government has not ignored the findings of these other commissions. It has taken them very seriously.

I want to say that the commission is not a "so-called independent commission". It is based on legislation presented by a previous Conservative government that created the commission as an arm's length, independent civilian body. And certainly the government will take very seriously the report of this commission once it concludes its work.

\* \* \*

● (1500)

**SWISSAIR FLIGHT 111**

**Mrs. Judi Longfield (Whitby—Ajax, Lib.):** Mr. Speaker, Canadians are still mourning the tragic death of the victims of Swissair Flight 111. We all want answers.

Could the Minister of National Defence tell us what Canadian forces are doing to help with the recovery and the investigative process?

*Oral Questions*

[Translation]

**Mr. Robert Bertrand (Parliamentary Secretary to the Minister of National Defence, Lib.):** Mr. Speaker, I would first like to thank my colleague for her question.

It must be remembered that this tragedy is far from over for us, since the military, Transport Canada, the RCMP, the Canadian Coast Guard and local and provincial authorities are still looking for the causes of this horrible event.

Some 2,000 regular and reserve members of the navy, the army and the air force from all across Canada met the challenges raised by this catastrophe. Today some 600 military personnel are involved in search and recovery efforts.

\* \* \*

[English]

**THE SENATE**

**Mr. Eric Lowther (Calgary Centre, Ref.):** Mr. Speaker, for a solid week we have been asking the justice minister questions about Senate reform. We have asked questions about the Constitution and about the democratic rights of Albertans.

These are questions a real justice minister from Edmonton Alberta should be able to answer. She sits quietly and smiles as her boss attacks her home province.

Has the justice minister been told not to talk about Senate elections, or does she agree with the Prime Minister's position that Senate reform is a joke? Which is it?

**The Speaker:** Preambles to the questions sometimes necessitate that I even intervene before we get to the question.

I ask members to be a little more judicious in their choice of words, especially in the preamble. The question is in order but that preamble is questionable.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, people watching us on television should know the hon. member is abusing the process of the House by suggesting that the Minister of Justice, because she is from a certain region, should answer questions that are not under her direct jurisdiction.

The fact is that the Prime Minister is following the requirements of the Constitution. If the hon. member and his party do not like the Constitution then let them propose to the provinces to begin the process of formal amendment, not call for an election which is an election for life and for which there is no public accountability. That is not democracy either in Alberta or anywhere else in our country.

[Translation]

**MONTREAL CONGRESS CENTRE**

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Mr. Speaker, the decision to expand the congress centre is a major decision for Montreal, and one that even Claude Ryan's Liberals supported.

Does the minister responsible for regional development realize that, because his government is denying financial support, the minister is jeopardizing some 14 regional, national and international conventions scheduled to be held in Montreal, thereby making Montreal grow poorer?

**Hon. Martin Cauchon (Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.):** Mr. Speaker, it is the Quebec government's carelessness that could result in the greater Montreal area being deprived—

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

**Hon. Martin Cauchon:** —of the economic spinoffs from these conventions.

I will remind the House that, as we know, the Canadian government plays a major part in terms of economic decisions affecting the province of Quebec and Canada as a whole.

Members will recall that this project was discussed in 1996, at the socio-economic summit from which the Canadian government had been excluded. Yet, this project has not been submitted under the infrastructure program.

What I have been saying over and over again is that all members on this side of the House are fully aware of the importance of the congress centre and will try to find a solution.

\* \* \*

[English]

**PRESENCE IN GALLERY**

**The Speaker:** I draw the attention of hon. members to the presence in the gallery of His Excellency Ismail Cem, Minister of Foreign Affairs of the Republic of Turkey.

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

• (1505)

**The Speaker:** I recognize the hon. opposition House leader. Is this on a point of order or a point of privilege?

**Mr. Randy White:** Mr. Speaker, it is really a matter of privilege arising from question period.

**The Speaker:** A privilege arising from question period.

**Mr. Randy White:** That is why I called it a point of order.



## POINTS OF ORDER

## COMMENTS DURING QUESTION PERIOD

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, the Deputy Prime Minister in his response just a moment ago to our member accused him of abusing his authority in the House by directing a question to the justice minister.

Mr. Speaker, I think you realize in the chair that our member has a responsibility to direct a question, as you so said last Thursday in the House, to the government or to a member of the government. The Deputy Prime Minister is completely incorrect in his response and should apologize to the member.

**The Speaker:** I do not want to get into a debate about this whole thing, but perhaps on both sides we tend to exaggerate a little bit. I know we are just coming back.

I am going to permit the government House leader to intervene on this matter, but I do not want to enlarge it too much.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the House and the Chair will be fully cognizant of the fact that under Beauchesne's it is specifically prohibited for any member to ask a minister a question regarding regional responsibility. On several occasions last week this occurred and in a tangential way there are always attempts to bring this back.

The Minister of Justice, as the minister from Alberta, or I as a minister from Ontario, cannot answer questions in our capacities as regional ministers. This is quite clear in Beauchesne's and it is equally clear that the Deputy Prime Minister was perfectly correct in bringing this matter to the attention of the House today.

**The Speaker:** Colleagues, as you are all aware, when a question is posed it is posed to the government. Ministers cannot be queried on their political responsibilities; it is their ministerial responsibilities. That is why I said at the beginning that the preamble to the question itself was questionable.

Colleagues, we have quite a leeway in asking questions but sometimes you force your Speaker, you force me, to intervene before I get to the question.

The point of order was brought up. I am going to rule it was not a point of order, and we will let this matter rest at this time.

I am going to go to the House leader of the opposition. I have notice of a point of privilege and I will hear what he has to say about that.

*Privilege*

## PRIVILEGE

## MEMBER FOR SAINT-MAURICE

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, I rise on a question of privilege today in regard to the conduct of a member of the House.

My specific charge is the improper use of public funds by the member for Saint-Maurice.

My information as of 12.06 today is that the amount of money that I am going to speak about has not been paid back.

● (1510)

Since I view this charge or any charge against another member to be very serious, I withheld bringing this matter up until now because I needed to confirm all the facts which I have completed this morning.

Before I get into the details of the charge I need to briefly comment on the authority and the responsibility of the House in this regard. This charge, while separate in itself, does involve other jurisdictions such as the Board of Internal Economy and the Treasury Board.

I will submit—

**The Speaker:** I am sure the hon. member is very much aware of what he is doing here. What he is doing is charging that a criminal act, an illegal act, has taken place by one of the members of this House. He has of course the option, not under a point of privilege but under a substantive motion, to bring this charge to the House.

I want to make it clear and I want to understand what the member is doing. Is the member bringing a specific charge, a substantive motion, then, against one of the members of this House? Could he answer that question now?

**Mr. Randy White:** Mr. Speaker, my charge was clear. It is the improper use of public funds.

**The Speaker:** My colleagues, we are not dealing here with a question of privilege. We are dealing with a substantive charge against another member of this House.

If that is what the hon. member is doing, I am going to listen a bit more, but a motion should be brought to this House. I want to make it clear that this is not a question of privilege that we are dealing with now. We are dealing with something altogether different, and I want to know that the hon. member understands that.

**Mr. Randy White:** Mr. Speaker, I will continue with my statement. As I was going to say at the end of my presentation—

*Privilege*

and I am prepared with the motion here—I was prepared to say if you rule this to be a prima facie question I am prepared to move the appropriate motion. I think if I can go on then you can further make an assessment if you so wish. Do you instruct me to proceed?

**The Speaker:** At this point I am going to instruct you to proceed, but I want you to know that this is not a question of privilege we are dealing with. I want to hear what you have to say.

**Mr. Randy White:** Mr. Speaker, before I get into the details of this charge, I need to briefly comment on the authority and the responsibility of the House in this regard.

This charge, while separate in itself, does involve other jurisdictions such as the Board of Internal Economy and the Treasury Board. I will submit precedents demonstrating that a breach of the rules under another jurisdiction embodies a breach of a standard of behaviour for members of parliament that Speakers have considered in the past when deciding prima facie questions of privilege.

In addition, I will argue that the jurisdiction of the House over its members and its right to impose discipline is absolute and exclusive, and that the conduct of members that touch on or is part of another jurisdiction does not preclude the House from taking action.

But first I will present the details of my charge against the member for Saint-Maurice. It has been brought to my attention and to the attention of the public by journalist Sean Durkan in articles published in the Ottawa *Sun* on August 2 and August 5, 1998, that the Prime Minister used taxpayers' money to pay campaign workers which helped him secure a victory in his riding in the last election and the election before that.

• (1515)

The records of Elections Canada, which I have here, will say the Prime Minister's office paid campaign workers \$43,389 with taxpayer money. This is more money than the average candidate gets to spend on the total of their campaigns.

Mr. Durkan reported in the Ottawa *Sun* that an official in the Prime Minister's office confirmed that this money was spent deliberately. In the same article there is confirmation from Treasury Board that its guidelines for cabinet ministers regarding paid staff during election campaigns apply to the Prime Minister and that they were breached by the Prime Minister. These guidelines can be found on page 19 at section 3.5.6 of the document entitled "Guidelines for Ministers' Offices" dated June 6, 1997.

The national director of the Liberal Party confirmed with the *Sun* that the Prime Minister kept about 15 of his political staff on the public payroll during last spring's election campaign and also paid campaign workers with public funds when he led the opposition in 1993.

I reviewed the rules set out by the Board of Internal Economy regarding this issue and it is clear that the Prime Minister breached the rules set out by the Board of Internal Economy.

Mr. Speaker, at the end of my presentation I will provide you with a copy of this rule, copies of the news articles and the relevant sections from the records of Elections Canada and the guidelines from Treasury Board. I will now address why and how this House should take up this issue.

I refer to page 115 of Erskine May's 21st edition, page 192 of Joseph Maingot's *Parliamentary Privilege in Canada* and to a Speaker's ruling from *Hansard* of October 29, 1980. These references describe acts which may constitute contempt as having no limits and how it would be impossible to discount any act or omission as a contempt just because there were no specific precedents for that act or omission.

Since there do not need to be clear guidelines in the way of the usual precedents, a Speaker, in deciding these matters, may have to consider some other standard of measure. I will present examples where it is apparent that Speakers use the standards of behaviour found and set out in the common law as guidelines for appropriate behaviour for members of parliament.

In relation to the responsibility of this House and the conduct of members, I will establish a parallel between the common law and the laws of the Board of Internal Economy and the Treasury Board.

There are many examples where the House involved itself in matters relating to members of parliament and the law. In many of these cases the Speaker ruled in favour of a prima facie question of privilege allowing the House to consider whether or not the violation of the law was offensive and inappropriate behaviour for a member of parliament.

My point is not that the violation of these laws has anything to do with the jurisdiction of the House but they represent standards which the Speaker can use to determine that a charge against another member is valid enough to be considered prima facie.

With that in mind, I refer to page 103 of the 21st edition of Erskine May:

The two Houses are enabled to safeguard and enforce their necessary authority without the compromise or delay to which recourse to the ordinary courts would give rise.

Citation 46 of Beauchesne's sixth edition tells the story of the House taking action against a member for an old conviction of forgery with respect to the granting of timber limits.

In 1891, for instance, there was the case of Thomas McGreevy who was charged with scandals in the public works department. The House was satisfied that there was enough evidence against Mr. McGreevy and took action before the courts came to a conclusion.

*Privilege*

In 1995 the member for Charlesbourg was charged by another member for sedition even though the matter had been raised in the courts. The Speaker in ruling that the matter was a prima facie case of privilege was not concerned with the details of the Criminal Code nor the court case itself. The Speaker was influenced by the fact that sedition is a serious charge and considered as evidence the facts contained in the letter sent to the Canadian military from the member for Charlesbourg.

In both the 1995 case and this 1998 case there were reports in the media complaining of an activity of the members and a concern that nothing can or will be done under the law. Another similarity is that in both cases the evidence was conclusive.

In the 1995 case the House took up the matter independently from the common law and independent from any guidelines set out by any other body. It is my hope that the House will do the same with this 1998 case against the Prime Minister.

• (1520)

As stated earlier, the conduct of a member measured against the standard of appropriate behaviour set out by a law often adds sufficient weight to the argument against the accused member, resulting in the Speaker's ruling in favour of a prima facie question of privilege.

Other references setting standards can be found in the second edition of Joseph Maingot's *Parliamentary Privilege in Canada* on page 238. It states that while the standing orders refer only to offering money for the promotion of any matter before parliament, the House would treat equally severely the acceptance of money by a member for anything a member may do. In the final analysis "the House of Commons may set whatever standard it sees fit in respect to the conduct of a member".

The Board of Internal Economy has set a standard for all members of parliament when it created bylaw 305. The Treasury Board has set the same standard for cabinet ministers in guideline 3.5.6. Both these bodies consider the use of public money in the way the Prime Minister has used public money as improper.

The Prime Minister, in authorizing and accepting public money to help him win an election, violated a serious bylaw and a guideline, bringing into question his integrity as a member of parliament. The Speaker must take into account the violation of this bylaw and the guidelines of the Treasury Board in his determination as to the validity of this charge.

The other matter that must be addressed is that this violation has been reported in the media and the impression left in the public's mind is that one of the members of this House has acted against the law and because of his position is exempt from the law. The article of August 5 says: "Guess what folks? If our Prime Minister doesn't like the rules, he can break them and there's nothing we can do about it".

In addition, there is the impression left in the minds of the members of this House that the Prime Minister is more equal than other members with respect to their privileges and their standard of conduct.

I believe that both these impressions are serious enough on their own merit to be considered by this House on a question of privilege. Such impressions left unchallenged cast a dark shadow over this institution. Accordingly, I believe this House must do three things.

First, it must invoke consequences against the member for Saint-Maurice for his improper use of public funds. Second, it must clarify the impression left in the public's mind that a member of this House is above the law. Third, it must return confidence to all members of this House that the Prime Minister or any other member does not enjoy special privileges above those enjoyed by the rest of the members of this House with respect to their conduct as members of parliament.

Mr. Speaker, if you rule this to be a prima facie question of privilege, I am prepared to move the appropriate motion.

**Hon. Don Boudria:** Mr. Speaker, I wish to take only a few minutes to respond to the issue raised—

**The Speaker:** At this point at least, we do not know what the specific charge is.

Before I go to the government House leader, I would like to have the hon. House leader of the opposition either give me a copy or cite the specific charge that he is going to make against another member of this House.

• (1525)

**Mr. Randy White:** Mr. Speaker, I am prepared to move a motion. The documents that I just read to you contain therein all the facts as I have them. The motion I am prepared to move is that the matter of the member for Saint-Maurice paying campaign workers with public funds, as reported in the *Ottawa Sun* on August 2 and 5, be referred to the Standing Committee on Procedure and House Affairs.

**The Speaker:** My colleague, I refer you to Beauchesne's 6th edition. I am seeking guidance as I go on with this. I refer to citation 50:

In any case where the propriety of a Member's actions is brought into question, a specific charge must be made. The Speaker will not allow the Standing Committee on Elections, Privileges and Procedure to examine the actions and statements of a Member relating to the question to report generally on the matter.

The motion is that the matter of the member for Saint-Maurice paying campaign workers with public funds as reported in the *Ottawa Sun* on August 2 and 5, 1998 be referred to the Standing Committee on Procedure and House Affairs.

*Privilege*

I do not view this to be a specific enough charge and I would invite the hon. House leader of the opposition to make a specific charge against one of our sitting members.

**Mr. Randy White:** Mr. Speaker, my notes are at the table, but when I started speaking I believe my comment was the improper use of public funds which is a violation of Treasury Board. It is a violation of the Board of Internal Economy rules and the Elections Canada Act. It is pretty specific.

**The Speaker:** What I require from the hon. House leader of the opposition is a specific charge, a specific motion to be written out and put in my hands, not a referral to a committee. I want it in writing so that I will know specifically what the hon. member is referring to.

• (1530)

If he wants to do that and that is his wish, I will listen to what the government House leader has to say, if the opposition House leader wants to proceed in this fashion.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I know that you are seeking further information from the opposition House leader. I will not comment on that. I am sure those arrangements can be made at another time.

If I understood the allegation, it was described as the matter of. I believe what we are referring to is an allegation as opposed to the matter of. In other words, nothing here has been proved nor acknowledged to be as the hon. member has said.

If I understand correctly what has been alleged is that the Prime Minister's exempt staff disobeyed Treasury Board guidelines which require that staffers working on a campaign must do so on their own time and not during office hours. I believe the member also alleged that the rules applying to the Board of Internal Economy for the employees of the House of Commons also apply to others who are not employees of the House of Commons. I believe that is the second point he raised. In view of the imprecision, it has to be gleaned that way.

First, I suggest that the salaries of ministerial staffers are paid for by government funds. That is why the guidelines provide that staffers who work part time on campaigns must do so outside regular office hours. There is difficulty in ascertaining what are off-hours particularly in offices such as the Prime Minister's given that people work very long hours and the hours of work vary on a daily basis. Staffers as we know, especially those of us who have seen how hard the Prime Minister works, may work at all hours of the day and evening and sometimes even later than that.

To ensure complete transparency accounts followed the Chief Electoral Officer's guidelines concerning campaign workers. The value and the number of hours worked by staffers on the Liberal

campaign on a part time basis were estimated. This sum was accurately recorded in the party's election expense return as a contribution to the Liberal party. The Liberal Party then settled the cost of these salaries with the Government of Canada and paid the amount. To remove any doubt, salaries have been paid back to the government so that no one would actually make the allegation that has been made today, or at least if it was made, it would be totally invalid.

The Treasury Board guidelines referred to earlier today, albeit somewhat indirectly as the Chair has just reminded us, say "Should a member of the minister's or secretary of state's exempt staff decide to become actively involved on a full time basis in a federal, provincial or territorial election or by-election, the member is required to take leave without pay or resign their position".

The following sentences are the operative ones: "If a member becomes engaged in campaign activities on a part time basis, their involvement must be on their own time and not during regular office hours. No vacation leave or any other form of leave with pay will be permitted for election purposes".

The Elections Canada Act provides that labour donated to a campaign which is paid for from a source other than the registered party must be recorded as a contribution to the registered party.

The Liberal Party returns for the June 2, 1997 general election, and those can be proven, included a contribution of \$43,389 which represents the salaries of several of the Prime Minister's staff who worked part time on the Liberal Party's campaign. The cost was correctly recorded as a contribution. We did this in order to be more prudent than was absolutely necessary.

However, to address the fact that the salaries of such workers were paid by the Government of Canada and not the Liberal Party of Canada at that time, the Liberal Party subsequently reimbursed the government for the cost of the salaries. In other words, not only were the rules strictly observed, but we went overboard to ensure that nothing would be seen, albeit incorrectly, as being untoward. The allegations made by the member are incorrect.

• (1535)

Finally, the member informs us that even if contempt is not defined and not restrictive, the Speaker should rule nonetheless that this issue is one of contempt of the House. It is correct that contempt is not strictly defined in the rules but that does not mean that Mr. Speaker nor the House should get themselves involved every time someone from the newspapers alleges there has been what he considers to be a breach of the law, even when such is not a breach of the law in particular.

**The Speaker:** I have heard allegations at this time but I am loath to proceed unless I have a specific charge in front of me. At this point unless and until I have the specific charge in front of me so that I can have a look at it, I am not saying that this action would be terminated here. I am saying that I want to see the specific charge



*Routine Proceedings*

that is going to be made. I invite the hon. opposition House leader to submit that to me.

In the absence of that, I will let this point move on for now. If necessary, I will come back to it. But first I want to see the very specific charge. For the time being this matter is held in abeyance.

**An hon. member:** Point of order, Mr. Speaker.

**The Speaker:** Does the member have a point of order outside of what we are discussing?

**Mr. Ken Epp:** It is on this very issue.

**The Speaker:** Then we are not going to address this right now.

**Mr. Ken Epp:** Although we charged him with contempt there was no specific charge?

**The Speaker:** I will hear further argument after I have received the specific charge.

**Mr. Ken Epp:** One rule for them and one for us.

**The Speaker:** To the hon. member for Elk Island, even I could not say that I did not hear that. I must ask the hon. member with all respect to you, would you please withdraw those last comments. I invite you to withdraw your final comments.

**Mr. Ken Epp:** Mr. Speaker, I am frustrated but I will withdraw it.

**The Speaker:** I accept the withdrawal.

\* \* \*

**PORT MOODY—COQUITLAM BY-ELECTION**

**The Deputy Speaker:** I have the honour to lay upon the table the report of the Chief Electoral Officer of Canada on the administration of the Port Moody—Coquitlam by-election held on March 30, 1998. This document is deemed permanently referred to the Standing Committee on Procedure and House Affairs.

**ROUTINE PROCEEDINGS**

[*English*]

**SMALL BUSINESS LOANS ACT**

**Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, pursuant to Standing Order 32(2), I have the honour to table before this House the annual report of the Small Business Loans Act for the year 1997-98.

[*Translation*]

**GOVERNMENT RESPONSE TO PETITIONS**

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

\* \* \*

• (1540)

[*English*]

**INTERPARLIAMENTARY DELEGATIONS**

**The Deputy Speaker:** I have the honour to lay upon the table the report of the Canadian parliamentary delegation to the Republic of Poland from May 18 to 23, 1998.

\* \* \*

**PETITIONS****SRI CHINMOY PEACE BLOSSOMS PROJECT**

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, given Canada's historic role as a supporter of peace, it would be fully appropriate for Canada to join the ranks of peace blossoms worldwide with the symbolic designation as a peace nation. There are many petitioners in my constituency and throughout the region who are calling on parliament to officially endorse Canada as a peace nation through the Sri Chinmoy peace blossoms project.

MARRIAGE

**Mr. John Duncan (Vancouver Island North, Ref.):** Mr. Speaker, I have a petition with over 100 signatures from residents of Campbell River in my riding.

The petition asks parliament to enact Bill C-225, an act to amend the Marriage Act and the Interpretation Act to define that a marriage can only be entered into between a single male and a single female.

[*Translation*]

BILL C-68

**Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ):** Mr. Speaker, pursuant to Standing Order 36, I rise to table an important petition prepared by Nelson Guay and signed by over 800 inhabitants of the Lac-Mégantic region.

These people are calling for amendments to Bill C-68, primarily because of the costly and ineffective regulations. I support the petitioners.

**The Deputy Speaker:** The member for Frontenac—Mégantic is very experienced and knows full well that he must not offer his opinion on the subject of petitions. He may table petitions, and I invite him to continue to do so, but without any editorial comments.

*Routine Proceedings*

[English]

## MARRIAGE

**Mr. Gordon Earle (Halifax West, NDP):** Mr. Speaker, pursuant to Standing Order 36, I table a petition with over 200 names on it concerning Bill C-225, an act to amend the Marriage Act and the Interpretation Act.

## GRANDPARENTS' RIGHTS

**Mr. Dennis J. Mills (Broadview—Greenwood, Lib.):** Mr. Speaker, pursuant to Standing Order 36, I have a petition here that is certified correct and signed by thousands of Canadians. It pledges "We, the undersigned residents of Canada, draw the attention of the House of Commons"—

**The Deputy Speaker:** Order. The hon. member for Broadview—Greenwood also knows that it is improper to read petitions. He is invited when he presents a petition of course to give a brief summary of it to the House. I know that is what he intends to do and not to read it.

**Mr. Dennis J. Mills:** Mr. Speaker, with respect, that is exactly where I was going.

The petition asks parliament to recognize that grandparents, as a consequence of death, separation or divorce of their children, are often denied access to their grandchildren by their guardians. This petition asks parliament to consider Bill C-340 so that this can be corrected.

## PROSTITUTION

**Mr. Eric Lowther (Calgary Centre, Ref.):** Mr. Speaker, I present a number of petitions today in support of making changes to the Criminal Code at section 213 to make prostitution a hybrid offence, to be either a summary offence or an indictable offence. These petitions have been presented by the constituents of my riding of Calgary Centre.

## DIVORCE ACT

**Mr. Steve Mahoney (Mississauga West, Lib.):** Mr. Speaker, I have a petition to present that in essence asks parliament to amend the Divorce Act to allow for spouses, parents and grandparents proper access to or custody of the children involved in such a divorce.

\* \* \*

## QUESTIONS ON THE ORDER PAPER

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, Questions Nos. 78 and 79 will be answered today.

[Text]

Question No. 78—**Mr. Jim Pankiw:**

Can the Government of Canada indicate how much was spent to send government employees to Paul A. Douglas' 25th Annual Assistants Seminar held in Banff, Alberta, November 13-16, 1997?

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** I am informed by the following departments and agencies as follows:

Canadian Heritage  
Canadian International Development Agency  
Correctional Services Canada  
Fisheries and Oceans  
Human Resources Development Canada  
National Defence  
Royal Canadian Mounted Police  
Statistics Canada  
Transport Canada  
Transportation Safety Board of Canada

\$46,488.23

Question No. 79—**Mr. Jim Pankiw:**

Can the Government of Canada indicate how much was spent to send government employees to Paul A. Douglas' Banff Management Courses held in Banff, Alberta, in February, April and October 1997?

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** I am informed by the following Departments and Agencies as follows:

Atomic Energy Control Board  
Canadian Heritage  
Canadian International Development Agency  
Canadian Space Agency  
Canadian Transportation Agency  
Correctional Services Canada  
Fisheries and Oceans  
Health Canada  
Human Resources Development Canada  
Indian Affairs and Northern Development  
National Energy Board  
Royal Canadian Mounted Police  
Statistics Canada  
Transportation Safety Board of Canada

\$65,975.21

[English]

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

**The Deputy Speaker:** The questions enumerated by the hon. the parliamentary secretary have been answered. Is it agreed that the remaining questions stand?

● (1545)

[Translation]

**Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ):** Mr. Speaker, I rise on a point of order regarding the Notice of Motion for the Production of Papers No. P-10.

**The Deputy Speaker:** Perhaps we could wrap up the points on the *Order Paper* first.

Shall all questions be allowed to stand?

**Some hon. members:** Agreed.

*Government Orders*

**The Deputy Speaker:** The hon. member for Frontenac—Mégantic.

**Mr. Jean-Guy Chrétien:** Mr. Speaker, I rise on a point of order regarding Notice of Motion for the Production of Papers No. P-10.

This motion was tabled on December 9, 1997. I merely wish to make sure that the move of the Lac-Mégantic HRDC office was carried out efficiently and without waste.

I have trouble understanding the Liberal government's delay in responding. Does it have something to hide? I formally ask the government when it will respond to this question, which was first asked ten months ago.

[*English*]

**Mr. Peter Adams:** Mr. Speaker, I listened very carefully to what the member had to say. Unfortunately I do not have my records with me, but I will look into the present situation of P-10.

[*Translation*]

**The Deputy Speaker:** I must also inform the House that the matter of these motions and notices of motion will be examined Wednesday during Routine Proceedings and that perhaps the hon. member and the parliamentary secretary would have something to say at that time.

---

## GOVERNMENT ORDERS

[*English*]

### CANADA SMALL BUSINESS FINANCING ACT

The House resumed consideration of the motion that Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses, be read the second time and referred to a committee; and of the amendment.

**The Deputy Speaker:** When the House broke for question period there remained a period of five minutes for questions and comments.

**Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.):** Mr. Speaker, I would like some enlightenment on the issue of revising Bill C-53. I have heard a few comments from members in the House that specifically the revisions to the Small Business Loans Act would increase the ability of small businesses to attain financing within Canada.

However, my question goes to the fact that I have heard this program has been in place for 37 years. If we are actually trying to allow companies to have access to capital and if we are trying to make it easier for companies to have access to capital through this program, why has the program been carrying on for such a long

period of time and now finally, after 37 years, we are introducing changes to the program?

Is that not an indication there is a problem with the small business financing approach of the government? Maybe we need to look at an option of creating more competition among lending institutions and allowing them to go that route rather than to continue with a program like this one. Maybe the hon. parliamentary secretary could clear that up for me.

**Mr. Walt Lastewka:** Mr. Speaker, I appreciate the comments made by my colleague, but he must understand that in each government program there is always continuous improvement going on to make sure that we are in with the times.

Last spring when Bill C-21 was brought forward it was requested by all parties that extra time be taken in the House to review the Small Business Loans Act. This has been done. During the various committee debates witnesses will be brought forward to review the Small Business Financial Act and to understand the benefits of it. There are benefits right across the country. The Small Business Loans Act has proven in the past that it assists businesses in areas of a little higher risk to make sure they get financing. There has obviously been much improvement over time to this act. Again, we have done an extensive review from the time Bill C-21 was approved until now.

• (1550)

The industry committee, including my colleague opposite, will have a chance to review all the statistics. The report of the Small Business Loans Act was tabled today in the House to allow all of us to take a look at the report and to move forward on the new bill in the House of Commons.

**Mr. Steve Mahoney (Mississauga West, Lib.):** Mr. Speaker, I am particularly pleased to talk about the Small Business Loans Act and the impact of the changes.

When a member from the Reform Party asked the previous speaker in the question and comment period about a suggested reform, it was implied that we somehow made the atmosphere more competitive for lending institutions instead of dealing with people in small businesses who need assistance. I guess I should not be surprised that someone from the Reform Party would see that the goal would somehow be to help banks and lending institutions instead of helping people access the money they need to expand their businesses.

Clearly that is one of the fundamental differences between this side of the House and that side. We understand the reason the Small Business Loans Act has been such a success over the past 37 years. It has made available a reserve of capital to people who otherwise would not have access to it.

How does it work? The bank gets a bank guarantee for 90% of the loan. The loan is also targeted specifically to an asset that would be added to the business. It could be leasehold improvements. It could be a die-cast machine. It could be a transportation

*Government Orders*

trailer, something that can actually have affixed a value which could be recovered if the small business were not successful and winds up owing the money.

The vast majority—well over 90% or closer to 95%—of small business loans are paid back, but there will always be as in any economy from time to time the odd problem. As a result we have a situation where some value will be added to the product financed by the lending institution. In essence that is what this bill does.

The member opposite also asks “What are the changes? What is new?” I invite him to take a look at them because I think they are quite significant.

First, one of the changes in this act will allow for the program to continue with a five year review instead of eliminating the ability to lend. That has been one of the problems in the past. There is a little black hole, a spot, a period of time, when it needs to come before parliament to get restarted or kick-started. This will allow for a five year mandatory review, but the lending authority side of the legislation will continue.

Second, and I find this particularly interesting, is that we are looking at a capital leasing pilot project. In some ways this does exactly what the member opposite in the Reform Party was asking. It expands the marketplace to allow leasing companies now to access a loan guarantee from the federal government.

It is an option for businesses in many cases that need to acquire very expensive equipment in the transportation or manufacturing sector. Perhaps they are at their maximum in terms of a line of credit or something of that nature with the bank, or they do not have the personal assets or the corporate assets to back up the loan, so they go to a leasing company. This part has not yet been designed, but it seems to be a positive change that would allow leasing companies across Canada to access loan guarantees and would encourage them to make loans to small business.

● (1555)

The third reform in the bill is a voluntary sector pilot project, which is extremely exciting. People in the voluntary sector who do such good work in the community may from time to time need to acquire something of a fairly substantial capital nature. This will allow them on a cost recovery basis to access money through the Small Business Loans Act.

Those are three of the changes the act will put in place that are very positive. It is not designed to favour big banks or lending institutions but rather to offer them some security when they are in a situation where they otherwise might not make the loan.

The Small Business Loans Act requires that the applicant fill out a very extensive business plan. It requires that the applicant does the homework. That is a positive thing, aside from the fact that it may give the government, the taxpayers and the lending institution

more confidence in understanding how the loan will be repaid. To fill out a detailed business plan small business entrepreneurs have to understand their businesses, their problems and their strengths. It is very positive that the application is as detailed as it is.

The city of Mississauga in my riding of Mississauga West is known as a city of small businesses. Many of the businesses will benefit from the changes in the bill. Many of them have benefited over the last 37 years from the Small Business Loans Act which has been put forward by everyone who has held government in the country over the last 37 years.

In 1998 the business directory in Mississauga listed just under 10,000 business. Out of those 33% had between one and four employees and another 25% had between five and nine employees. Almost 60% of the businesses in Mississauga have fewer than 10 employees. When we add in the other 10 to 20 employees it is 18%. Almost 80% of the businesses in my city run businesses with fewer than 20 employees. In an area like mine some understanding of the significance of small business is critical.

I was privileged in 1988-89 to be appointed as the small business advocate by then Premier David Peterson in the province of Ontario. We did some analyses. Every year the small business advocate would file a report with the Ontario legislature on the state of small business. We found that the top three problems concerning small business in those days—and from my prospective in Mississauga they continue to be the top three problems—were access to properly qualified and trained staff and the ability to keep them once they have been trained, the taxation burden, and access to capital.

The Small Business Loans Act improves access to capital for small businesses. It lays out the ground rules so they understand what is involved and gives some confidence to the financial sector that these loans can be made without total fear they will not be paid back.

● (1600)

On the issue of taxation, it is my view that small business, not unlike every other sector of our society, feels that we are indeed taxed too high. The finance minister made announcements on tax reductions in the last budget and there will be more announcements coming on tax reduction. I would suggest to all members, when I hear all the hue and cry about employment insurance premiums, et cetera, that the small business people in this country want to have a fiscally responsible and prudent government. They want to see us tackle the debt.

I have round tables four times a year in my community with business people and the number one issue I hear about from those business people is that we have to get a handle on the debt. The debt alone is a serious problem. These business people want us to have a proper, responsible financial plan and the small business



loan legislation is part and parcel of it. It is one of the legs in the stool that will continue to make our economy as great as it is.

**Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.):** Mr. Speaker, the hon. member for Mississauga West said that under this program the banks would get a guarantee. In other words, taxpayers would guarantee the loan.

Then the member made the point that the money can only be lent for assets. The first example he gave was leasehold improvements.

That is a perfect example of the problem with this government. We have career politicians making decisions for business who are completely out of touch and without any understanding of the realities of running a business.

With respect to leasehold improvements, the member clearly does not have a clue what they entail. A leasehold improvement is an asset to a business. However, if the business fails it may be a liability to the next person. In many instances leasehold improvements are not consistent. They are not what is required of the next business coming in.

Therefore, there may be a liability on the business if the venture is not successful. There may be a requirement for them to remove those leasehold improvements, in which case they would be destroyed and the asset would become a liability.

I have made leasehold improvements to businesses. In fact I borrowed money under the Small Business Loans Act for leasehold improvements. I am an example of a business person who was unnecessarily burdened by government excess regulations.

I would have qualified for a bank loan, but the bank said that the government had a plan which the taxpayer would guarantee, and I was forced to pay a premium on it. That is one of the ways in which the mentality of this Liberal government ends up burdening small business people such as myself.

The reason government members do not understand that is because they are career politicians. The hon. member for Mississauga West said that in 1988-89 he was appointed small business advocate by Premier Davis. That member's connections to politics and getting appointments to different things goes back years and years. I would not be surprised if he was a lawyer.

The member said that we found what the top three problems were. Notice that the member said "we found". He did not say "I know what they are". How would he know? He is not a small business person and he is out of touch with the needs of small business people.

### *Government Orders*

He said that taxation was a problem. If that is the problem, then why is he in a government that has increased taxes 37 times in the last four years? That seems to be an inconsistency to me.

The member also said that access to capital or financing was a problem. My only comment to that is, why has the government of which he is a member not lowered EI premiums, reduced taxation or ended the excessive burden placed on business by government regulations? Why is the member part of a government that acts against small business?

• (1605)

**Mr. Steve Mahoney:** Mr. Speaker, some of those comments hardly merit a response. The hon. member's personal attacks about my background notwithstanding, if it is of any interest to him or if anyone really cares, I am indeed a small business person. The problem is that while I am here in Ottawa my business seems to be getting smaller because I am spending too much time here. In any event, I found that comment to be somewhat irrelevant.

One of the real issues here is the access to capital for leasehold improvements. The hon. member says that I do not know what I am talking about. I would tell the hon. member that the small business community out there faces extraordinary capital requirements to effect leasehold improvements so they can increase their sales, so they can market their products and so they can do more business. The gentleman from the Reform Party says that is a liability?

It is not a liability. Without leasehold improvements many small businesses would simply not be able to function.

The mentality that is there is just trying to find something wrong with the legislation, rather than recognizing the fact, in a non-partisan way, that indeed the Small Business Loans Act has been a success. This bill will make it more successful, will refine it and make capital available to small businesses. Why does the hon. member not support that?

**Mr. Rahim Jaffer (Edmonton—Strathcona, Ref.):** Mr. Speaker, I am pleased to rise in the House today to speak to Bill C-53 with my hon. colleague from Saskatoon—Humboldt.

Bill C-53, an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small business is the government's attempt to put a band-aid solution on the problem of small business access to financing, a problem the Liberal government has helped to create.

The mandate of the Small Business Loans Act is to facilitate debt financing to small, young businesses that would likely not obtain it otherwise. This mandate, which will be maintained intact under Bill C-53, essentially dictates that the government and therefore the taxpayer should take on more risk than private lenders

*Government Orders*

are prepared to incur. Even with the changes contained within Bill C-53 the taxpayer still covers 85% of any small business loan defaults.

I do not think any member of the House can ignore this point. Whether the members choose to support or oppose this bill, it must be remembered that the essential aspect of Bill C-53 is to provide high risk loans that the private sector cannot or will not provide.

If members of the House believe this is a fair risk to place on the shoulders of Canadian families, they should support this bill. If they believe it is an unfair risk to place on taxpayers, they should oppose the bill.

Two questions immediately came to mind after reviewing Bill C-53: Why should the taxpayer take on more risk than the banks? Is there no other way to ensure that small businesses have access to much needed investment capital?

It is widely understood in economic circles that government intervention leads to a misallocation of resources. This is not free market sophistry, it is the thinking of Nobel laureates like Milton Friedman, James Buchanan, Gary Becker and Frederick Hayek. We can trust the opinions of some of the greatest economic thinkers in the world or we can trust a government that continues to put obstacles in front of business in the form of more government regulations at the cost and peril of Canadian business.

The intervention by the government maintained by Bill C-53 will remove important market forces from the lending processes and will lead to the funding of less viable business ventures. This may help to garner political support for the Liberals, but will continue to do nothing to foster a healthy economy.

To return to my first question about why the Canadian taxpayer should be expected to accept such high economic risks, the answer provided by the Liberals seems to be so they can win political favour. This government seems to have no concern for the average Canadian families who struggle every day under the highest tax burden in the G-7.

In fact, clause 5 of Bill C-53 illustrates the government's indifference to the fact that it is playing politics with the paycheques of Canadian people. This clause refers to the minister's liability should a loan not be repaid. However, it is clear that the liability is that of the Canadian taxpayer. It is not the industry minister's problem if high risk loans are defaulted on, it is the taxpayers'.

• (1610)

The issue of risk should be examined more closely. Risk is a key element in the proper functioning of a free market. If it is artificially lessened or eliminated from market interactions, it leads to a misallocation of scarce resources. That is, lending institutions will be less inclined, despite the provisions for due

diligence contained in Bill C-53, to evaluate the long term viability of a business venture.

This situation will lend itself to the financing of unsustainable market ventures and it is the taxpayers under this regime who will inevitably be the losers.

This is supported by the government's own statistics which show that the default rate under the SBLA was about 6%, while the private sector was at approximately 1%. This is substantial when we consider the amount of money at stake.

The Minister of Industry proudly claims that the taxpayer has only a \$1.5 billion liability. This is not an insignificant sum of money. The Canadian taxpayers are at their breaking point and someone has to say enough is enough.

Everyone in this House understands the vital role small business plays in the Canadian economy. Both my colleague from Saskatoon—Humboldt and I are small business operators. We both understand the difficulties small business owners face. High taxes and regulations come first to my mind when I think of how tough it is to survive in a small business. If payroll and income taxes were lower, life would be easier for all small business owners. But the government does not care enough to do anything about these problems.

The impact of small business on the Canadian economy is substantial and Reformers have always supported the needs of small business. However, Bill C-53 is not a debate about whether small business is valuable, it is a question of whether small businesses can get access to financing without the government intervening in the economy.

High risk small business ventures can be financed in a competitive banking system provided the lenders are not unnecessarily restricted from conducting their affairs in a manner that allows them to incur risk without incurring losses. The Reform Party is committed to getting government out of the business of doing business and out of the pockets of average Canadian families.

This bill further entrenches the government's role in the banking industry. Bill C-53 and its predecessor, the Small Business Loans Act, allow the government to ignore the real obstacles to small business financing. No more taxpayer dollars should be placed at risk until the government has deregulated the banking industry to create real competition. At this point small business access to financing can be reviewed and new legislation can be tabled if the government can demonstrate a legitimate market failure.

This government just cannot seem to get the fundamentals right. It has tinkered with the Small Business Loans Act and has made improvements recommended by both Reform and the auditor general. However, if the government really cared about small business access to financing it would create more competition in the banking industry, it would lower taxes and reduce the regulato-

ry burden faced by small businesses which now consumes the equivalent of almost 12% of GDP.

Bill C-53 plays politics with the taxpayer's paycheque. It demands that the taxpayer take on more risk than the banks by guaranteeing loans. Let us get the government out of the business of doing business and off the backs of the Canadian taxpayer.

Bill C-53 does not address the problem of small business access to financing and places a financial liability on the taxpayer that is higher than the level deemed acceptable to the private sector.

[*Translation*]

Now, for a recap in French of the main thrust of my speech for those Canadians whose preference is for that language.

According to the present object of the SBLA, which will be maintained with Bill C-53, the government and consequently the taxpayer are taking greater risks than the private lenders. Even with the changes proposed in Bill C-53, the government covers 85% of any unpaid amounts.

• (1615)

There are two important questions. Does the Minister of Industry think it is reasonable to use tax dollars in such a risky manner? And why should the taxpayer take more risks than the banks?

In economic circles, people are very much aware that government intervention always goes along with poor resource allocation. The government intervention set out in Bill C-53 will do away with important market forces, in the process of making loans, in favour of loans to less viable businesses, and this will do nothing for economic prosperity.

Clause 5 of Bill C-53 demonstrates the government's total lack of scruples about playing political games with the Canadian taxpayers' dollars. This clause addresses the minister's responsibility if a loan is not paid back. It is clear, however, that responsibility falls to the taxpayer.

As for the matter of risk, when a risk is eliminated—one of the key elements of a properly functioning open market—a moral danger is created. In other words, the lending institutions are less inclined, despite the obligations for reasonable diligence imposed by the law, to assess the long-term viability of businesses. As a result, non-viable businesses will end up receiving funds.

### *Government Orders*

Under such an arrangement, the taxpayer is inevitably the loser. Government statistics support this thesis. In fact, the default rate under the Small Business Loans Act is 5.6%, compared to 0.8% in the private sector.

Small and medium sized businesses play a vital role in the Canadian economy, and the Reform Party has always supported the needs of that sector. The purpose of debate on Bill C-53, however, is not to determine the value of small and medium sized business, but rather to determine whether these can access financing without government intervention.

I would like to point out that the importance of small and medium sized businesses in the Canadian economy cannot be under-estimated. The question we need to ask ourselves is the following: Is it possible to use deregulation in Canada to create a framework that will provide financing in a more efficient way? I believe the answer is yes, and that is why I cannot support this bill.

[*English*]

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, I listened with great intent to the member for Edmonton—Strathcona.

I am very surprised the Reform Party has taken the position today to argue against the Small Business Loans Act, an act which has been in place for over 37 years. It has been very successful. I think the member earlier said if it has been around for 37 years, what is wrong with it? Something that has been around for 37 years is a testament to its success and the need for it within our economy.

The member seems to talk about a perfect world. Maybe on the Reform benches it is Christmas every day, I do not know, but the reality is that it is not a perfect world.

Institutions not only in Canada but worldwide and banks often are short term lenders. They lend basically on current assets. This program addresses the concern for longer term assets, fixed assets. We talked about capital leases earlier. This is money that actually goes over a longer period of time.

The member talks about a burden on the taxpayers of Canada but the reality is that these are also the employers. These are the people who get jobs from these very businesses. They are also the taxpayers. We have created jobs. We have created taxpayers by assisting these businesses.

The member seems to think the SBLA program is a subsidy. He talks about the program as if it is a subsidy. I can assure him that people applying for these loans face the same screening devices as for any other form of loans and they are rejected on the same basis.

*Government Orders*

• (1620)

The member talks about a 5.6% default rate, but he fails to acknowledge the fact that 94% of these loans are successful. I suggest to the member that in spite of what he wants to do in the regulatory environment of banks that without government support in this area of those 94% of successful loans, those successful jobs would never have been created.

I am very surprised that the member and his party would be opposed to the best interests of small and medium size businesses today. I would like him to comment on that.

**Mr. Rahim Jaffer:** Mr. Speaker, I think the hon. member hit it on the head when he said that 94% of those loans were actually successful. My question throughout my whole discourse is why is the government involved in that process if in fact the private sector can do it itself. That is the key.

The hon. member even mentioned the fact there is scrutiny placed on these businesses going through the process of applying for these loans. That can be done without government intervention as well. He reaffirmed that.

The hon. member also mentioned that it is not a perfect world. I would say that it is not a perfect world especially for small business in this country because of all the obstacles this government has placed in front of them. What the Reform Party is trying to do is stand up for small businesses in allowing those small businesses to create opportunities for themselves and not try to create this false impression that wealth and jobs are created by governments. As we have seen, there is a limited growth when it comes to that. The taxpayers' money is unfortunately recycled.

One thing the hon. member mentioned which I would like to address was the issue I had brought forth earlier. The program has been in place for 37 years, yet I continually hear from the members opposite that the single most important concern from small business continues to be the access to credit. If the program has been so successful, why are there still so many small businesses that are not achieving the financing for their enterprises or their businesses?

As a small business person myself, one of the biggest problems I had looking for financing was not because the government had created a program that was going to secure financing for me, the biggest problem was the fact that there was not enough competition willing to lend to me and other small businesses across the country. This is why we cannot confuse the issue, as the Liberals have done, in this debate.

It is not an issue of not supporting small business. That is exactly what we want to do in the Reform Party. We would like to support small business. We would like to support the free market. We believe that can be well achieved by getting government out of the regulation that it continues to create and which continues to put obstacles in front of small business.

Let us create an atmosphere of positive competition in this country where real entrepreneurs have the choice through the access to capital. Let us work with businesses to do that not in a way that creates more regulation and unfortunately keeps some entrepreneurs out of the loop, but let us try to widen that so everyone has an equal chance in achieving financing.

**Mr. Paul Bonwick (Simcoe—Grey, Lib.):** Mr. Speaker, make no mistake in what the hon. member had to say. Very clearly he does not support government sponsored small business loans. Yet he clearly identifies access to capital as one of the greatest deterrents to expansion and creation of small business. If that is not an obstacle against small business, then I do not know what is. Small business loans work.

As a government we encourage schedule A banks to get involved and create a higher level of loans to small and medium size business, but we also appreciate the fact that when starting out some businesses in fact do require extra support. We do not pretend that we would be setting the exact guidelines on how schedule A banks will extend funds. We see ourselves as a partner. My hon. colleague very clearly outlined that 96% of these do work, 96% of these small businesses that are securing loans work.

I would like to give the hon. member a scenario and I would be curious what his response is. I would also ask him to take some time out and actually visit some of the people, some of the small businesses, the mom and pop stores, the mom and pop businesses around this country that have qualified and succeeded. Tell them that the government should not have been involved, that the government should not have been partnering with the banks and with the small business community to allow that job growth and job creation to take place.

• (1625)

I would be interested in the hon. member's comments on this scenario. An average Canadian has a great idea for a business, an idea which both I and the person think is very viable. The person has the management expertise and ability to carry forward that idea but he or she is missing one small thing. He or she is missing equity and therefore does not meet the basic lending guidelines set in place by schedule A banks.

The banker sees an opportunity. Understanding of course that there is some onus and some responsibility on the banker as well and a certain amount of prudence in regard to lending, the banker sees there is an opportunity to extend funds, and this is typically not the only source of funds I might add, to this small business, to this great idea, to this Canadian to succeed if in fact there is partnering.

If that does not take place, that small business will not get off the ground because traditional lenders require some equity. They require a capacity with respect to 25% or 30% equity. When government partners with schedule A banks and with small busi-



*Government Orders*

ness people, it allows some latitude in this area for these small business people to create a business or to expand.

This has been a very effective tool for small and medium size business all across the country. Bankers and branch managers who are very active in the community will tell us that. Small independent business people will tell us that. I am also saying that. I have business people in my riding who have qualified for it and have been successful simply because it would not have taken place if they had to qualify under the strictest of traditional lending guidelines.

When the hon. member was talking about accessing taxpayer dollars for small business, does he not consider small business an integral part of our national economy? If great Canadians with great ideas have small business opportunities, does the member not see a role for the government to play if traditional lending guidelines are not being met?

**Mr. Rahim Jaffer:** Mr. Speaker, I will begin by putting to rest the hon. member's concerns. Being a member of a small business association within the area that I did business prior to being elected, one of the biggest concerns people within that organization raised was not so much that they did not think access to capital was an important issue, I do not think anyone is arguing that, but what they did raise was that there was limited choice, as the hon. member mentioned, with traditional lenders. That is the whole problem of our system and the problem I tried to raise.

We cannot fix the problem with band-aid solutions as we have seen in the Small Business Loans Act and the revised version. We need to address the issue of choice within the financial sector. That is the issue we are talking about.

The Reform Party and all its members in opposing this bill are telling the government that it is time to address the issue of access to capital with the issue of choice. Do not continue down this road of government regulation which unfortunately continues to put obstacles and additional costs in the way of small business.

If the hon. member really felt that he was putting business first, I think he would come to see the same light the Reform Party has seen.

**Mr. Dennis J. Mills (Broadview—Greenwood, Lib.):** Mr. Speaker, I have to begin my remarks to my friend from Edmonton—Strathcona by going back to 10 years ago when I came to this House. One of the first things I noticed at that time when we were in opposition is that we only had one member of parliament in western Canada. A little team in our office organized a program called the best of the west. We had some bright, articulate, liberal minded university students come to Ottawa, get used to working on the Hill and develop ideas on public policy so that one day they

could come back as elected officials and take some of those thoughts and ideas and represent the regions.

• (1630)

The member for Edmonton—Strathcona was one of those young university students who was on my staff for that best of the west program. I am happy to see him in the House, but I am shocked to see that he did not learn some of the Liberal values, vision and principles that we worked on during that period of time.

I want to be very specific about an experience we had 10 years ago. At that time we were in opposition. The member was around when the then Conservative government brought amendments to the Small Business Loans Act before the House. It was at a time when the banks were doing very little for small business men and women. The Conservative government amended the bill to try to urge and push the banks to provide more access to capital. At that time this was not a Conservative idea but it had the insight and the understanding that it was listening to small businesses when they were saying they were getting turned down on a regular basis. The Small Business Loans Act with the government guarantee was something that would make sure the small business realm would stay healthy.

I stood in this House in opposition and supported the government's amending that bill. We got it through three readings in one day. In opposition we are not there just for the sake of opposing. If the government comes up with a good piece of legislation, which the member knows from experience, then we support the government. To this day we still do not have the banks doing enough for small business.

I challenge the member to stand up in the House and say that he thinks the banks and financial institutions are doing a great job in providing all kinds of capital for small and medium size business men and women. I challenge him to stand up and say that in his own riding. What will happen if he says that? He will be blown out of here so fast that he will not know what hit him. His riding is no different from my riding. Even with the pressure this government has put on banks in the last few years, with the pressure from the Prime Minister and the Minister of Finance and every member of this side of the House, it is still tough to get banks to shift from words to deeds and actions toward loaning capital to small business men and women.

This is what this government has done, what this Minister of Industry has done repeatedly since he has been in charge of this portfolio. This is my third time since we have been in government that we have amended this bill. Each time we fine tuned it. We have been responsible with the fiscal framework. To stand in the House and suggest that the Small Business Loans Act is really nothing more than government intervention and that it is counterproductive to small business defies logic. It defies experience. His words are

*Government Orders*

so distant from reality. It boggles my mind. I am stunned that somebody who used to be on my staff would come up with such stuff.

I have to say to my dear friend that I do not want him to loose some of those great Liberal principles that he once had. He can loose them in certain sectors. I appeal to him not to walk away from small business men and women. It does not matter whether you are a member of the separatist party or a member of the Conservative Party, whatever party you are with, the economy of this country is run by the small business men and women. They are creating 80% of the jobs. If we have to guarantee a float of about \$10 billion and if in a bad year \$1 billion goes bad but it meant that there were tens of thousands of entrepreneurs out there creating jobs and creating vitality, so be it.

• (1635)

There is a notion of letting banks do it on their own. Is there anybody in the Chamber who believes we should stand back and trust the banks to look after the small business men and women in the country and that they would do a great job? I defy anybody to stand up and say this would happen. I will never desert my core values when it comes to small business men and women. I will never waiver or walk away.

That is part of the reason why I came to Ottawa early today, to support the Parliamentary Secretary to the Minister of Industry. The bill should pass all three readings the same day with all party support, just the way we handled it when we were in opposition. No member of parliament in the House cannot ever be seen doing anything other than putting our shoulder to the wheel for small business.

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, you can tell it has been a long day when the member opposite stands up and tells the House and the television audience how much his government and minister have done for small business.

There are a lot of small businesses right now that are taking some Tylenol, some Pepto-Bismol because that speech must not only give them headaches but make them absolutely nauseous.

They say they do not want to stand in the way of small business and that they are helping small business. They have breached their obligation to small business. They have thrown up obstacles which small business has to struggle over just to do what it wants, to try to make some money.

I want to talk about the incredible tax regime that the Liberal government has laid on the backs of small business. Where does the money come from that the government says it is giving to the small business program? It rips it out of the pockets of small businesses and then it comes like heroes and tries to give it back to them. The best thing it could do is to stay out of the pockets of

small businesses and let them get on with business. That would be better than any program it could put on the table for small business.

How can the Liberals stand up in the House and say how good they are to small businesses while at the same time they are taxing them by over 33% more on their EI premiums? They are ripping it out of their payrolls, their investment capital and their profits. How can they stand there and say how good they are being to small business? It is astonishing and it is dishonest.

**Mr. Dennis J. Mills:** Mr. Speaker, the member just threw me a lob ball that I do not deserve.

For 10 years we have been talking about the notion of comprehensive tax reform and I will admit that this is a very tough, complex issue.

• (1640)

The member knows that I have worked on this issue in a very diligent, focused way. When the Reform Party came to this House and became Her Majesty's Loyal Opposition, I was excited and said at last we have a group of men and women here who will help produce a critical mass of debate so that we can really shake the tax system in this country and get something going.

This is the first time this member has stood and talked on this issue about tax reform since we have come back. Where is the Reform Party on tax reform?

I have been advocating simplifying the tax system for the last few years. If I had my way, I would abolish federal income tax for small business in this country.

They do not understand how things get done in this Chamber. It is give and take. We have a bill today which Reformers should be supporting us on and they are running the other way. They say they are going to oppose. There is an issue where I think they are on the right track in terms of comprehensive business tax reform.

They hide it. Bring forward the debate and there will be many of us on this side of the House who will support the idea. Bring it forward in a consistent, steady as she goes way. Don't just throw it up every now and again because they find there is something worth saying and the only thing they can throw out is tax reform.

I pray that the Reform Party gets on to the game of comprehensive tax reform. Just like the Minister of Finance said about two weeks ago, we do need it but both sides of the House have to engage in the debate.

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, I have always respected the hon. member who just spoke for his work in the area of small and medium size business.

It was interesting that the members opposite talked about the tax situation. What people possibly do not understand is that with the small business tax deduction available to incorporated small

businesses that have incomes of \$200,000 or less in Canada, they are treated probably the best of the OECD countries.

I really question whether we could consider that an obstruction. This government and governments before us have recognized the concerns of small and medium size business.

I am concerned by the opposition members who clearly are opposed to the Small Business Loans Act itself, not just to this legislation. They talk endlessly about a subsidy.

I have practised in the small business area. A lot of my clients would have been very surprised to think that what they were doing when they walked to the bank and paid prime plus 3% and paid a 1.5% or a 2% service charge to access the SBLA program was paying a subsidy. I do not think anything could be further from the truth.

The reality is 94% of these loans are effectively repaid under the terms and conditions. Why 94%? The reality is that when there are new start-up companies there is a significant amount of risk involved.

Why are banks not interested in taking those kinds of risks? Some of the members opposite say we should change the regulatory burden and somehow the financial institutions, banks in particular, will become great lenders to small and medium size business.

I point out one obvious factor. When they start talking about banks, they have to think where did their capital come from, where do they get their capital to loan to small and medium size businesses. They get it from the depositors of this country.

Then they have to start asking constituents in their ridings if they want to see all their savings being allocated more toward small and medium size businesses which have high significant start-up costs and risks and the possibility of loss on their deposits. That is the real issue we should be talking about. We can legislate and regulate all we want, but the reality is that there is a dichotomy within our economy that requires some kind of assistance. When I say assistance I do not mean subsidy. I do not mean a grant to small and medium size business. I mean something that will fill that gap and allow small and medium size businesses to access the capital they require.

• (1645)

I mentioned earlier in one of my questions and comments that our banking institutions quite often are more oriented toward short term lending. This is not just true of the small and medium size business sector but also of farms. That is why we have the Farm Credit Corporation. Often the supply of long term capital, patient capital, is missing.

The Small Business Development Bank has given over \$21.7 million to about 110 businesses in my riding of Durham. This has

### *Government Orders*

created many jobs in my riding. Small business operators are happy about the process and happy they have been able to access that money.

Some members talked about access to capital. The reality is that 85% of those loans are guaranteed. That means that somebody, the banks in particular, are picking up 15% of the liability.

The purpose of the act is to move us more toward cost recovery. I would have thought the Reform Party would have applauded that. Yes, there have been incidents in the past where the program has actually cost the taxpayer some money. However, by reducing the amount of the guarantee by the government, plus the fee structure that is put in place, we are moving more toward not costing the taxpayer one cent.

This seems to be something that is totally missing the Reform Party which keeps talking about subsidies. The reality is in the successful operation of the bill it will not cost the government any money. I note we have restricted our total liability to \$1.5 billion. That is a lot of money. I think one member of the Reform Party mentioned that is not small change. I agree. It does not mean we will lose \$1.5 billion. In fact, the way the program is structured it reduces the liability on a bank by bank or institution by institution basis.

Some members said they wished there was more competition. The reality is that this act actually breaks down the number of lenders. There are approximately 1,500 lenders in Canada who can access this legislation.

Another thing the legislation does which I find very exciting, very attractive, is that it talks about capital financing or capital leases. Unlike the member who got off on leasehold improvements, what it really means is financing leased equipment.

In Durham, and indeed I believe in most of Canada, 80% of new business formations are service industries. What do they require? They require the technological equipment to make them efficient and productive in the business community. Often that is computer equipment.

Here is a situation where the government is saying that they do not have to put all their money into computer equipment if it takes it over on a long term lease agreement. This gives a very important incentive for small and medium size businesses to be technologically efficient.

We were told time and time again in the House how important it was that Canada be competitive in a global environment and that its small business sector be competitive in a global environment. I am happy to say this legislation addresses that.

Some of the comments and earlier studies done by the auditor general talked about the need for more accountability by parlia-

*Government Orders*

mentarians. I note that one of the provisions in the legislation is to study the program on a case by case basis and not just the defaults.

• (1650)

Before this legislation we as a government were sent information by the financial institutions on cases where default had occurred. We could then question whether they had met the parameters of the act, et cetera. This legislation expands the whole accountability framework by basically allowing the government to look at the whole range of lending going on within those financial institutions. This is very important because we can monitor whether or not that system is meeting its objectives and the demands of small and medium size businesses.

I cannot stress too much that I believe this act is an improvement. Some members have said that it has been around for 37 years and we still have not accessed the capital problem. That should not be unusual.

Our economy is growing and some of the small businesses have become big businesses and moved on. Fortunately many other businesses stand in their place and continue to expand. That is why we need the constant support of government for the small and medium size business sector. These businesses pay taxes and create jobs. As many of my other colleagues have mentioned, they are the fastest creators of jobs in the country.

In conclusion, I am surprised by the policy of the Reform Party that would object to something that has been successful and which the small business community applauds. On behalf of the small business sector, I point out to the Reform Party that this not a subsidy; it is just good business.

\* \* \*

**BUSINESS OF THE HOUSE**

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I seek unanimous consent for the following motion:

That at the conclusion of this debate we will call Bill C-51 but that we will then hear only the minister's speech and at that point, at the conclusion of her speech, we will see the clock as standing at 6.30 p.m.

**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)

\* \* \*

**CANADA SMALL BUSINESS FINANCING ACT**

The House resumed consideration of the motion that Bill C-53, an act to increase the availability of financing for the establish-

ment, expansion, modernization and improvement of small businesses, be read the second time and referred to a committee; and of the amendment.

**Mr. Eric Lowther (Calgary Centre, Ref.):** Mr. Speaker, I have a few brief comments and perhaps a question for the previous speaker from the government side.

I want to clarify a couple of things that have been said back and forth here. First, the Reform Party is very much concerned about the health of small business in Canada. I guess the debate here today is whether or not the changes to the SBLA really help small business. Is it the best place where we can spend some of our efforts to help small business?

Our approach is adding to the amount of money that is available to small business ventures. The SBLA is perhaps one way to go, but we do not feel it is the best way to go.

I refer to a letter I recently received from the Canadian Restaurant and Food Association. I will read from it and ask the member to comment on what would really help small business. The letter states "As noted in previous correspondence, the huge and growing federal payroll tax burden on food service businesses is constraining job growth among the association's 40,000-plus members. Economic theory and empirical evidence both support the strong correlation between significant payroll tax reduction and employment generation, particularly in labour intensive industries like food service".

There is one industry that is pointing to the common sense solution to help small business. We seem to put huge burdens like high taxes, and the high payroll taxes to which this association refers, in front of small businesses and then help them to get access to capital so they can effectively go out there and hang themselves.

• (1655)

Would the member across the way comment on the relative priority of expanding the SBLA as opposed to giving small business, particularly those in this industry, a break on payroll taxes?

**Mr. Alex Shepherd:** Mr. Speaker, I am happy to reply to the member for Calgary Centre.

I understand the issue of payroll taxes. All of us would like taxes, no matter where they are, to be lower than they currently are. We have heard the Minister of Finance say it in his view, and indeed that of the Prime Minister, taxes in Canada should be reduced. I am very heartened that we are actually moving in the right direction.

To answer the member's direct question, I suggest that he should read the OECD report on Canada's economy. It will show that payroll taxes in Canada are one of the lowest in the OECD. In other words, once again we are looking at the competitive global



*Government Orders*

environment in which we are competing. The reality is Canada's payroll taxes are one of the lowest.

I am not saying that is something of which we should be totally and utterly proud. Certainly we would like to reduce taxes at all levels, but relative to the ability of the restaurant industry to compete both domestically and in the tourist industry, which is very related to international competition, our payroll taxes are one of the lowest. They already have a competitive advantage because of that.

**Mr. Gurmant Grewal (Surrey Central, Ref.):** Mr. Speaker, I rise on behalf of the people of Surrey Central who oppose Liberal government Bill C-53, an act to increase the availability of financing for the establishment, expansion and improvement of small businesses in Canada.

The lofty claims of the title of the bill as we shall see are not accurate. The contents of Bill C-53 do not live up to the claims in the title of the bill. It looks on the surface very good, yet it needs improvements and we need to modernize the act.

Canadian taxpayers, Canadians without jobs and Canadian small businesses are disappointed with Bill C-53 that we are debating today. On this side of the House we wish the government would introduce legislation that would be of assistance to Canadian small and medium size businesses. The official opposition would support modernization of the small business loans program and would like to support the improvements in financing for small businesses, but what the Liberals are proposing is not good enough. No one is fooled by Bill C-53. The Liberals are ignoring small business.

Earlier we debated Bill C-21 to extend the Small Business Loans Act to March 1999 and to raise the government's total liability to \$15 billion. The official opposition opposed it because the government was failing to address the real issues.

The government does not listen to the official opposition or the other opposition parties, to small businesses, to the Canadian Federation of Independent Business or to the auditor general. In terms of the Small Business Loans Act the auditor general has some concerns.

For example, I would like to address some of the main concerns the auditor general has cited in his report. There is a need to define the results expected from the SBLA program. We need to ensure that it is designed to maximize its impact. The department needs to clarify expectations and to develop indicators of the program performance in establishing, expanding, modernizing and improving small businesses. What is needed is a performance evaluation framework to ensure the program is achieving its intended results.

• (1700)

There is a need to strengthen SBLA program management and delivery mechanisms. Incrementally, it is also critical for the purpose of this program that lending should be additional to lending that would have occurred anyway and not merely replace it. The latest study indicates that only 54% of loans, particularly to newly created enterprises, could be considered incremental. It is important for Industry Canada to define the levels of incremental-ity it expects for these loans.

The department should provide parliament with better information to assess whether the program is achieving its objectives. For example, the auditor general estimated that the program will incur a net loss of \$210 million for loans issued between April 1993 and March 1995. This compares with a surplus of \$72 million reported for those years on a cash basis. The difference occurs because the department does not include a provision for loan losses in its annual report.

In the last two years, Industry Canada has placed considerable emphasis on moving the program toward full cost recovery. Under the present fee structure and loss sharing ratio, it is uncertain whether full cost recovery will be achieved. The department should carefully study the extent to which the objective of increasing the availability of loans at reasonable rates can be achieved simultaneously with the objective of full cost recovery.

The government does not listen to the opposition parties, nor to the small businessmen, nor to the auditor general.

The department needs better tools to properly forecast future loan losses and monitor any changes in its loan guarantee portfolio. For example, the auditor general finds that the files did not show information on thorough credit risk analysis. In some instances, lenders had charged administration fees for granting loans, contrary to the act. Also, related borrowers were found to have obtained numerous loans whose total exceeded the \$250,000 loan limit to operate the same business.

These practices are contrary to the intent of the act which we are debating today. Currently there are no provisions under the SBLA to prevent this particular abuse.

The Canadian Federation of Independent Business would remind the government to stick to its knitting with respect to this program. It says that working capital needs should not come under SBLA because it could ruin the entire program. The government should test a program on its own merits and see whether it works because lending for working capital purposes is a different game altogether.

*Government Orders*

We worry about the long term sustainability of the SBLA program. Every conceivable need cannot be put under the umbrella of the SBLA.

The government must reject the suggestion that the only way the banks will lend to a small business is under a credit guarantee scheme. SBLA in no way is to be used by the banks as their response to the broad financing problems experienced by the majority of small firms in Canada. The objective of SBLA is to ensure the sustainability of this program and keep it effective and relevant.

The present SBLA loan size threshold is \$250,000. There should not be any increase in the threshold because the average loan size is well under \$100,000 for small businesses. If the limit is increased, it will create problems related to larger firms trying to beat the system. They will abuse the system.

Similarly, the sales volume threshold is set too high. According to the CFIB only 7% of firms are larger than \$5 million and 18% of firms are larger than \$4.2 million. Statistics Canada numbers indicate much the same. Loans of this size are beyond the fundamental intent of this program.

• (1705)

The SBLA application forms also must be transparent. Loan officers should fully explain the opportunities and the costs of this form of financing. Many loan applicants do not know what they are receiving. They do not know they are receiving money under a government guaranteed program for which they are paying the premium.

In the past the method of assessing the program has been a weakness. Tighter monitoring and program evaluation is a must. For those issues that are fundamental to the program, for instance, structural changes to the program such as lenders permitted, loan thresholds, qualifying loan recipients, et cetera, these should be dealt with under this legislation, not regulation, in order to ensure accountability and transparency under the program.

It is important to differentiate between loans under the SBLA and normal bank loans. Solutions practical to small firms must be pursued with more vigour. Better solutions to the equity issue for small firms will do much to build not only the financial health of the firm but also its ability to grow and contribute to the economy in terms of jobs and wealth creation. The outcome would be less reliance on government subsidized credit guarantee programs such as the SBLA. Government should use instruments of fiscal policy to resolve the equity gaps for small firms.

The legislation governing the program has remained unchanged since 1961 with respect to the types of assets eligible for financing. It needs to be reviewed and will need to continue to be reviewed as our economy becomes more complex. For example, the service sector and the knowledge sector are expanding and create signifi-

cant numbers of new jobs. The Small Business Loans Act needs to take into account the needs of these sectors. At present the SBLA is not considering these needs.

Financial institutions are coming up with new services and new products. Are these institutions able to take full advantage of the SBLA? Are the Liberals investigating the financial, service and knowledge sectors of our economy in order to ensure that small businesses in these sectors are receiving the assistance they need to develop, to compete internationally and to create jobs at home for Canadians? The answer is no. By introducing Bill C-53, the Liberals are not concerned. They are not looking to the future.

For about 10 years the CFIB has been fighting the changes the Liberals are going to make with this bill. Before the Liberals came to power, the Tories were trying to increase the financing along the same lines as the Liberals are finally doing with this bill without cleaning up the operations of the act.

The CFIB has been saying that if the current abuses of the Small Business Loans Act were curbed and if the parameters of the program were restricted, this program would require less of an allocation of funds while being effective in meeting the program's objectives. The Liberals are not addressing these issues in Bill C-53.

The thresholds for financing are too high. The legislation defines small businesses as those firms that have up to \$5 million in sales. That is not a small business. That is a medium business.

The 1998 CFIB presentation is remarkably similar to its 1993 letter to the prime minister. In other words the CFIB has been asking for these changes for five years. What does the minister responsible for small business give us? Bill C-53 indicates only the amount of money that Canadians can lose on small businesses that fail.

• (1710)

If the size of the loan and the size of the annual sales of the business were reduced, we would have a system that serves small businesses. We would also have a system with a drastically reduced rate of abuse.

Small businesses create jobs. It is not the government that creates jobs.

Why should Canadian taxpayers support the increase in the amount of money taxpayers are on the hook for if the program is flawed and we are not fixing the program?

This is the same government that gives big businesses big subsidies. The Liberals have just given Bombardier a \$25 million interest free loan. Do the Liberals give interest free loans to small businesses? No. Canadians know they do not. The Liberals are also giving big corporations sole source contracts, for example a \$2.85 billion sole source NATO contract.

The Reform Party is not in accord with the Liberal government but is in accord with successful business. We will continue to push for transparency in government. It is not enough for the government to say that the loans are fully repayable on commercial terms. At the heart of it, we want to see it as a payment so that taxpayers can be confident that arrangements can be made. We will welcome Bombardier's help in pushing the government to implement a reporting regime that would protect both the company's competitive position as well as allow public scrutiny of the grant program.

Canadians know the abuses in the small business loans program. We know that the parameters of the program need to be constricted. We know that a lot of work needs to get done so that financing is available to small businesses in our country. Helping our small businesses access financing is one of the most important things we can do for job creation in the country.

The Liberals are tinkering with the small business loans program. The Liberals do not see the need to improve the program. There is a need because if the problems of the program were addressed, there would be more financing for small businesses.

Small businesses face a high tax burden. The government has placed tax increase after tax increase on Canadian businesses and individuals. We must not forget that individuals own small businesses.

Payroll taxes, including the CPP and EI premiums, and the GST are killing jobs in Canada. The personal and retail tax rates are killing small business owners.

The Liberals are doing nothing about the underlying economic problems small businesses face. The Liberals by ignoring these issues are killing job creation. I want to find out from my colleagues, where are those jobs which they promised?

The Liberals are failing us in this regard. They are not taking advantage of the opportunity Bill C-53 offers to create jobs. They are not even doing what the CFIB has been asking them to do for the last 10 years. The CFIB represents 90,000 businesses across Canada from virtually every sector of our economy.

We can see the long laundry list of problems and areas that need to be improved in the operation of the small business loans program which the CFIB presented to the Standing Senate Committee on Banking, Trade and Commerce in July 1998. The CFIB's presentation to the committee refers to the CFIB's 1993 letter to the Tory minister responsible for small business. The department should look into and correct various elements of the act such as capital leasing and delivery mechanism. Lack of working capital is not covered in this bill. The department needs better tools to monitor the loan program. The department needs better forecasting techniques. The department is not reviewing risk analysis in this

### *Government Orders*

bill. Loans made to related parties and charging of administration fees are not reviewed. Related articles in the Income Tax Act need to be fixed so that this bill can be effective. The financial information presented to parliament is not enough, following a cash basis versus accrual system.

• (1715)

There is no provision for losses on outstanding balances in this Small Business Loans Act which is \$6 billion. The borrower is not guaranteed but the bank is guaranteed for its bad decisions. Thus the objective is to promote the small businessman and not the small business. The job creation record is very bad. The displacement effect is negative. Job creation figures under SBLA have been inflated by this government as much as five times. Industry Canada does not do an audit of an account until a file becomes a claim file. A complete cost benefit analysis has never been done.

The list is long but my time is up. I urge Industry Canada to look into these conditions so that we can improve and make this program effective. Therefore we cannot support this bill.

**Mr. Walt Lastewka (St. Catharines, Lib.):** Mr. Speaker, I listened very intently to my colleague from Surrey Central. But I am really not sure what is happening.

My understanding was that the Bloc was looking at expanding the bill in some areas that were not included but should be. Another party said that there are some improvements required in amendments. I welcome the NDP's concern with small business now.

My understanding from the Reform Party is that it does not want the bill at all. I might be wrong on that. I think it needs to clarify it because my understanding from another colleague from the Reform Party is that it would like to just do away with it. It wants to support small business but not through the Canada small business financing act.

I would like the member to clarify his position. I did hear that there are items like audits and so forth which by the way, I would like to inform my colleague, are included in the bill. So it will be very interesting when this bill goes to committee.

I would like the member for Surrey Central to enlarge on his suggestions for improvements.

**Mr. Gurmant Grewal:** Mr. Speaker, I thank the member for his question. He has been frank because he does not know or probably is not up to date on how many recommendations from the auditor general's report have been incorporated into the new act.

When we debated Bill C-21 we had concerns and we mentioned them. The auditor general has a full chapter on this, chapter 29, and he has included all the details. I had a long list of the changes which are expected to be made in this bill so that this bill can be effective.

*Government Orders*

We will support this bill once it is effective. It will be a good bill provided these changes are introduced which are not introduced at this time. Who would not support modernization and improvement to small businesses? Who would not support increasing the availability of financing for small businesses for their expansion? We will, but only when this whole program is effective.

The system is abused. The banks are using all kinds of practices to abuse the system. It is not the small businessman who is taking advantage of the system. There are many examples that can be put together.

• (1720)

This bill needs a lot of amendments. The whole small business loans program, introduced in 1961, has not been renovated.

Once the changes I mentioned in the conclusion of my speech are incorporated, we will be more than happy to support this bill. Until then, we ask the government to take this opportunity, take the free advice from the official opposition and include it in the bill so that it affects small businesses.

We want small businesses to progress in this country because they are the ones creating jobs. Let us create the tools. Industry Canada has the opportunity to have those tools in its hands and to give those tools to small businesses to take advantage of.

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, I wish to draw the attention of the House and anyone watching this debate to the fact that there has been quite an innovation introduced into this bill that I am very much in favour of. I do not think members of the House have noted it.

There is the suggestion that the small business loan program will be extended as a pilot project to the voluntary sector. In other words, the minister is suggesting this at least as an experiment to see what it is like to provide loan guarantees to organizations financing charities and non-profit organizations.

What is important here is that very clearly the not for profit sector is taking more and more of a role in society in providing certain social services, certain benefits.

In many senses this is a positive thing and in another sense it is a negative thing. What it really means, especially in Ontario, is that the Ontario government is getting out of providing the social services that governments normally provide. It is leaving it to non-governmental organizations like charities and non-profit organizations.

This minister has recognized that there is a major change coming in society. He is obviously, in this legislation and in the regulations that will follow, preparing for it by providing at least an experimen-

tal try at how we go about financing or giving loan guarantees to those who would finance not for profit businesses.

There are dangers to this because not for profit organizations operate as businesses but they have advantages in the sense that they do not have to pay taxes. If they are a charity, they actually can issue tax receipts that help them cut their costs when they enter into the marketplace.

There is a lot of controversy out there right now with not for profit organizations competing with for profit organizations in the marketplace. As an example, in my riding there is quite a controversy about the YMCA coming in to build an enormous facility for one of my communities. It will be financed entirely out of memberships.

The YMCA is a charity and the complaint is that private entrepreneurs who are selling fitness in the area are complaining that they are getting unfair competition from a charity.

There is some merit to the complaint of for profit companies when they find themselves up against a charity or non-profit organization that has the advantage of tax receipts or tax breaks.

Another instance is in Winnipeg where the Habitat for Humanity charity is in competition with a for profit used lumber recycler called Happy Harry's. Happy Harry creates jobs. He pays taxes and he is up against a non-profit organization that has advantages in the marketplace.

The warning is simply this. A not for profit organization is an umbrella term for non-profit organizations that do not pay taxes and for charities that do not pay taxes and issue tax receipts. Those are two categories of not for profit organizations that stand to benefit from the proposal in this legislation.

• (1725)

We cannot assume that because this is a non-profit organization or a charity it will be running more efficiently. The reality is that no matter what kind of business someone is in, if there is a profit incentive it usually leads to efficiencies. Take away the profit incentive then we run into the danger of a lack of accountability in the actual organization, the actual costs and the revenues and expenditures.

While I think this is a very intriguing and interesting experiment proposed by the minister and it is a good thing that we do this pilot project, I stress that we need to have a strong debate at the committee level and we need to make it very well known in the entire business community that we are proposing this initiative. We then may find a way we can support particularly charities that are engaged in business activities to the public good. However, we have to define the parameters and those parameters can only be defined through proper debate in this House and in committee.



*Government Orders*

**Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.):** Mr. Speaker, it is certainly a pleasure to rise today and speak in this debate on Bill C-53. I will be splitting my time with my colleague from Prince George—Bulkley Valley should we have time left.

The title of this bill is a real mouthful in itself. Bill C-53 is an act to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses. It sounds like we are going to be all things to all people here.

In every area of economic activity we find taxpayer sponsored programs whose objectives claim to be that they will help people work more or expand their businesses or make more money. The problem is this is precisely what people naturally want to do with their businesses in the first place. What we see is that many of these government efforts are actually taking resources away from people in taxes who would otherwise prosper on their own.

Some members of this House may accuse me of preaching some form of economic Darwinism, that the government should disappear and let the strong survive at the expense of the weak. I do not believe this would be a formula for success right across the board. There are many situations in which incentives can be provided to encourage certain outcomes but clearly we cannot be all things to all people and we have to let small businesses make many choices on their own.

As I said, people naturally want to succeed. That is the direction that many small businesses like to see.

There are a variety of things a government can do to encourage business success, just as there are many things it does to defeat that success, and this bill does little to address either side of those conditions.

At the moment we have many questions about government participation in small business financing. The auditor general raised several of them in his spring report. His figures indicated that 46% of loans under the SBLA could have been handled privately through normal financial channels. We have to wonder if a moral hazard is not at work here. By that I mean because the banks have a way to deflect risk on to the taxpayer through this program, are they inclined to get on the SBLA bandwagon because it is there?

We have no hard numbers to say this program is the difference between success or failure at getting that financing. We know that the CFIB places a high priority on access to financing as a major factor for business success, and I do not question those numbers, but do we have in this bill the best or most effective way of doing that?

Recent figures indicate that 80% of small business loan applications are successful but we have no figures to indicate whether that is an optimum level or not. Is 100% a healthy level, for example, or would that expose lenders to extraordinary risk? In other words,

should the government step in and drive that loan approval rate up to 100% as a policy objective using taxpayer money to subsidize it?

As a small business owner in a couple of different fields, I have a great deal of sympathy for people who want to go into business and need that first boost of capital to get them going. Of course that does not mean that everybody with the same dream is equally qualified to pursue it, so there are bound to be rejections for a variety of reasons.

If we look at where those applications ended up we see that 68% went to the chartered banks, 27% went to other financial institutions, credit unions and such, and 11% went to the small business loans program. No one on the government side of the House can say that the 11% would go without financing if the SBLA were not there. As we know from the principle of moral hazard, people choose the easy route only if it is available. Without the vast web of bureaucratic programs paid for by an equally vast web of taxation, factors in the financial services sector of this country could behave in a different fashion.

• (1730)

As it is, the number of high risk loans has been increasing along with the default rate and bankruptcies, although Industry Canada has so far kept that report very close.

Speaking of missing documents, we also have to wonder about the cost benefit of this program. This is one argument that pops up to try to legitimize many government programs, particularly when taxpayers see those billion dollar bottom lines starting to add up.

As the finance minister often reminds us, governments have to make tough choices. What we rarely see is this government making a choice to give up on a cherished boondoggle when it is shown that money is not being spent in a way that has a clear, positive return to the taxpayer.

Often we see good money chasing bad in a futile effort to prove that a program is working, not because it was wrong or unnecessary in the first place, but because not enough money has been poured down that sinkhole. This kind of thinking is epidemic in government and never leads to good choices.

We should be looking at innovative new ways of making financial support more available to our small and medium business sector. In many countries around the world, and I understand even in certain regions of this country, there is a system of micro lending. Loans as small as a few hundred dollars show a tremendous return on the dollars placed.

There is a system in the U.S. where lenders are required to commit 6% of their profits to the communities in which they are located. Of course there are hundreds of banks in the U.S. versus a dozen in Canada, so the locality does not have the same relevance. But perhaps there is a way to implement such a requirement in Canada, as long as it does not lead us back to the same situation we

*Government Orders*

have now where the government seeks to force choices on its lenders.

I think more important than inventing new government programs, however, is taking a good look at the environment that exists for business in Canada. Should we be rushing to enact this kind of legislation when this government has yet to digest the Mintz report on business taxation? The professor warned that governments were relying increasingly on profit insensitive taxes; taxes and charges that were not related to whether the business was succeeding or failing, but were demanded of the business owners regardless.

We have seen in recent years an explosion of user fees, which are not by themselves a bad thing. That is, they are not bad if the fee goes to the service being charged in the first place. This government is not alone in preferring to pour all of its revenues into one basket, but it has a lot to answer for in many areas.

Gasoline taxes are outrageously high by themselves, but we see very little of this windfall going toward transportation infrastructure that would assist businesses of all kinds. Worst of all are the payroll taxes that are a direct and undeniable killer of jobs and entrepreneurship in Canada.

Not only does this government insist on imposing ridiculously high rates, it also raises rates such as the CPP under the auspices of what I mentioned earlier. Is the program not working? Pour money down that sinkhole.

The case of employment insurance premiums has already been broached in this House and by no means are we done with that topic. Yes, the premiums have been reduced from the highs under the former government, but this government's own experts are declaring that they must go lower. Under the law they are supposed to go lower, but the finance minister, instead of returning money to employers and employees, threatens to change the law and keep the money for choices that have nothing to do with the original tax.

Canadians should take note that the finance minister has in fact already taken that money to apply against his deficit last year, so it is actually part of the Liberal smoke and mirror budget plan to argue about where else to spend money that is already owed to another program.

My point is that this bill is a questionable necessity and fails to address the real needs of the business constituency that it claims to help. What entrepreneurs in Canada need is the ability to keep more of the profits they generate. Capital gains taxes need to be at least minimized and at best eliminated. Payroll taxes need to be kept low and directed where they were intended.

There has to be a serious study of the burden of paperwork and overlapping regulations that exist in this country.

The GST regime should be overhauled for one thing, but the layers of bureaucracy between federal, provincial and municipal administrations have to be examined as well.

Employers need a flexible, well educated, motivated labour force. Workers obviously need to keep more of their money as well.

Finally, this government has to take a serious look at the flexibility and competitiveness of our whole financial services sector. We have the MacKay task force report to look at. We should take the opportunity, use our combined imagination and innovation in reforming the regulations of this industry to provide real access to reasonable cost financing for business.

It is unfortunate that this government is in such a hurry to push through Bill C-53 without answering some of the problems that have been mentioned here today. What Bill C-53 represents is not a helping hand to business but the hand of a government stuck in the past with no new ideas.

I certainly commend and agree with my colleagues on their motion earlier today to send this bill back to committee for more study.

• (1735)

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, I am pleased to rise again in the House to speak to Bill C-53.

I am probably somewhat qualified to speak about small business and some of the challenges it faces, particularly when it comes to financing, having spent my entire life before politics in small business. I certainly understand the challenges that small business faces today.

The thing that really disturbs me about the Liberal government is that it truly believes that the best help it can give to small business is to be in its face with programs, regulations and plans. It thinks it is being of assistance to small business.

CFIB surveys over the last few years have asked the question: What can government do to help you? The number one answer, year after year, has been "Just get away from us and let us run our businesses. We know better than you how to run them".

The Liberal government does not understand that request. It believes it has to be involved in every single part of the economy and in businesses whether they are large or small, either through regulations or programs.

I am not convinced that it is the government's place to be a guarantor of small business loans through its small business program. I think the small business community in this country

would be quite happy for government to get out of that and let the private lending sector look after their requirements.

There are those who say that the banks are not doing it. I think that the regulations which are in place are a disincentive for banks to get involved in small business financing. They are trying. Let us give them credit for what they are trying to do. But the fact is, if we look at the banking community in other countries, and we will take the U.S. as an example, they have some very creative ways of lending to small business that we do not have in Canada because our regulations do not permit it.

I remember in the 1980s there were many small businesses moving from Vancouver down to Bellingham and Blaine in the state of Washington because the banks down there were saying "Come down here and we will show you how you can establish your business, how you can expand your business and even how you can start up a business". The banks would provide the funding. They had a number of plans and options, ranging from some sort of involvement in the company itself that was phased out over a number of years while the loan was being paid off, to some very creative venture capital financing.

We simply do not have that in Canada because the government's regulations have forbidden it.

The best thing this government could do, instead of bringing in, extending or amending yet another program that will keep it involved in small business lending, would be to get out of the way of bona fide private lending institutions and let them do the lending. Let them bring in some sort of risk-based lending for small business. They have said in their presentations that they think this is a possibility, if they were allowed to do it.

There are many people in the country who have some great ideas about how to start a small business, whether it is a small home-based business or a business they are going to set up in an industrial park or retail area, but they just do not have the assets needed to go to the traditional lending institutions to get the money.

They cannot do it through small business loans either. They have to have some sort of security to offer.

If the traditional lending institutions were permitted to bring in creative lending for small business, right down to micro lending, then I think this would probably be the greatest gift the government could give to small business.

● (1740)

There are even greater disincentives to small business that this government refuses to recognize. I cannot talk about small business without talking about the incredibly burdensome tax regime that the government has laid upon the backs of small business in this country.

### *Government Orders*

Small businesses create about 90% of the employment in this country, and yet they are overburdened by the current tax regime. Taxes eat into their profits. Taxes eat into their opportunity for expansion. Taxes eat into their opportunity to hire more employees. The regulations are all very costly. These are all tremendous disincentives for small business to grow, prosper and expand, and yet the government does not recognize it.

I am not just talking about the regular corporate taxes they pay. The government has effectively decided that it is not going to change the capital gains taxes which small businesses have to pay. No matter how many times the CFIB has told the government that the capital gains tax is a terribly burdensome tax, the government has done nothing.

I take exception to the member for Broadview—Greenwood who said earlier that the Reform Party has just woken up to the plight of small business and taxes in this country. Since 1993 when we arrived in the House we have been talking on a daily basis about the tax regime in this country. Since 1988 we have been talking about the tax regime in this country and how it affects people in every walk of life, small business or otherwise.

Incidentally, that is why there were 52 of us elected in the 1993 election. We were talking about the very things that were bothering Canadians. That is why, contrary to the wishes and the dreams of the Liberal government, we returned in 1997 as Her Majesty's loyal official opposition, to the surprise of the Liberal government. We were talking about taxes. We were talking about a government that was in the face of not only private citizens, but small businesses all across this country. Those are all disincentives. That is why we are here.

We will talk about this on a daily basis. We will never stop because it is a big issue in this country. When we talk about an engine that creates 90% of the employment in this country, it is not something we could ever stop talking about.

Now we find that the government is about to do it again with the EI surplus. The finance minister knows very well that a surplus over a certain level, according to the guidelines that have been set down by the EI commission, has to be returned to the people who pay into the fund in the form of EI premium reduction. That is perfectly clear. That is what the law says.

The finance minister, by continuing to take the surplus after the date laid down, will be breaking the law. It has come to our attention that he is going to change the law.

As I pointed out the other day in question period, it is sort of like Jesse James making bank robbery legal. We can draw the same comparison. He did not want to break the law, so he changed the law to make it legal to rob banks. That is what our finance minister is going to do. He is planning to change the law. He is going to scoop that \$6 billion over and above the allowable rainy day surplus, the amount set down by the commission to sustain the EI

*Government Orders*

fund, when that money should be going back into the hands of the employers and the employees in the form of EI premium reductions.

• (1745)

Each percentage of increase in EI premiums costs about 40,000 jobs in this country. Each time EI rises by 1% that is 40,000 jobs. It is estimated that since 1988 when the Tory government was in power, the way it set EI rates cost the country 130,000 jobs. The Liberals have reduced it somewhat but it has another \$6 billion to pour back into it by reducing it by one per cent or one and a half per cent more. If we work the numbers back, that would probably create 40,000 or 50,000 jobs. Who would not want that? The unemployment rate in my city is at about 17% right now. If we had some tax relief and if we had a premier who knew something about how to run a province we might have an unemployment rate that was comparable with that of the rest of the country.

While the Liberal government believes this bill will be a big help to small business in Canada, it will not be. The best help the government can provide is to lower EI taxes. It can reduce regulations, in particular the federal-provincial regulations that overlap and cause a lot of confusion and expense to small business. In general it can get its hands out of the pockets of small businessmen and let them do business. Let them continue to expand, be prosperous and hire people in this country.

**The Deputy Speaker:** Is the House ready for the question.

**Some hon. members:** Question.

**The Deputy Speaker:** 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.

*And the bells having rung:*

**The Deputy Speaker:** At the request of the chief government whip, the vote is deferred until Tuesday at the conclusion of the time provided for Government Orders.

\* \* \*

**CRIMINAL CODE**

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.)** moved that Bill C-51, an act to amend the Criminal Code, the Controlled Drugs and Substances Act and the Corrections and Conditional Release Act, be read the second time and referred to a committee.

She said: Mr. Speaker, as part of its legislative agenda this government is committed to the ongoing review and adjustment of the criminal law. My officials and I routinely meet with the provinces and territories, the police and interest groups on a range of criminal justice and sentencing issues to consider the state of the law and what could be done to improve it. We also receive and review numerous proposals from ordinary Canadians about criminal law, criminal justice and public safety issues.

As a direct result of this review process I have developed and placed before this House Bill C-51, a series of omnibus amendments to the Criminal Code and related statutes. These are intended to address a range of specific policy concerns and to make changes to correct drafting errors, cross references and other legislative oversights which have been identified in recent years.

• (1750)

These amendments would normally have been included in a regular omnibus bill. I felt that several were too important to wait until the next major criminal law amendment package. The government is particularly concerned about making changes to the Criminal Code year and a day rule and conditional sentence provisions, and the provinces are seeking other important changes so we have decided to proceed with them at this time.

[*Translation*]

Parliament has the responsibility, and the constitutional power, to pass legislation on criminal law, but the provinces are the ones responsible for their application. We must therefore take into consideration what the people who administer these administrations tell us works and what does not.

We meet with the provinces regularly, and take their expectations into consideration in drawing up action plans relating to criminal law. Many of the proposed changes to the legislation are the result of that process. When these changes are being deliberated, we need to keep in mind that they are the outcome of provincial demands and proposals, and that the provinces play a significant role in the application of criminal law in Canada.



*Government Orders*

[English]

I draw the attention of my colleagues to some of the more important changes we are proposing. Concerns have recently been expressed about the Criminal Code rule which limits prosecutions for homicide and other offences which involve the death of the victim. These offences can be prosecuted only if the victim dies within one year and a day of the last act of the accused on which the offence is based. Needless to say, this is a very old rule. It predates Confederation and the first Criminal Code of 1892. Authors have traced it in English criminal law back to the middle ages.

In the modern era the rule can only serve to block prosecutions which could now be placed before the courts on their merits. It has been criticized by lawyers and academics. After due consideration this government agrees that it should be repealed. Modern forensic science has increasingly made it possible for us to prove that the accused caused or contributed to the death of the victim even where the victim survives for an extended period. At the same time advances in medical science can result in victims who would have died quickly in earlier eras surviving for extended periods on life support systems before they eventually succumb to injuries.

Such cases are best placed before the courts for a determination of whether the accused committed a crime which caused death. The year and a day rule prevents this.

The legislation proposes to simply repeal the time limit. This would leave the existing Criminal Code and case law rules for establishing the causation of death intact. Essentially the rules say that where the accused is proven to have done anything which contributed to the victim's death in any way, the accused can be convicted of having caused that death if the contribution was more than minimal or negligible. This was always the case where victims died soon after the offence. We now propose to apply the same principle regardless of when the victim dies.

We cannot reopen cases where the year and a day period has already expired when the repeal takes effect. The charter prevents parliament from creating retroactive criminal offences or expanding existing offences to capture actions which would not have been caught by the legislation when they occurred. As a matter of policy, however, we are anxious to have the changes apply as soon as possible. There is a good argument that cases in which the time period is still running when the law changes may be affected by the repeal without infringing the charter. The legislation provides for this. There is also no reason to delay proclamation of this change. The bill provides that the repeal will take effect on the day of royal assent.

As part of Bill C-51, the government also proposes series of changes to sentencing provisions. These address policy concerns and correct oversights which have been identified since the 1995 overhaul of sentencing law. It took effect in September 1996.

● (1755)

The most important of these are changes to the provisions dealing with conditional sentences. These sentences are an important means of dealing effectively with offenders while ensuring that custodial resources are focused on those who require custody under established sentencing principles. But concerns have arisen which must be addressed.

Since September 1996 it has become apparent that in some cases where offenders breach sentence conditions they cannot effectively be brought before the courts and dealt with before the sentence runs out and the courts lose jurisdiction.

To deal with this problem the amendments I am proposing would stop the running of time on the sentence when the offender is in breach. The time period, starting when a warrant to arrest the offender was issued or the offender was arrested without one and ending with the conclusion of court hearings into the alleged breach, would not count as time served on the sentence.

Where an offender is found not to have committed a breach, to have had a reasonable excuse or there is some other compelling reason, the lost time could later be recredited by the court. Other than this, offenders will not get any credit for the time lost. Stopping the running of the sentence will also ensure that the courts retain jurisdiction over offenders serving conditional sentences until they have served all their time without breaches.

If an offender absconds, his sentence remains in effect indefinitely until he can be arrested and brought back before the courts. The amendments would also clarify arrest powers to ensure that those in breach of conditional sentences can be arrested on the same basis as if they had committed an indictable offence.

The proposed legislation also contains other changes to Criminal Code sentencing provisions. The 1995 amendments created general rules for the administration of fine penalties and several of the proposed amendments will clarify the application of these rules to more specific offence provisions of the Criminal Code and other statutes.

Where an offence carries a minimum prison term the amendments provide that a fine could be imposed in addition to the minimum but not instead of it. Where the offence provision requires a minimum fine, the amendments would make clear that the general rule which requires the courts to consider the offender's ability to pay in setting fines does not allow judges to go below the mandatory minimum levels.

As hon. members who represent northern constituencies will know, a new diamond mine industry is beginning to take shape in the Northwest Territories. This is expected to bring employment and economic benefits to the territories, but the high value of uncut diamonds has raised concerns about the potential for theft and the

*Government Orders*

possible use of diamonds as a means of smuggling or money laundering by organized crime.

To protect the new industry and Canadians, the proposed amendments would modernize old provisions dealing with the theft and illegal possession of precious metals and ores. The term previous metal would be replaced with valuable mineral to include diamonds and other non-metallic minerals.

The legislation would also create a federal power to prosecute some offences where uncut diamonds are involved to respond effectively to organized crime and interprovincial smuggling activities. This would be concurrent with provincial jurisdiction so that either level of government could prosecute. This would allow for federal prosecutions where an offence which started in the territories involved one or more provinces as well or where a major domestic or international organized crime interests are involved.

The law does not affect any existing provincial powers and would leave it open to federal and provincial officials to co-ordinate who would prosecute on a case by case basis.

*[Translation]*

Fighting against organized crime effectively is a priority of this government, and we are proposing many other changes to fight various activities involving organized crime.

The bill, if passed, would amend the Corrections and Conditional Release Act so that persons found guilty of organized crime activities would not be entitled to any sort of accelerated parole review.

• (1800)

The legislation would permit electronic surveillance in the case of serious offences involving prostitution and investigation of prostitution telephone networks and indirect involvement in organized crime.

*[English]*

Organized crime in Canada has also been linked to telemarketing fraud and related offences. My colleague, the Minister of Industry, already has amendments before parliament to criminalize various forms of deceptive telemarketing activity and to allow wiretapping to investigate them.

In this legislation I am proposing an additional amendment which would allow the proceeds of deceptive telemarketing offences, which can be a major source of income for organized crime groups, to be targeted using the existing Criminal Code proceeds of crime provisions.

The government is concerned about telemarketing fraud and related practices, and we regard the confiscation of illegal profit as a major step to counteract it.

The government has also been asked by the provinces for changes to Criminal Code provisions dealing with gambling. Generally gambling is a criminal offence unless the activity involved falls within one of a series of exemptions created in the Criminal Code such as those for operations conducted or licensed by the provinces or parimutuel betting on horse races approved by the minister of agriculture.

The changes I am proposing would create two new exemptions. First, it would allow dice games in operations that are conducted and managed by the provinces. Second, it would allow gambling operations on international cruise ships.

I want to assure the House that changes are not intended to increase the level of gambling activity in Canada. Nor do we expect them to have this effect. What we are seeking to do is to ensure that gambling and tourism operations in Canada compete with those of other countries, especially the United States, on an equal basis.

Dice games are not a major part of casino gambling, but casinos which offer them may have a competitive advantage over those in adjacent jurisdictions. Ontario is particularly concerned that its operations offer a similar range of games to those in neighbouring U.S. states. Once this amendment takes effect it will be up to each province to decide whether it wishes to allow dice games in its casinos.

In the case of international cruise ships, the amendments would allow Canadian registered cruise ships which fall under Canadian law regardless of where they are and foreign registered cruise ships in Canadian waters to offer gambling to passengers. The changes also ensure that the operators of cruise ships which enter Canadian waters will not be charged with importing the gambling equipment in their casinos. This is expected to provide direct benefits to the cruise industry itself and indirect benefits to tourism and other business in the ports where cruise ships call.

Canadian registered cruise ships can compete effectively while abroad and foreign registered ships will not be deterred from calling on Canadian ports.

The cruise industry is an important and growing part of regional economies, particularly in the St. Lawrence valley of Quebec and the coastal waters of British Columbia.

I am happy to be able to propose amendments which will address the economic concerns and interests of these provinces and their populations.

Another area of the criminal law which is of concern to my provincial counterparts is that of prostitution. Concerns have been expressed to my predecessor and myself that the 1997 Criminal Code amendments making it an offence to obtain the prostitution services of a person under 18 would be difficult to prosecute. The provinces had asked us to bring forward an amendment changing the offence from obtaining the services of a young person to communicating with a young person for that purpose. I am happy to propose such an amendment in this legislation. Similar wording

in other prostitution offences has been held not to offend the charter by the courts.

• (1805)

Several changes in the area of search and seizure are also proposed in this legislation. The Criminal Code already provides the courts with the power to authorize the use of electronic surveillance of telephones and specified locations. Where this permission is given, it also authorizes police to install the necessary listening devices, but the legislation says nothing about their subsequent removal. The proposed amendments would address this situation by clarifying that judicial permission to install and use these devices also includes permission to remove them.

In many cases, the initial authorization runs out before police can safely go back to retrieve the devices. In such cases, the proposed amendments would allow the courts to specifically authorize their removal. The wording governing a series of search warrant provisions would also be amended to standardize the provisions and ensure that only public officers who have law enforcement responsibilities and peace officers could execute search warrants.

In 1997 the Criminal Code was amended to allow a justice who denies an accused person bail to also order that the accused not communicate with any witnesses or victims while in custody. This was identified by the provinces as particularly important in domestic violence cases where victims are often subjected to immediate pressure not to provide evidence or co-operate with the police.

Provincial authorities have subsequently pointed out that these non-communication orders are effective only after the accused has been brought before a justice for a bail hearing. This could be

### *Government Orders*

several days after the initial arrest, during which time accused persons can and do contact victims or witnesses.

To respond to the province's concerns, the proposed legislation would create a parallel provision allowing the first justice who sees the accused after arrest to make an immediate non-communication order. Once imposed, the temporary order would bar communication while the accused is held pending the bail hearing. It would be reviewed by the justice who hears the bail application, who could replace it with a non-communication order pending trial whether the accused is held in custody or released on bail.

This government is committed to the ongoing review of the criminal law and to the maintenance of effective legislative measures to protect society. As part of this effort, this legislation contains a series of other measures to address concerns about the legislation, adjust offences and punishments, modernize the statute and correct oversights enacted in other recent legislative initiatives.

We will continue to monitor the legislation and bring forward further changes as the need for them becomes apparent.

I look forward to the support of all members of the House for this important Criminal Code omnibus legislation.

**The Deputy Speaker:** In conformity with an order adopted earlier this day, I believe it is in order now to see the time as 6.30 p.m. even though it is not quite that.

[*Translation*]

It being 6.30 p.m., the House stands adjourned until 10 a.m. tomorrow, pursuant to Standing Order 24(1).

(The House adjourned at 6.08 p.m.)





# CONTENTS

Monday, September 28, 1998

## PRIVATE MEMBERS' BUSINESS

### Calgary Declaration

Motion P-22 .....	8431
Mr. Anders .....	8431
Mr. DeVillers .....	8434
Mr. Brien .....	8435
Mr. Brien .....	8436
Mr. McWhinney .....	8437
Mr. Harvey .....	8438
Mr. Harvey .....	8439
Mr. Bryden .....	8439

## GOVERNMENT ORDERS

### Canada Small Business Financing Act

Bill C-53. Second reading .....	8439
Mr. Manley .....	8439
Mr. Pankiw .....	8443
Mrs. Lalonde .....	8445
Mr. Riis .....	8447
Mr. Jones .....	8450
Mr. Harris .....	8453
Mr. Jones .....	8453
Mr. Riis .....	8453
Mr. Jones .....	8454

### Business of the House

#### Standing Committee on Procedure and House Affairs

Mr. Kilger .....	8454
Motion .....	8454
(Motion agreed to) .....	8454

### Canada Small Business Financing Act

Bill C-53. Second Reading .....	8454
Mr. Lastewka .....	8454

## STATEMENTS BY MEMBERS

### Literacy

Mr. Harb .....	8455
----------------	------

### Employment Insurance Fund

Mr. Stinson .....	8456
-------------------	------

### Chin Wing Chun Tong Society of Canada

Ms. Leung .....	8456
-----------------	------

### Trade 98

Ms. Bulte .....	8456
-----------------	------

### Amnesty International

Mr. Szabo .....	8456
-----------------	------

### Canadian Blood Services Agency

Mr. Hill (MacLeod) .....	8457
--------------------------	------

### Commonwealth Games

Mrs. Debien .....	8457
-------------------	------

### Housing

Mr. Graham .....	8457
------------------	------

### Magazine Advertising

Mr. Bélair .....	8457
------------------	------

### Firearms

Mr. Pankiw .....	8458
------------------	------

### Gemini Awards Gala

Mr. Drouin .....	8458
------------------	------

### Police and Peace Officers

Mr. Mancini .....	8458
-------------------	------

### International Aid

Ms. Folco .....	8458
-----------------	------

### Fusiliers de Sherbrooke

Mr. Price .....	8458
-----------------	------

### Agriculture

Mr. Adams .....	8459
-----------------	------

### Member for Sherbrooke

Mrs. Picard .....	8459
-------------------	------

### New Member

The Speaker .....	8459
-------------------	------

### New Member Introduced

Mr. Serge Cardin (Sherbrooke) .....	8459
-------------------------------------	------

## ORAL QUESTION PERIOD

### Employment Insurance

Mr. Solberg .....	8459
Mr. Martin (LaSalle—Émard) .....	8459
Mr. Solberg .....	8459
Mr. Martin (LaSalle—Émard) .....	8460
Mr. Solberg .....	8460
Mr. Martin (LaSalle—Émard) .....	8460
Mr. Jaffer .....	8460
Mr. Martin (LaSalle—Émard) .....	8460
Mr. Harris .....	8460
Mr. Martin (LaSalle—Émard) .....	8460
Mr. Duceppe .....	8460
Mr. Martin (LaSalle—Émard) .....	8460
Mr. Duceppe .....	8460
Mr. Martin (LaSalle—Émard) .....	8461
Mr. Crête .....	8461
Mr. Pettigrew .....	8461
Mr. Crête .....	8461
Mr. Pettigrew .....	8461

### APEC Summit

Ms. McDonough .....	8461
Mr. Gray .....	8461
Ms. McDonough .....	8461
Mr. Gray .....	8461

### Veterans Affairs

Mrs. Wayne .....	8462
Mr. Mifflin .....	8462
Mrs. Wayne .....	8462
Mr. Mifflin .....	8462

### Canada Pension Plan

Ms. Ablonczy .....	8462
Mr. Martin (LaSalle—Émard) .....	8462
Mrs. Ablonczy .....	8462

Mr. Martin (LaSalle—Émard) .....	8462	<b>APEC Summit</b>	
<b>Employment Insurance</b>		Mr. MacKay .....	8467
Mr. Loubier .....	8463	Mr. Gray .....	8467
Mr. Martin (LaSalle—Émard) .....	8463	<b>Swissair Flight 111</b>	
Mr. Loubier .....	8463	Mrs. Longfield .....	8467
Mr. Duceppe .....	8463	Mr. Bertrand .....	8468
Mr. Loubier .....	8463	<b>The Senate</b>	
Mr. Martin (LaSalle—Émard) .....	8463	Mr. Lowther .....	8468
Mr. Martin (LaSalle—Émard) .....	8463	Mr. Gray .....	8468
<b>APEC Summit</b>		<b>Montreal Congress Centre</b>	
Mr. Abbott .....	8463	Mr. Ménard .....	8468
Mr. Scott (Fredericton) .....	8463	Mr. Cauchon .....	8468
Mr. Abbott .....	8463	<b>Presence in Gallery</b>	
Mr. Scott (Fredericton) .....	8463	The Speaker .....	8468
<b>Employment Insurance</b>		Mr. White (Langley—Abbotsford) .....	8468
Mr. Cardin .....	8463	<b>Points of Order</b>	
Mr. Martin (LaSalle—Émard) .....	8463	<b>Comments during Question Period</b>	
Mr. Martin (LaSalle—Émard) .....	8464	Mr. White (Langley—Abbotsford) .....	8469
Mr. Cardin .....	8464	Mr. Boudria .....	8469
Mr. Martin (LaSalle—Émard) .....	8464	The Speaker .....	8469
<b>Indian Affairs</b>		<b>Privilege</b>	
Mr. Scott (Skeena) .....	8464	<b>Member for Saint-Maurice</b>	
Mrs. Stewart (Brant) .....	8464	Mr. White (Langley—Abbotsford) .....	8469
Mr. Scott (Skeena) .....	8464	The Speaker .....	8469
Mrs. Stewart (Brant) .....	8464	Mr. White (Langley—Abbotsford) .....	8469
<b>Scrapie</b>		Mr. White (Langley—Abbotsford) .....	8470
Ms. Alarie .....	8464	Mr. Boudria .....	8471
Mr. Vanclief .....	8465	Mr. White (Langley—Abbotsford) .....	8471
<b>Fisheries</b>		Mr. White (Langley—Abbotsford) .....	8472
Mr. Steckle .....	8465	Mr. Boudria .....	8472
Mr. Anderson .....	8465	The Speaker .....	8473
<b>Aboriginal Affairs</b>		Mr. Epp .....	8473
Mr. Hill (Prince George—Peace River) .....	8465	<b>Port Moody—Coquitlam By-election</b>	
Mrs. Stewart (Brant) .....	8465	The Deputy Speaker .....	8473
Mr. Hill (Prince George—Peace River) .....	8465		
Mrs. Stewart (Brant) .....	8465	<b>ROUTINE PROCEEDINGS</b>	
<b>Employment Insurance Fund</b>		<b>Small Business Loans Act</b>	
Mr. Martin (Winnipeg Centre) .....	8465	Mr. Lastewka .....	8473
Mr. Martin (LaSalle—Émard) .....	8465	<b>Government Response to Petitions</b>	
Mr. Martin (Winnipeg Centre) .....	8466	Mr. Adams .....	8473
Mr. Pettigrew .....	8466	<b>Interparliamentary Delegations</b>	
Mr. Brison .....	8466	The Deputy Speaker .....	8473
Mr. Martin (LaSalle—Émard) .....	8466	<b>Petitions</b>	
Mr. Brison .....	8466	<b>Sri Chinmoy Peace Blossoms Project</b>	
Mr. Pettigrew .....	8466	Mr. Harb .....	8473
<b>Tax Returns</b>		<b>Marriage</b>	
Mr. Assad .....	8466	Mr. Duncan .....	8473
Mr. Dhaliwal .....	8466	<b>Bill C-68</b>	
<b>Young Offenders Act</b>		Mr. Chrétien (Frontenac—Mégantic) .....	8473
Mr. Cadman .....	8467	<b>Marriage</b>	
Ms. McLellan .....	8467	Mr. Earle .....	8474
<b>Montreal Congress Centre</b>		<b>Grandparents' Rights</b>	
Mr. Dubé (Lévis—et—Chutes—de—la—Chaudière) .....	8467	Mr. Mills (Broadview—Greenwood) .....	8474
Mr. Cauchon .....	8467	<b>Prostitution</b>	
<b>Nuclear Testing</b>		Mr. Lowther .....	8474
Ms. Wasylcyia—Leis .....	8467	<b>Divorce Act</b>	
Mr. Rock .....	8467	Mr. Mahoney .....	8474
		<b>Questions on the Order Paper</b>	
		Mr. Adams .....	8474

Mr. Chrétien (Frontenac—Mégantic) ..... 8474

**GOVERNMENT ORDERS**

**Canada Small Business Financing Act**

Bill C-53. Second reading ..... 8475  
    Mr. Jaffer ..... 8475  
Mr. Lastewka ..... 8475  
Mr. Mahoney ..... 8475  
    Mr. Pankiw ..... 8477  
Mr. Mahoney ..... 8477  
Mr. Jaffer ..... 8477  
    Mr. Shepherd ..... 8479  
Mr. Jaffer ..... 8480  
    Mr. Bonwick ..... 8480  
Mr. Jaffer ..... 8481  
Mr. Mills (Broadview—Greenwood) ..... 8481  
    Mr. Harris ..... 8482  
Mr. Mills (Broadview—Greenwood) ..... 8482  
Mr. Shepherd ..... 8482

**Business of the House**

Mr. Adams ..... 8484  
Motion ..... 8484  
(Motion agreed to) ..... 8484

**Canada Small Business Financing Act**

Bill C-53. Second reading ..... 8484  
    Mr. Lowther ..... 8484  
Mr. Shepherd ..... 8484  
Mr. Grewal ..... 8485  
    Mr. Lastewka ..... 8487  
Mr. Grewal ..... 8487  
Mr. Bryden ..... 8488  
Mr. Ritz ..... 8489  
Mr. Harris ..... 8490  
Division on amendment deferred ..... 8492

**Criminal Code**

Bill C-51. Second reading ..... 8492  
Ms. McLellan ..... 8492

**MAIL  POSTE**

Canada Post Corporation/Société canadienne des postes

Postage paid

Port payé

**Lettermail**

**Poste-lettre**

**03159442**

**Ottawa**

*If undelivered, return COVER ONLY to:*

Canadian Government Publishing,  
45 Sacré-Coeur Boulevard,  
Hull, Québec, Canada, K1A 0S9

*En cas de non-livraison,*

*retourner cette COUVERTURE SEULEMENT à:*  
Les Éditions du gouvernement du Canada,  
45 boulevard Sacré-Coeur,  
Hull, Québec, Canada, K1A 0S9

**Published under the authority of the Speaker of the House of Commons**

**Publié en conformité de l'autorité du Président de la Chambre des communes**

**Also available on the Parliamentary Internet Parlementaire at the following address:  
Aussi disponible sur le réseau électronique «Parliamentary Internet Parlementaire» à l'adresse suivante :  
<http://wwwparl.gc.ca>**

---

**The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.**

**Additional copies may be obtained from Canadian Government Publishing, Ottawa, Canada K1A 0S9**

**Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.**

**On peut obtenir des copies supplémentaires en écrivant à : Les Éditions du gouvernement du Canada, Ottawa, Canada K1A 0S9**

**On peut obtenir la version française de cette publication en écrivant à Travaux publics et Services gouvernementaux Canada – Édition, Ottawa, Canada K1A 0S9.**