



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Thursday, February 18, 1999**

**Speaker: The Honourable Gilbert Parent**

## CONTENTS

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### OFFICIAL REPORT

At page 12006 of *Hansard*, February 17, in the right-hand column starting with the ninth paragraph the following should have appeared:

Small businesses represent 80% of the jobs created in Canada—

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

**The Speaker:** I ask the hon. member for Port Moody—Coquitlam—Port Coquitlam to please keep his remarks down. The hon. member for Edmonton—Strathcona.

**Mr. Rahim Jaffer:** Mr. Speaker, small businesses represent 80% of the jobs created in Canada in spite of this government's high tax policies.

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# HOUSE OF COMMONS

Thursday, February 18, 1999

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1005)

[*English*]

### INDIAN CLAIMS COMMISSION

**Mr. David Iftody (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.):** Mr. Speaker, pursuant to Standing Order 32(2), I am pleased to table on behalf of the government in both official languages the 1997-98 annual report of the Indian Claims Commission.

\* \* \*

[*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 11 petitions.

\* \* \*

[*English*]

### COMMITTEES OF THE HOUSE

#### NATIONAL DEFENCE AND VETERANS AFFAIRS

**Mr. Pat O'Brien (London—Fanshawe, Lib.):** Mr. Speaker, I have the honour to present in both official languages the fourth report of the Standing Committee on National Defence and Veterans Affairs which relates to Bill C-61. This bill amends the War Veterans Allowance Act and significantly improves the Pension Act.

I would conclude by indicating that the well-known issue of compensation to merchant mariners has not yet been dealt with by

the committee. By agreement it will be dealt with sometime in the near future, but we are reporting our vigorous discussions at this point.

\* \* \*

## PETITIONS

### HUMAN RIGHTS

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, pursuant to Standing Order 36, I am pleased to present a petition from a number of Canadians including those in my own constituency of Mississauga South on the subject of human rights.

The petitioners would like to draw to the attention of the House that violations of human rights continue to be rampant around the world including in countries such as Indonesia. They also acknowledge that Canada continues to be recognized internationally as a champion of human rights. Therefore, they call on parliament to continue to condemn countries that violate universally accepted human rights and to seek to bring to justice those responsible for such abuses.

### CHILD PORNOGRAPHY

**Mr. Bob Speller (Haldimand—Norfolk—Brant, Lib.):** Mr. Speaker, I rise today under Standing Order 36 to present petitions from a group of my constituents who are concerned about child pornography. They petition the Government of Canada to amend section 486.1 of the Criminal Code, and be enacted a specific exemption to an open court rule by excluding evidence of child enforced pornography.

### MARRIAGE

**Mr. Tom Wappel (Scarborough Southwest, Lib.):** Mr. Speaker, I have a petition signed by over 450 people from the community of Three Hills, Alberta. They pray that parliament enact Bill C-225, an act to amend the Marriage (Prohibited Degrees) Act and the Interpretation Act so as to define in statute that a marriage can only be entered into between a single male and a single female.

### SENATE

**Mr. Roger Gallaway (Sarnia—Lambton, Lib.):** Mr. Speaker, I am pleased to present this morning a petition duly certified which calls for the abolition of the Senate of Canada.

*Routine Proceedings*

This petition notes that there is a need to modernize our parliamentary institutions, that the Senate undermines the role of MPs in the House of Commons, that it costs taxpayers some \$50 million a year, and that it is an undemocratic institution.

• (1010)

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, I am also pleased to rise in the House to present a petition on behalf of 104 Canadian citizens representing 104 senators calling upon the House of Commons to abolish the Senate. The petition says among other things that the Senate is undemocratic, is not elected, is unaccountable, costs the Canadian people \$50 million, and it undermines the role of members of parliament and therefore the Senate should be abolished.

\* \* \*

[Translation]

### 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. 138 and 139 will be answered today.

[Text]

Question No. 138—**Mr. John Cummins:**

With reference to the neuro-psychiatric side-effects experienced by those taking the anti-malarial drug mefloquine (Lariam): (a) Of those Canadians administered mefloquine prior to the date of its licensing for general use by the Health Protection Branch in 1993, how many persons committed suicide or attempted to commit suicide and how many of these incidents were associated with alcohol use; (b) Of those Canadians administered mefloquine after the date of its licensing for general use by the Health Protection Branch in 1993, how many persons committed suicide or attempted to commit suicide and how many of these incidents were associated with alcohol use; (c) Of those members of the Canadian forces who were administered mefloquine since 1992, how many have attempted suicide or committed suicide; in what year; in Canada or abroad and if abroad name the country; (d) Of those members of the Canadian forces who were administered mefloquine since 1992 and attempted suicide or committed suicide, how many of these incidents were associated with alcohol use; (e) Has the Health Protection Branch reviewed the international experience concerning suicides, suicide attempts, and suicidal ideation associated with mefloquine use, and if so when, and what were the results and recommendations of the review, and what steps have been taken to implement the recommendations; (f) Has the Health Protection Branch reviewed the scientific literature with regard to suicides, suicide attempts and suicidal ideation associated with mefloquine use and if so when, and what were the results and recommendations of the review and what steps have been taken to implement the recommendations; (g) Has the Health Protection Branch revised the administering instructions for mefloquine to include warnings regarding suicides, attempted suicides, suicidal ideation, or the combination of mefloquine and alcohol and if so when, and what action taken, and if not does it plan to do so and if so when; (h) Have the Canadian forces taken actions in regard to suicides, suicide attempts or suicidal ideation associated with mefloquine use or the combined ingestion of mefloquine and alcohol and if so what was the action and when was it taken, and if not why not and

when do the forces plan to do so; (i) Has the Health Protection Branch taken special steps to warn Canadian physicians of the hazards of combining mefloquine and alcohol, when were they taken, and if no action why not, and when does the Branch plan to act and what do they plan to do; (j) Have the Canadian forces noted or otherwise received letters, doctors reports or other complaints from military families of miscarriages or infant deaths where either the father or mother were administered mefloquine prior to or at the time of the child's conception?

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** I am informed by the departments of health and national defence as follows:

(a) There has been only one case reported in Canada prior to 1993 of a patient with a medical history of alcoholism experiencing two episodes of hallucinations, depression and suicide ideation while taking mefloquine for malaria prophylaxis.

(b) There have been four additional cases reported in Canada after 1993. Two cases of suicide and two cases of suicidal ideation have been reported. Of these, two were potentially associated with alcohol use.

(c) Of the Canadian forces members who were administered mefloquine since 1992, there has been one attempted suicide, Somalia 1993, and one suicide, Rwanda 1994.

(d) One.

(e) Health Canada continues to follow the adverse reaction profile of mefloquine but has not formally undertaken a review of the international experience concerning suicides, suicide attempts and suicidal ideation associated with mefloquine use.

(f) Health Canada has not formally undertaken a review of the scientific literature with regard to suicides, suicide attempts or suicidal ideation associated with mefloquine use.

(g) The product monograph for mefloquine has been revised twice subsequent to the issuance of the notice of compliance. There has been no revision to the product monograph relating specifically to suicide. Depression is a contraindication to use of the drug, product monograph revision of January 1997. The precautions section of the product monograph states that "During prophylactic use, if signs of unexplained anxiety, depression, restlessness or confusion are noticed, these may be considered prodromal to a more serious event. In these cases the drug must be discontinued". Similar information is repeated in the adverse reactions section of the monograph and in the information to the consumer section of the monograph. With respect to mefloquine and alcohol, given that both mefloquine and alcohol are known to have central nervous system effects, in January 1995 a statement was included in the information to the consumer section of the monograph to read as follows: "It is best to avoid alcoholic drinks during treatment with Lariam".

*The Budget*

(h) Immediately following a 1995 report in the Canadian Medical Association Journal of a single case of a psychosis developing in association with excessive alcohol and mefloquine prophylaxis, the Canadian forces issued a warning message advising of this potential adverse reaction. Subsequently all deploying personnel are to be given a briefing regarding potential adverse effects of mefloquine and a warning against excess consumption of alcohol. In addition, alcohol consumption during Canadian forces deployments is closely regulated by the commanding officer.

(i) The product monograph is the official document used to inform physicians of the properties of drugs and the approved instructions for use. As indicated in response to part(g), the product monograph was updated to reflect current information available to Health Canada about mefloquine.

(j) The Canadian forces-Department of National Defence at the national level has had no reports of cases or complaints regarding miscarriages or infant deaths related to use of mefloquine in Canadian forces members. However, if such an event was reported to Health Canada through a dependant's doctor, we would not necessarily be informed.

Question No. 139—**Mr. Jim Pankiw:**

In each of the three previously recorded fiscal years, what has the government determined to be: (a) the total amount of federal tax dollars used to compensate Canadians whose firearms have been confiscated by the government; (b) the total amount of federal tax dollars given to El Salvador for use in a firearms buyback program; (c) the names of all countries to which federal tax dollars have been given for similar firearms buyback programs; and (d) the total amount of federal tax dollars spent to fund these initiatives?

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** I am informed by the Canadian International Development Agency and the Department of Justice as follows:

(a) The compensation file originated in 1994 with the passing of Order in Council No. 11 on November 29, 1994. OIC No. 11 identified a series of firearms as prohibited weapons effective January 1, 1995. Of the firearms that have been turned in under OIC No. 11, 47 of these were deemed to be eligible for compensation resulting in payments totalling \$36,009.77. Most of these payments have occurred in 1995 or the early part of 1996. By fiscal year the payments were as follows: 1995-96, \$31,613.56; 1996-97, \$1,110.17; and 1997-98, \$3,286.04.

(b) \$296,509\*.

(c) Mozambique.

(d) \$120,000\*.

It should be noted that through these Canadian International Development Agency projects, arms are not purchased for cash, but are exchanged for coupons donated by the business community

that can be redeemed for various consumable goods, such as food and clothing.

[*Translation*]

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

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

**Some hon. members:** Agreed.

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**GOVERNMENT ORDERS**

[*English*]

**THE BUDGET**

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from February 17 consideration of the motion that this House approves in general the budgetary policy of the government; of the amendment; and of the amendment to the amendment.

**Hon. Hedy Fry (Secretary of State (Multiculturalism)(Status of Women), Lib.):** Mr. Speaker, it is with enthusiasm and pride that I stand today to speak to the budget that was tabled two days ago in the House, enthusiasm and pride because this is a Liberal budget. It is a Liberal budget because it has balanced all of the needs of the people of Canada in trying to find a way to reduce the debt and in trying to find a way to do progressive tax reform and in trying to find a way to look at building a new social and economic infrastructure for the needs of Canadians in the 21st century. That is what makes me proud.

What makes me even more enthusiastic about this budget is that as a physician this budget has focused on health. This budget has focused very clearly on something I know a great deal about.

I do not speak only as a physician. I speak as someone who for the last 20 years has been very involved in all aspects of health care: in the financing of health care; in understanding how the health care system works at the provincial level and at the federal level; in understanding and working closely on issues of health promotion and disease prevention; and clearly, as president of the British Columbia Medical Association, in understanding the issues that affect the providers of health. I have worked for many years with the other health care providers in this country. I think with due modesty that I know something about the health care system in all of its intricacies.

Why I am pleased about this budget is that we have done the very important thing of injecting some acute care into the health care system.

*The Budget*

As a physician, and as a patient well knows, physicians are supposed to make accurate or as accurate as possible diagnoses. In spite of what we may hear from members of the opposition party, the health care system in Canada has not been in crisis and never has been in crisis. What the health care system of Canada has been—

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

**Hon. Hedy Fry:** I hear other members shouting. Obviously they do not understand the difference between crisis and acute care.

I am here to say that the health care system in Canada was not well and that it needed some acute care. It has been given that acute care. It has been given the immediate acute care it needed, which is to take care of the patient now for today and for the very immediate future. We have done this by infusing \$8 billion over the next five years into the transfer payments.

In terms of acute care, we have also put in place a supplementary fund of \$3.5 billion so that the provinces over the next three years in ways that they see fit for their needs can take money out of the trust fund to deal with some of the more acute issues that concern them in their provinces.

What is also important in this system is not only that the diagnosis has been made but the treatment has been started. First in the treatment of dealing with the acute care of the patient was to inject funds into the system.

• (1015)

Second, this budget puts \$1.4 billion into systems, research, accountability and looking at how we develop best practices and how we create a more effective and more efficient health care system, one that will provide a high quality of care. That is the other component of caring for patients which doctors know all about.

That component is not only to give patients the medicine needed to make them feel better immediately, but it also ensures that in the long term the rehabilitation of patients will take place, that patients will be able, as time goes on, to get better and to build a sound basis for having a better quality of life. Patients will become stronger and be able over time to extend their lives. This is the sustainability component of the budget that is key.

People like Robert Evans from the University of British Columbia, a health care economist who has spoken for health care for over 25 years, has said over and over again that what the health care system needs is not just money, that the health care system actually needs to change the way we have been doing things.

The system worked very well for us in the 1960s and the 1970s and in part of the 1980s, but as with every system that works well we need to constantly be evaluating, to be evolving and to be able to meet the newer and newer needs of patients. Things have changed in Canada.

We have an aging population and brand new technologies. These things need to be taken care of, and not just with money. We must find ways in which we can use technology appropriately and wisely. We do not need a CAT scan on every street corner. We do not need new technology in every hospital in the country, but appropriate use of technology is important.

The \$1.4 billion that will go into research and into building our system will help us how to do it better. It will assist the providers of health care, the administrators, hospitals and institutions to understand how to use technology better, to understand the things we need to do to give better and more effective care, and to deal with these issues a lot better than has been done in the past.

This evolution of the system is extremely important. That is key. This is something that Mr. Evans recently said very carefully. Every royal commission over the last 15 years that has sat in every province of the country has said the same thing. It is not money alone that will fix the system. We need to change the way the system works. We need to ensure that the system is more effective, that there are guidelines for good care, that we have appropriate guidelines for technology, and that we use the system far more wisely than we have been.

I am stressing the \$1.4 billion. It is nice to point to the \$11.5 billion that will be going into the health care system over the next five years, but what is more important is that little \$1.4 billion. That will make the system work better. That will ensure what all health care economists who understand health care have been saying over the last few years, that we need to deal with the system.

It will turn the system around. It will make a better system for us. Let us not ever believe that we are spending too little money on health care. We are one country that has been spending far more of a percentage of GDP on health care than many countries in the world with far better outcomes than we have.

Fixing the health care system has to involve looking at outcomes and at appropriate ways of dealing with the system so that the outcomes will be achieved. It is about allowing people to monitor what we are doing.

We have talked about acute care. We have talked about the rehabilitation of the system. We have talked about putting the system back on track in a new way so that it can serve 21st century Canadians better. We also need to know that health care is more than just hospitals.

Health care is about preventing disease. Health care is about assisting those who are disadvantaged in other parts of the country and need health care and prevention. One thing that is going into the new health care budget is money for aboriginal people such as the Inuit people of the country who have had very bad health outcomes over past years. This will start to make those changes.

*The Budget*

• (1020)

We need to talk about prevention. We are talking about the fact that over the last few years we have seen more and more low birth weight babies. One of the reasons for low birth weight babies has to do very clearly with mothers at risk, especially at risk of poor nutrition.

The new money going into the prenatal nutrition program is very important money. We will look at how to fix the outcome of low birth weight babies. It ties very clearly into the government's focus on helping children not only when they reach the ages of six and seven but when they are beginning to develop in the first three years of their lives and pre-birth when important developmental processes are beginning in the fetus.

The health care budget is more than just an infusion of cash into the system. It is more than just the infusion of immediate acute care needs for dollars. It is building a new health care system that will serve Canadians better.

We have said before that the system is not only made up of the people who use it. It is made up of the people around the country who provide care. One thing that is most exciting about the budget is the nurse program. Some providers will get the skills and tools they need to be able to build good information systems and to be able to assist them with good practices so they can provide health care.

It will also inject some much needed morale into the system. Nurses have laboured with very little thanks and very poor remuneration for the work they do. That is why nobody wants to go into nursing any more. The \$25 million endowment fund will assist nurses to start recruiting. It will give them the skills and tools—

**The Deputy Speaker:** Order, please. Did the hon. member indicate that she was splitting her time?

**Hon. Hedy Fry:** Yes, Mr. Speaker.

**The Deputy Speaker:** Then her time has expired, I am sorry to advise.

**Mr. Grant Hill (Macleod, Ref.):** Mr. Speaker, the member opposite spoke very eloquently about her background as a physician. She is a member of the Canadian Medical Association which has a comment to make on the budget as it relates to health care.

I would like her to comment on this particular perception of the budget. It is from Hugh Scully, president of the CMA. He says that the health care system is in an emergency situation now and that with the budget it has moved down to urgency status.

Why did the Liberals choose to take what was a monetary emergency in 1993-94 and turn it into a medical emergency? The CMA disagrees with her perception that medicare is in good shape today. It has gone from emergency down to urgency. What does she say to that?

**Hon. Hedy Fry:** Mr. Speaker, I did not say that the system is in good shape. Let us be very clear about that. I said that the system was in need of urgent care.

What the hon. member across the way has been telling us over and over is kind of strange. Physicians are supposed to diffuse anxiety, help patients find a better way to get well and build a strong rehabilitative program for patients. Physicians are not to panic, not to yell crisis, not to be a Chicken Little and say the sky is falling when it is not.

The medical association is saying that the system is in need of good acute care. We go to the emergency for good acute care. That acute care has occurred. This infusion of money into the system will help to give us the acute care we need. What is more important is that it will build a strong system for the future. That is what all health care economists like Robert Evans and many people across the country have been asking for.

Ten royal commissions across the country have said the same thing over and over, that there is a need to build new structures in the system. That is what the budget is doing. It is not just throwing money at the problem. We all know that throwing money at the problem will mean that in two year's time we will be asking for another \$12 billion. That will not resolve the problem. As a physician the hon. member should know that very well.

[Translation]

**Mr. Richard Marceau (Charlesbourg, BQ):** Mr. Speaker, I would like the minister, who is fortunate enough to be part of cabinet, to clarify for us the winning strategy of those Liberal ministers from Quebec with high sounding portfolios like Intergovernmental Affairs, Human Resources Development, Citizenship and Immigration, and Treasury Board.

• (1025)

How is it that all they were able to get for Quebec is less than 10% of the money available for health? What did they do? Were they asleep during cabinet meetings? Did they stand up for Quebec's interests or did they just sit on their hands as usual, letting Quebecers down in favour of the federal government and Ontario?

[English]

**Hon. Hedy Fry:** Mr. Speaker, I suggest again that this budget is to be placed on top of the last three budgets because it is building a clear layer by layer infrastructure. It is also to be placed on top of the social accord which, the hon. member would agree, the premier of his province did not sign on to.

Therefore I should ask him why his premier did not consider the needs of Quebecers in the context of the needs of all Canadians. By denying the ability to look at the social accord he is denying Quebecers the right to work together in partnership with the

*The Budget*

federal government to build a stronger infrastructure, not only of health care but for social services.

Poverty is a very clear indicator of health. Productivity is one issue that we need to look at. Those are some of the built-in issues. A budget does not stand alone. The issues that we are talking about are not in isolation from everything else. Economic and social issues are interdependent on each other.

In order to build something for Quebecers we would have to look at the whole, at how we deal with all the issues and whether Quebecers get an opportunity to participate as the other nine provinces are.

**Mr. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, let me say right at the outset that the 1999 budget as tabled by our finance minister on Tuesday truly reflects the social and economic needs of all Canadians.

[*Translation*]

The budget highlights this government's commitment to continued co-operation with the provinces, on behalf of all Canadians, in order to safeguard and strengthen our society into the 21st century.

[*English*]

The budget was developed through an open and consultative process in which all members of the government were involved. The Ontario caucus, which I chair, fought hard to promote the interests of all Ontarians and all Canadians. I am pleased that our strong and united voice has been heard.

Canadians have told parliament that our health care system needs more funding to better serve those in need.

[*Translation*]

That is why, for instance, the 1999 budget announced that the provinces and territories will receive an extra \$11.5 billion over five years for health care. This is the most substantial one-time investment ever made by the government.

[*English*]

The Ontario Liberal caucus fought hard for accountability measures to ensure that the new funding will be spent on health care and not for other purposes. Such assurances have been obtained from the Premier of Ontario and all territorial and provincial leaders.

The budget is good news for Ontario. It ensures that the federal government's health care investment will be distributed on an equitable per capita basis. Thanks to a policy of inequity introduced by the last federal Conservative government, Canadians have been treated differently under the CHST depending on where they live. Given the population of Ontario, we have not been receiving our fair share. The budget provides for a gradual narrowing of these disparities. Increases in CHST makes it possible

for Canadians to obtain equal per capita entitlements by 2001-02. This will benefit provinces such as Ontario.

Transfers to Ontario will grow significantly over the next five years. New health money means transfers are projected to grow from about \$9.5 billion this year to \$12 billion over the next five years. Per capital CHST entitlements will grow from \$830 million to \$985 million by 2003-04. This means almost \$5.3 billion more for Ontario over five years.

There are significant funds in these increased transfers to Ontario that could be deployed to assist the homeless in Ontario if this were the priority of the Ontario government. They have that flexibility.

Ontario will also benefit from \$1.4 billion invested by our own government to promote health care research and prevention. In Ontario federal research dollars will support the work of two doctors from the Children's Hospital of Eastern Ontario whose research on genes will help patients suffering from Parkinson's disease, strokes and other related diseases. Researchers at Carleton University and Kingston General Hospital will also directly benefit from upgrades to MRI machines which will improve the detection of breast cancer. Mr. Speaker, I know that would be of great interest to yourself.

• (1030 )

We are in a position to strengthen our health care system because of the prudent fiscal discipline undertaken by this government. After inheriting a federal Conservative deficit of \$42 billion, we needed the help of all Canadians to put our finances in order. The sacrifices made by many will allow Canada to enjoy a prosperous future in the 21st century.

In 1998-99 we will balance the books or better. This is the first time since 1951-52 that the Government of Canada has been deficit free for two consecutive years. We are also on track for balanced budgets or better in both 2000 and 2001. This will mark only the third time since Confederation that the Government of Canada has recorded four consecutive balanced budgets.

[*Translation*]

Cuts in income tax are vital to the government's objective of building a better future today. Accordingly, the federal government is committed to making major tax reductions as equitably as possible.

For the first time since 1965, individuals are given a tax reduction without borrowing being required. The largest cuts planned in the 1998 and 1999 budgets will be for low and middle income Canadians, out of concern for fairness.

[*English*]

The 1999 budget builds on the \$7 billion in tax cuts that were delivered last year by providing \$7.7 billion in tax reductions over the next three years. The 1998 budget benefited low income Canadians by increasing the amount of income they can earn



*The Budget*

annually before paying income tax by \$500. The 1999 budget increases the amount by \$175 to \$675 and extends it to all Canadian taxpayers. This means that effective July 1, 1999 the basic amount of income that all Canadians can earn annually on a tax free basis will rise to \$7,131. In addition this budget also fully eliminates the 3% surtax.

This government is committed to substantially reducing taxes in the fairest possible way. Nonetheless for tax relief to be permanent, it must be affordable and not jeopardize the soundness of Canada's finances.

The 1999 budget also shows a strong commitment to keeping the debt to GDP ratio on a downward path. Last year Canada's debt to GDP ratio saw its largest single yearly decline since 1956-57, from 70.3% to 66.9%. For the current year, 1998-99, it will fall still further to around 65.3% and by 2000-01 the debt ratio should be down to just under 62%. This falling debt burden is allowing us to reallocate funds that would otherwise have been needed for interest payments on the debt. We increasingly will be able to free up resources for targeted social programs, tax relief and for investments in a more productive economy.

However, we need not be obsessed with paying down the debt. As our economy continues to grow, our debt ratio will shrink naturally as well.

[*Translation*]

The 1999 budget is based on a fact that applies the world over. Technology is changing at a phenomenal rate, before our very eyes. It is totally changing the nature of the labour and business markets and it is changing the skills and knowledge we require to remain competitive at home and abroad.

[*English*]

The new economy makes investing in knowledge and innovation essential for the creation of well-paying jobs and improving our standard of living. It is for this reason that the government has committed to spend more than \$1.8 billion in knowledge spending. This money will help strengthen research and development and aid those companies producing leading edge products and services.

Last week I rose in the House to announce that the unemployment rate in Canada had fallen to 7.8%, the lowest in almost nine years. In 1998 Canada created 453,000 new jobs and led the G-7 with the highest job growth rate.

• (1035)

While these results are encouraging, we must continue to focus on reducing our unemployment rate even further. The best way to create jobs is by providing Canadians with the knowledge and training they need to adapt to our changing global economy.

On a final note, I would like to congratulate the Minister of Finance and the Secretary of State for International Financial Institutions for responding to an important initiative that I have promoted. This budget will amend the Income Tax Act to allow offshore investment funds to engage Canadian service providers without jeopardizing their tax status.

Essentially Canada has responded in kind to measures introduced in the United States to eliminate tax impediments for offshore investment companies that wish to conduct their back office work within the United States. Canada has done the same, allowing offshore investment companies to set up back offices in our financial centres to perform administrative work and investment services. This will help to create jobs and stimulate economic activity in the Toronto financial services sector and throughout Canada.

In conclusion, this budget is good for Ontario and good for Canada and it positions us very well to enter the next millennium. It is for this reason that I am proud and very pleased to support it.

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Mr. Speaker, I listened with interest to the comments of the hon. member opposite, especially when he said that this budget reflects and meets the economic and social needs of all Canadians.

The elimination of the 3% surtax amounts to some considerable savings. By my calculations every millionaire in this country will save \$8,000. That figure resonates with me and this is why.

In my community this government has just committed to close down the coal mines. The amount of the training allowance that will be given to each miner who has spent on average 25 years underground, whose average age is 47, who owns a home of about \$30,000 or \$40,000, will be \$8,000. That is the training allowance to move them into the new economy which the member boasts about. That is the money to bridge them from this labour intensive industry in which they have spent their lives to the new economy the member boasts about. If we had not given the millionaires the reduction that would save them \$8,000, we might have been able to double the amount of training allowance for those miners.

The best illustration I can give the member is my next door neighbour. He will be 47 when the mines close and will have spent 25 years underground. He has a 17-year old boy who is at the top of his class entering university, a 13-year old boy in junior high and an 8-year old daughter with special needs. He will not get a pension. He will get a severance package of maybe \$50,000, a portion of which will be taxed back and he will get \$8,000 to train for the new economy in an area where the unemployment rate is 20%.

When the member says that the budget reflects and meets the social and economic needs of all Canadians, does he think it meets my neighbour's needs? Would it not have been better to keep in the

*The Budget*

government treasury the \$8,000 from the millionaires and double the training allowance for those miners?

**Mr. Roy Cullen:** Mr. Speaker, I am pleased to respond to the comments from the member for Sydney—Victoria.

I know of the unfortunate circumstances with Devco in his riding. That has been a matter for concern for all Canadians and all parliamentarians. I thought I heard the Minister of Natural Resources announce in the House a fairly complete package to do the very best we can to help those people reposition their lives. There were a number of measures announced.

When the member talks about high income Canadians with respect to the 3% surtax, the vast majority of the balance of the 3% surtax being removed is really targeting middle income Canadians and lower income Canadians. There are some at the higher end who will also benefit, but I think we owe it to some middle income Canadians who have borne a very serious burden in balancing our books and bringing our deficit under control that they should receive some benefit from their hard work and their sacrifices. I have no compunction about delivering some target tax relief to middle income Canadians.

• (1040)

At the end of the day, reducing and eliminating the deficit is a means to an end. It means we have more flexibility now and in the future to direct government resources in more targeted ways that benefit more and more Canadians.

[*Translation*]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, this budget is a disappointment. It raises ire and promises the worst.

This budget is a disappointment because, once again, the unemployed are footing the bill. They will be paying for federal generosity, because the employment insurance fund will remain the government's cash cow, and the Minister of Human Resources Development will continue to be the valet to the Minister of Finance.

There is nothing for the unemployed in this budget. According to the forecasts, the government will be taking \$4.9 billion from their pockets. In fact, by the end of the fiscal year, it will be more than \$6 billion, probably \$6.5 billion or \$7 billion. That means that there will be in the unemployment insurance fund, what they call employment insurance—it is shameful to have such terminology for such purposes—somewhere around \$25 billion taken from the pockets of the most disadvantaged.

There is no relaxation of this plan, which is pushing individuals and families into poverty, misery, despair—as I have seen in the Gaspé and in my riding. Children come home from school hungry

because their parents are no longer entitled to employment insurance benefits.

Only 36% of those who have contributed and are unemployed are entitled to benefits. If an insurance agent charged two or three times the amount of the premium, compensated two victims out of five and pocketed the profits, as the Minister of Finance is doing, he would be taken to court and he would end up in jail. Yet, this is what the Minister of Finance, who is more interested in looking after his ships than after the unemployed, is doing.

We are also disappointed because the government made the deliberate choice of helping the rich rather than the middle class, by abolishing the 3% surtax instead of indexing the tax tables. Ever since the government stopped indexing the tax tables, the middle class has been paying ever increasing taxes. There have been no tax cuts. There are more and more middle class people whose salary has gone up, but their financial situation has not improved, since the price of consumer goods has also gone up. These people are paying more taxes because the government did not index the tax tables. This means that the tax burden of the middle class remains excessively heavy.

To be sure, the Minister of Finance will tell us about the child tax benefit. But let us not forget that this benefit only applies to low income families. After all, could it be that, if children are poor, it is because their parents are poor? Could it be that many children are poor because the Minister of Human Resources Development, another bad choice of words, is devoid of compassion and cold-hearted? He is a technocrat.

This minister is making sure that some men and women no longer qualify for EI benefits and therefore have no money to look after their children. And then he sheds tears and laments the plight of children who live in poverty. Do members know what this sort of behaviour is called? It is called hypocrisy, and this is what we get from the Minister of Human Resources Development and the Minister of Finance.

This budget is outrageous, because it clearly shows that the federal government does not care about the provinces and that social union will, to all intents and purposes, lead directly to a unitary state. In fact, we are seeing the first fallout from the social union because nowhere in the document, with its constant references to the social union, is it stated that Quebec did not sign the agreement.

The government refers to it repeatedly, but fails to mention that Quebec never signed such an agreement, and a good thing when we see what is happening to the other provinces, always of course with the complicity of the Premier of Saskatchewan, Roy Romanow.

They will never get us to believe that this agreement runs for only three years and that federal interference in provincial areas of jurisdiction will therefore be limited to three years as well. We know this is not true.

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• (1045)

We know that these are institutions that will become permanent and that will sanction the presence of the federal government in the health sector. In fact, what the federal government is trying to do is to slip the social union past Quebec.

Ottawa's strategy is to put \$1.4 billion into health, although this is an exclusively provincial jurisdiction, through various initiatives. One of the programs announced was the national health surveillance network. Ottawa knows best. Big brother is at work.

Now, the federal government is going to link up public health laboratories. Why? So as to be better able to impose its own priorities. Yet there is no serious problem with the interprovincial exchange of information on serious illnesses and epidemics. We do not need the federal government creating another bureaucracy, particularly in health because, as I said the other day, in biology, the function creates the organ, but in Ottawa it is the reverse. As soon as they have any money at all, they create another bureaucracy.

There are already all sorts of mechanisms at the interprovincial and federal-provincial levels for these purposes. What is the reason for these initiatives by Ottawa at a time when emergency rooms are overflowing and waiting lists for surgery are growing? What does Ottawa do? It carries out new studies and collects more statistics.

But the provinces know where the problems lie. They do not need a federal big brother to do studies for three or four years and then tell them emergency rooms are overcrowded. They know that already. So should Ottawa, because it was the one that cut health funding by \$6 billion in Quebec alone over the last four years. And now it expects us to thank it for giving \$1 billion back. It is a bit like expecting someone who has had \$6,000 stolen to thank the thief for giving back \$1,000, leaving him only \$5,000 short. And the spineless Liberal Party members from Quebec give it their seal of approval.

What is even more disgraceful in all this is that the real needs are being felt throughout the health system, but a new bureaucracy of statisticians is being created. We do not need statisticians; we need doctors, nurses, specialized health care providers and support staff. Ottawa gives us numbers, paper and bureaucrats. Some priority.

There is another program called the NURSE fund, whereby the federal government is trying to do indirectly what the Constitution prevents it from doing directly, namely interfere in health care management through the role it assumes with regard to our nursing staff, something a minister was bragging about a few moments ago.

I will read an excerpt from a budget document dealing with this issue. It says, and I quote:

—better enable nurses to deliver quality care—

This is under provincial jurisdiction.

—in an environment of health care restructuring; identify approaches to retrain—

This comes under education, which is under provincial jurisdiction.

—the existing workforce; and attract new members to the profession.

In one sentence, we see interference in three different areas, namely health, education and manpower training. If we want to attract new members to the nursing profession, we do not need statisticians, sociologists or rocket scientists from the federal government. Give us back the money and we will know what to do with it. We will give nurses higher salaries and hire more of them. We need money, not far-fetched ideas from the finance minister and his accomplices.

In the computer age where communications are transforming our society, the federal government will use new technologies to further interfere in areas under provincial jurisdiction. I am thinking of the telehomecare, telehealth program. Ottawa can now have a physical presence in CLSCs and is in the process of creating virtual CLSCs. This is unacceptable, especially the unfair treatment Quebec is getting in the distribution of additional health transfers.

First of all, I must point out the hypocritical methods used by the federal government in announcing, without ever consulting Quebec, how it will distribute the \$11.5 billion that will be put back into the health care system. Quebec was not consulted, probably because this was part of the federal government's overall strategy regarding the social union issue. Alberta, Ontario and British Columbia were given kickbacks and asked to sign. That is what the arrangement was, as we now know.

• (1050)

The document on health, signed by the ten premiers, specifies that any amount paid back through the Canada health and social transfer was to be reinvested in health on the same terms and conditions as before. Once again, the Prime Minister broke the promise he made, when he signed, but he has done that on many occasions before. His whole career has been marked by such actions.

On the social union, consultations and a one-year notice are provided for. The agreement was signed on February 4. The budget was brought down on February 16. The whole method of funding health care has been changed. That is how Ontario's support was bought, and we have seen that the stage was set for Mike Harris' comedy. That is how British Columbia and Alberta were bought as well.

We only need a few figures to illustrate this. In 1998-99, of the extra \$2 billion in transfers for health, \$150 million will go to Quebec and \$949 million will go to Ontario. As for the \$11.5 billion over five years, \$950 million will go to Quebec and \$5.5

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billion to Ontario. That is billion, not million. Overall, Quebec will receive 8.3% of the transfers, while Ontario will receive 47%.

Whatever the period considered, Ontario receives six times more money than Quebec. That is what this good budget for Quebec is about, apparently. Of course, the spineless Liberal members we have here in Ottawa, these federalist yes-men, will contend that Quebec is getting an extra \$1.4 billion in equalization payments, which is nothing but money owned to Quebec for the miscalculations the federal government has made three years in a row.

I heard the Minister of Immigration state, yesterday, that they are trying to repair a historic injustice. In fact, they are creating another one for Quebec. This is disappointing on the part of a former health and education minister in Quebec. This kind of attitude is disappointing, appalling and sad. We are expected to be pleased this consolation prize, because that is what equalization is, a consolation prize for other policies.

A few years ago, I heard the Minister of Intergovernmental Affairs say that, to bring Quebec nationalists and even federalist nationalists to take a more realistic view, Quebec would have to suffer. I think he has achieved his goal this time. His prescription has been filled by federal bureaucrat pharmacists, "Quebec is getting what the doctor ordered". That is strong medicine. This is the sort of utter nonsense this minister utters; however, cabinet accepted it.

It is a short term solution. Ontario will receive ongoing transfer payments now and not just on the 50% provided for last year by the Minister of Finance in the social transfers, but on the whole thing, all 100%, not only for education or health, where there is a certain rationale for a per capita basis, but also for social welfare.

Should a province have 23% of the social welfare cases because it represents 23% of the population? That is the sort of nonsensical reasoning of the government and the Minister of Finance.

Let us take a look at what this per capita method would mean overall. If it applies to social transfers, will it apply to current federal spending on goods and services, where Quebec receives 20% instead of 24%? Will it apply to federal capital assets and spending, where Quebec receives 19% instead of 24%? Will it apply to federal subsidies to business, where Quebec received 18% rather than 24%. And to federal laboratories, where the figure is 16%? And to research and development, where it is 14%?

In the national capital region, of 43 research centres, 42 on the Ottawa side and one in Hull. Is that chance? We do not think so. It is not a matter of chance, this is traditional Ottawa politics. That is 13% of federal personnel in science and technology, and I am not including the army.

Let us have a look at regional development. In the maritimes, the per capita amount from the federal government is \$1,074; in Quebec it is \$325. In this case, the per capita basis is not a good thing. They forget the per capita basis when it is worth their while, and the Liberals from Quebec, marching merrily along, have not a word to say about it. They will agree to anything. This sort of attitude is shameful.

• (1055)

This government and this Minister of Finance in particular, with his henchman, his shylock in human resources, are shameless. Political schemes are now what guide the Minister of Finance in determining how the accounting should be done.

The Minister of Finance tells us he is going to stay the course, creating trusts like the millennium scholarships, in the name of good public health and transparency. When we ask questions here in the House about the millennium scholarships, we are told that we must ask the foundation. What is transparent about that? When we notice surpluses, later on, they will tell us there is a foundation, that they cannot answer our questions.

They call that transparency. I have another word for it, like the term fair play they use so often. Unfortunately, fair play seems to be the best we can come up with in French as an equivalent for the English, but 90% of the time these people use the expression fair play to mean what we call hypocrisy in French. That is the only word for it.

We know that surpluses will magically materialize next spring. The Minister of Finance will say that the government has done much better than he expected it would, and that he had no idea three weeks earlier that there would be a \$15 billion surplus.

The Minister of Finance may be a lot of things, but he is not unintelligent. He is not lacking in the brain department. He knows how to count, we know that. He is a good counter, but we do not have the right accounting book. This is because, every year, the minister indulges in a game of cooking the books. It reminds me of the recipes of a chef named Pol Martin. I can mention that name, because there is indeed a chef named Pol Martin.

The minister underestimates revenues, overestimates spending, dips into the employment insurance fund of his accomplice, all this with a good dose of political cynicism seasoned à la Pol Martin, the chef, not the Minister of Finance, of course.

He tells us he is being cautious, but his figures no longer mean anything. One cannot be off the mark by \$15 billion or \$12 billion year after year. People know that what is being announced now is not what will be announced in March and in October, when the last quarter will end. Last year, the Bloc Québécois said the surplus would be at least \$2.5 billion. We were told "No, no, no, this is

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wrong". Well, in October, it turned out to be \$3.5 billion. This is the reality. The minister uses the same trick every year.

So, surpluses will appear once again and what will the government do? It will set up new trusts. Last year, the government got involved in education, while this year it is in the health sector. What will it be involved in next year? Perhaps in municipal affairs, road infrastructures or whatever.

Things are becoming more and more clear with this government. We can see why the Prime Minister was anxious to hold a last minute meeting, on February 4, after refusing to do so just before the budget. It was to bribe the provinces that would sign the agreement and keep quiet afterwards. This government is rebuilding Canada for Canadians, for the nine other provinces that are working together.

I have nothing against their wanting to build a Canada in their own image. I have known for a long time that Quebec has no place in there. We are in each other's way because we are two different peoples with two different ways of doing things. And there are nine allies on the other side who sign documents, only to go back on their word afterwards. The Prime Minister did it yesterday by not adhering to the social union agreement with regard to transfer payments.

The Prime Minister told us that the Constitution's general store was closed. I can tell you that the Prime Minister's boutique is open for business and that federal officials are getting in through the back door and getting ready to change everything in this country, trying to impose upon Quebec their own vision of Canada. They are telling us: "You will comply. You will be pleased to get equalization payments. You will be pleased that there is no productive policy for Quebec. You will be pleased with things such as the energy line in the past, even though you are not getting your share of the research and development envelope. But you have equalization payments. You have more employment insurance, more unemployment insurance".

Could it be because unemployment is on the rise and federal policies have something to do with it? All the yes-men, all the happy beggars, Liberal members from Quebec, applaud their leader.

• (1100)

Quebec's motto is "I remember". I can tell you that this budget will not be well received in Quebec, that we will remember it. If they think they can impose their own vision of Canada, the Bloc will be here to defend Quebec's true interests.

We will not give in, as those on the other side constantly do, thinking that 74 Liberals out of 75 signed the Constitution in 1982. We called them "the 74 nitwits". I think we are not through seeing nitwits among federal Liberals from Quebec.

**Mr. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, the Bloc Quebecois is complaining about the budget, but this is nothing new, this is par for the course.

[English]

The Bloc members complain about everything and anything. I am glad to hear the opposition leader say that they will be around for a long time, not that I welcome them here in the House, but that means Quebeckers will not accept their vision of Canada.

One thing I found very interesting is the Bloc Quebecois and the Parti Quebecois talk about the per capita equalization. I find that strangely ironic because I guess some deal was cooked up with the previous Conservative government, the Quebec government and other governments. It is fine to have nice little cosy deals, but when they are not fair, that is when we speak up. What we have here is a per capita equalization on the CHST that is fair.

What the hon. member forgets to mention is the equalization.

[Translation]

Thanks to the new equalization formula calculated over a five-year period, the have-not provinces will get \$5 billion more in the next five years than they did in the last five.

[English]

Sadly, Quebec is one of those less prosperous provinces. Why is it less prosperous? Because of the policies and politics of the Bloc Quebecois and the Parti Quebecois.

If we look at the equalization payments, Quebec received in 1997-98 \$4.2 billion, and in 1998-99 \$4 billion. That is about half of all equalization. In fact it will allow the province of Quebec to balance its budget.

The member conveniently forgets the equalization. He conveniently forgets the fairness of the per capita CHST.

[Translation]

**Mr. Gilles Duceppe:** Mr. Speaker, I did not forget it, in fact I alluded to it in my speech. The member would know this if he had listened.

When I said that this so-called fair-play and fairness was in fact hypocrisy to us, this is living proof of what I meant.

If Quebec is getting more through equalization, and that may well be the case, it is because research centres are primarily located in Ontario, not in Quebec, it is because goods and services are bought primarily in Ontario, not in Quebec. The government would like us to believe that we are charity cases. We do not want charity, we want productive investments.

This is the kind of speech heard even before Confederation. When we got together back in 1840, Ontario was in debt, but not Quebec. They said "Let us be fair and have everyone contribute". This is their idea of fairness. Today, they are again talking about

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fairness. They are saying “You have equalization, we are giving you money, you should be pleased with our generosity”. In the meantime, they make money.

For example, think of the money invested in Ontario with the Borden line, to the detriment of Quebec, and with the auto pact, again to the detriment of Quebec. This is productive money, unlike the money for welfare and unemployment, as they well know.

It is total hypocrisy to tell us that you love us, that you give us money. If you love us so much, are you prepared to pay for Quebec to stay? In any case, I do not believe you for one moment.

[English]

**Mr. John Finlay (Oxford, Lib.):** Mr. Speaker, the leader of the Bloc Québécois, the member for Laurier—Sainte-Marie, has made an impassioned speech. He uses a lot of fine language. He used the word “hypocritical”.

Twenty-three per cent of the funding is for 23% of the population. That is not hypocritical. My colleague has talked about fair play. I find it passing strange that the leader says that they have not found a good way to say it in French. I wonder if that is because the Bloc Québécois, the real—and I say that facetiously—Quebeckers, do not really understand fair play?

• (1105)

**The Acting Speaker (Mr. McClelland):** Hon. members, before we get into this, I think it is prudent to remark on the term “hypocritical”. My understanding is that in the form and the context used by the hon. member for Laurier—Sainte-Marie, he did not refer beyond generalities to an action. He did not refer to a specific person or individual but to a circumstance. It is important that that point be made.

[Translation]

**Mr. Gilles Duceppe:** Mr. Speaker, we have a clear enough understanding of what fair play is to know that when my colleague, the member for I am not sure which riding, talks about fair play, we know that what he is really talking about is hypocrisy.

We understand the concept well enough to know that it is not fair play he is talking about but hypocrisy, because if funding is on a per capita basis, that is fair, we get 23% of the social transfer, fine. Why not in research and development? Why not in procurement of goods and services? Why not in regional development? How can they talk about fair play when, if something is productive, it is not good for Quebec, but a great boost for Ontario? But, when health is on the table, fair play is dragged into it.

It is a double standard: it cannot be fair to one party and not the other. If there is agreement for per capita funding, then that is what it should be across the board. And the day we see that, we will not need Ottawa, among other things. We will keep our money for our own affairs. What we do not need is to send it here, have it processed by a few bureaucrats and then receive it back in another envelope.

They can work out whatever arrangement they want with the rest of Canada. That is their business and I want nothing to do with it. But our money belongs to us and we are not receiving it in productive sectors, because per capita funding has gone by the board. But when it comes time to redistribute the money for health and social assistance, the per capita formula applies. Especially for social assistance. Talk about inconsistencies! Will any member opposite rise in their place and defend their government’s policy, without fear of being mistaken for someone who should not have been elected?

[English]

**Mrs. Brenda Chamberlain (Parliamentary Secretary to Minister of Labour, Lib.):** Mr. Speaker, I will be splitting my time with the hon. member for Chatham—Kent Essex.

The 1999 federal budget is good news for the people of Guelph—Wellington. Last August I concluded a prebudget survey asking constituents what they would like to see in the budget. I sent a copy of the responses to my colleague the Minister of Finance. I am proud to say that he listened to the needs of our community.

When asked about their budget priorities, the most common answer in my riding was health care. This is a health care budget. An increase of \$11.5 billion dollars over five years with an immediate transfer of \$3.5 billion is great news for everyone. This infusion of funds brings the so-called health care component of the Canada health and social transfer back to the level it was before the period of restraint in the mid-1990s. It is very important to note that all of this money will go directly to health care.

A health accord was recently reached as part of the social union negotiations. There the federal government agreed to increase funding for health care. In turn, the provinces promised to dedicate all new health money to health spending. The federal government has upheld its end of the bargain. I am confident that the provinces will do the same.

The era of federal-provincial struggles is over. The social union agreement established an administrative framework for the management of Canada’s crucial social programs. It established a process of dispute avoidance and resolution. It is proof that by working together the provincial, territorial and federal govern-

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ments can build a better Canada. I believe that this atmosphere of co-operation will continue into the new millennium.

How will this health care money benefit the residents of Guelph—Wellington? It will be used to address the immediate problems of the medicare system, bed shortages, waiting lists and staffing difficulties. However, it will also be used to ensure the long term survival and fitness of the health care system that Canadians everywhere are so very proud of, a system that is the model for countries around the world.

• (1110)

One aspect of this funding increase that I find truly remarkable is that the provinces are given the flexibility to determine when they will receive the money that they need. This way every province will be able to meet the needs of its residents at its own pace.

In addition to money for front line services, \$1.4 billion has been allocated to improve health information systems so that Canadians know how their health care dollars are being spent. It will also be used to promote health related research and innovation in areas like breast cancer treatment and the Canadian institutes of health research.

Finally, it will focus on prevention and ways to promote community health.

Something else that is big news for Guelph—Wellington is the equalization of transfer payments. It used to be that the have provinces, including Ontario, received a lower per capita amount under the CHST. Within three years these payments will be equalized so that every Canadian receives the same transfer payment because after all, Canadians want a society where everyone is treated equally.

In addition to health care funding, many residents of Guelph—Wellington wanted tax cuts. Once again the federal government has delivered.

Last year the federal government initiated a program of progressive tax cuts. This year we have built on that foundation by increasing the basic personal income tax credit from \$6,456 to \$7,131, an increase of \$675. The 3% surtax has also been eliminated. Families with incomes of up to \$45,000 will see their taxes reduced by at least 10%. When combined with the measures announced in the previous budget, this amounts to \$16.5 billion in tax relief over three years.

These measures will also take an additional 200,000 low income Canadians off the tax rolls. Further, the federal government has allocated an additional \$300 million for the child tax benefit. The threshold for benefits has been increased to allow almost \$2 million for low and modest income families to receive benefits. This is an important tool in the fight against child poverty.

For the residents of Guelph—Wellington, tax relief means more money in people's pockets but not at the expense of our standard of living. It is because we have balanced the budget that we are able to do things like cut taxes and increase spending on social programs.

However, we do not believe that we should throw caution to the wind. We will not make decisions today that will run us into the red causing future generations to pay for past mistakes. No, we will continue to project two-year fiscal plans to have a contingency fund and to use that contingency fund to pay down the debt if it is not needed for other things.

This is only the second time since 1951 that a federal government has recorded two balanced or surplus budgets back to back. It is also only the third time since Confederation that we have had four consecutive years of budgets in the black. We will continue to improve on our nation's financial situation while improving the standard of living for all Canadians.

We cannot pursue either goal at the expense of the other, but rather, we must achieve balance.

The University of Guelph is one of the best post-secondary institutions in Canada and an important part of my community. It too will benefit from this budget and therefore so will the people of Guelph—Wellington.

The 1999 federal budget builds on the Canadian opportunities strategy announced last spring. Over the next three years the federal government has allocated \$1.8 billion for the creation, sharing and commercialization of knowledge and innovation. This money will benefit the University of Guelph in a very real way.

The Canada Foundation for Innovation will distribute \$200 million to improve research infrastructure. The Natural Sciences and Engineering Research Council will receive an additional \$75 million to fund research and graduate studies. Biotechnology research will receive a \$55 million boost over three years. Larry Milligan at the University of Guelph has been very involved in this field.

• (1115)

Once this knowledge is created the federal government will work to commercialize new technology, thereby helping to strengthen our economy and create jobs. Young people especially will benefit from this commitment to research and innovation because they will be on the cutting edge of technology and possess the skills needed to succeed in today's marketplace.

Our method is working. The 1998 budget announced the Canada education savings grant to help parents save for their children's education. I am happy to report this program has been twice as successful as projected. Between 1972 when registered education savings plans were introduced and 1997 there was a net accumulation of \$2.5 billion in the plan. With the introduction of last year's

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CESG that amount increased to \$4 billion, which is very impressive.

Another example of the success of our fiscal management program is continued job creation. Our national unemployment rate is 7.8%, the lowest it has been since 1990. In Guelph the rate is 5.8%. Last year youth employment saw its largest increase in 20 years. Canada leads the G-7 in job growth.

Over three-quarters of the new spending outlined in this budget reflects two of the highest priorities of the constituents of Guelph—Wellington and of all Canadians, health care and access to knowledge and innovation. However, it does not neglect other important areas such as funding for youth, justice, foreign aid and Canadian forces personnel.

I would like to commend my colleague, the Minister of Finance, on a budget that benefits the people of Guelph—Wellington and Canadians everywhere. This budget not only reflects the priorities of Canadians but the goals of the government. We will strengthen universal health care, provide tax relief for our citizens, fight child poverty and invest to increase our standard of living by promoting access to knowledge, research and innovation.

This budget reflects the balanced approach for which the Liberal government is known. It is one of the reasons Canadians have elected us to form two consecutive majority governments. While reducing our debt to GDP ratio is important, something we have done and will continue to do, our bottom line is people. We were elected by them to help improve their lives by steering the nation on the right course. Given the contents of this budget I would say we are definitely doing our job.

[*Translation*]

**Mr. Richard Marceau (Charlesbourg, BQ):** Mr. Speaker, this morning the media were reporting that the President of the Treasury Board and the Minister of Human Resources Development saw a benefit of federalism in the budget. Good grief, I never thought I would agree with ministers from the other side of the House.

What a fine example of Canadian federalism: 78% of freed up new money will go to the three richest provinces. Ontario will receive nearly 50% of the new money. The member for Guelph—Wellington must be very happy with that. Quebec will receive less than 10% of this new money.

In other terms, Ontario will be getting \$950 million and Quebec, \$150 million. Once again, Quebec is being had, and no federal Liberal minister or member is rising to defend the interests of Quebec.

So, I put my question to the member for Guelph—Wellington. What does she think of the Quebec Liberal doormats, who have not taken a stand in the defence of Quebec's interests?

[*English*]

**Mrs. Brenda Chamberlain:** Mr. Speaker, this troubles and saddens me. I see Bloc members continually talking in this Chamber only for themselves, only for Quebec and never for the rest of Canada. They do not care about the rest of Canadians. It is shameful. It is an uncaring attitude that the Bloc Quebecois members have had ever since the first day they came to this Chamber. I have seen it on a consistent basis day after day in this Chamber. They truly should be ashamed of themselves.

• (1120 )

The question was what about our federal members from Quebec. They continually stand in the House of Commons and talk about Quebec, but they talk about Quebec as a part of this great country. They talk about Quebec but they also talk about other Canadians. Why do they do this? Because they care, they have compassion and they have humanity. They do not only wish to serve themselves as the Bloc Quebecois is doing in this Chamber.

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, I am interested in the comments of the member about this being a budget. The bottom line is that this is a budget for people and it is very good for the people of her riding.

Some of the people in my riding of Dartmouth will benefit from this budget, there is no question. We do have some millionaires in the riding of Dartmouth and they will get an \$8,000 tax break. But there are a lot of people in my riding who will not benefit from the budget and I am very concerned about those people. I am concerned about the fact that we have high levels of disabilities in my community, and Nova Scotia has the highest level in the country. In this budget there is \$5 million earmarked for the disabled and that is an incredibly pitiful amount, given the state of disabilities in the country today.

I am also very concerned of the fact that there is no money for social housing. There is no money to go back into the EI fund which has been in fact robbed in order to allow the Minister of Finance his so-called health budget.

I would like to know how the member believes that this budget is reflecting the needs of the one million poor children in this country who received nothing whatsoever from the budget, not at all affected by the child tax credit. How is the budget good for these children?

**Mrs. Brenda Chamberlain:** Mr. Speaker, obviously they are getting a benefit from the budget because of the child tax credit. We have increased that amount to poor families. There is no doubt that children in bad straits come from low income families. We have made a provision for that in this budget.



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We have addressed taxes in the budget. We have also addressed a major concern. When the member says in Dartmouth maybe we have done a little for them, my goodness surely the people in Dartmouth will benefit from the health care provisions. The people in Dartmouth will benefit from the provisions for youth, for justice and for the military. Surely the people from Dartmouth will benefit from all these things in the budget. I know they will.

**Mr. Jerry Pickard (Chatham—Kent Essex, Lib.):** Mr. Speaker, over the last 10 years that I have been in the House I have never heard the opposition suggest there is a perfect budget or a perfect answer to any question the government puts forward.

We all realize its job is to criticize and try to find practices and policies which it feels the average Canadian would disagree with. One of the things I have heard over the last couple of days from my constituents is this is a pretty good budget. This is a plan that is moving our Canadian culture and society forward in many different ways. If we stop and think about it, it does hold a tremendous amount of positives for all Canadians.

I would like to examine three areas of the budget that are very important to all Canadians. The message that comes forth in my view is we have a rock solid economy which is the foundation by which business, social programs and all that we stand for as Canadians can advance. Clearly that rock solid foundation has been built by the cabinet of the Liberal Party, by the finance minister and by the members of the House. I want to make it very clear it was a combination of all members here as well as Canadian society in general who have told the House, the finance minister and the government what directions they would like to see in this budget.

• (1125)

The process has changed dramatically today compared with what it was 10 years ago. Thinking back 10 years when I first came to this House a budget leak occurred the night before the budget was to be released. Suddenly, from the Conservative government, all the budgets were sent out and everybody ran in circles and nobody knew what to do because it was a very secretive process, a process in which Canadians did not have a great deal of input and as a result I guess there was a tremendous amount of dissatisfaction at the end.

We have changed that process dramatically. Today we are very transparent. We are very open in consulting Canadians. As a matter of fact, the premier point that I can make with this budget is there was nothing new. Canadians knew what was coming down in the budget long before the budget day announcement. They did not know the fine details, but they certainly knew the direction in which this government was heading because of the consultation process.

In my view, that probably is the number one change that has occurred to make Canadians a part of the process and therefore Canadians are very happy with the result of the process as well.

Three areas I want to touch on are the rock solid economy and how that is helping the Canadian economy grow, investment in social and economic priorities, and the substantial, fair tax relief.

When we think about this rock solid economy that we are building today and in the future, all we have to do is look at the process over the last five years. We had a \$42 billion deficit to tackle in 1993 when we were elected. Through very tough programs, through very difficult decisions Canadians worked along with the government to make sure we did not bankrupt this country and leave our children and our children's children in dire situations. The process was to eliminate the deficit and get our house in order. No one in the House can question that putting our house in order was a priority that had to be done.

We paid down the deficit and now we are in a position where we are starting to pay down the debt. The debt to GDP ratio has had the largest decline in 40 years in this past year, which went from approximately 70.3% to 66.9%. What it really means is that we are getting to a point where we can better afford the debt we have. With the growth the country is experiencing we will be in a much better position not only today but in future years.

We have done all we can to support business and make sure business has opportunity to grow in this country and expand beyond our borders.

For technology partnerships, for aid to business support in technology areas, this budget put \$380 million. For the Canadian Foundation for Research in which we are moving research forward, helping universities, helping technological growth in the Canadian foundation as well as teaching hospitals which then feed off into our social net, \$800 million was placed.

• (1130)

We all know the successes we have had in working with foreign markets, developing opportunities for business to expand beyond our borders, making Canada a world trader and making sure that we have stable businesses in the future.

At the same time, over this period of four or five years, interest rates have been on a constant decline. There is no question that interest rates have afforded business the opportunity for greater investment, to move forward and to grow. As a result our economy is rated number one in the G-7. That is not frivolous. That has happened because of serious careful planning which has made a huge difference.

I remember the former government during the 1993 election campaign stating that unemployment would remain in double digit figures until well beyond the year 2000. That was not quite

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accurate. That was a quote from a former prime minister. She said very clearly that unemployment would remain in double digit figures at least beyond the year 2000. Today, unemployment is at 7.8%. This drop in unemployment tells us something about the social values of the country because there is no greater move to ensure social stability than ensured jobs for Canadians.

We have not been able to answer every social problem in the country, but we did not start out under the best circumstances either. The distance we have gone, from the comments of my constituents, is tremendous. They are very thankful for the kinds of policies and issues we have moved forward.

Investing in the social economic side of things is another important issue. We know when we looked at the figures over the last several years that youth employment was terrible and we had to improve it. That is why over the last several years we have focused on a youth employment strategy. This year, next year and the year after we will be putting \$465 million into youth employment strategies, which will give young people opportunities to develop job skills, to develop scenarios of work, and to develop the skills they need to become active participants in Canada.

It is also very important that tax relief has been included in the budget. That tax relief is for all Canadians. I look forward to the questions.

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, I have listened to the hon. member for Chatham—Kent Essex and to the member for Guelph—Wellington and others. The member for Chatham—Kent Essex said there was no one on the opposition benches willing to give the government a passing grade.

I will give the government a passing grade on getting the budget into the black. Most members over here would give a passing grade for eliminating the deficit and putting the budget in the black.

It is like the report cards kids bring home from school on which it is indicated in very careful teacher's writing beside the marks that the student is capable of doing much better. The government is certainly capable of doing much better. It has barely received a passing grade. Now it is time to really go to work and do the business the country needs done.

The member for Guelph—Wellington talked of knowledge based industries. The government put a levy on CD-ROMs to help the music industry in Canada.

• (1135)

The knowledge based industries those members were talking about will be taxed 50 cents for every 15 minutes of time on a CD-ROM. Those knowledge based industries will not hire people. They will go to the States, Mexico, Ireland or someplace where

they are welcome because they will not be able to afford to work here.

**Mr. Jerry Pickard:** Mr. Speaker, I find it difficult that my hon. colleague, the Conservative member across the way, is saying that the government is not perfect.

Who drove us to where we were when we took over in 1993? It was a roller coaster ride from way up there to a deficit of \$42 billion down there. What on earth did they do for knowledge based industries then? Where did they lead the Canadian economy, aside from dividing the country and making people so extremely angry that they ended up with a caucus of two that could be put in a phone booth?

The public spoke. The public knows what they did. Today the public is not saying the same thing. The public has returned this government with two solid majorities. They should listen to the public.

[Translation]

**Mr. Maurice Godin (Châteauguay, BQ):** Mr. Speaker, I thank my colleague, who initially claimed the opposition was doing a very good job. However, I would like to tell him that we are here not just to criticize the government. I myself came here to resolve the constitutional crisis, this abyss toward which Canada keeps moving.

That said, when he talks of consultation and transparency, I think we have to take it with a grain of salt. Barely a few days before the budget was tabled, the premiers met to discuss health and the provincial transfers. There was never any question at that point of returning the money with criteria other than those used to determine where to cut.

I would like to know today whether my colleague thinks the Prime Minister had consultations and acted with transparency?

[English]

**Mr. Jerry Pickard:** Mr. Speaker, I am very pleased to talk to that point. We in Canada are successful because we have different values across the country. We have different economic situations across the country. We try as a federation to make sure that all sectors of the country are heard and have fair and equal opportunity to do well.

There are times when my province and I looked at some of the issues that came up in federal policy which showed the Ontario government had less money than some other poorer provinces, some other provinces that were not doing as well.

In general the wealthier help the other provinces. This has been the goal and the rule of the country. Quite frankly I think on a general scale Quebec has been treated equally to all provinces on all measures.

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**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, I am absolutely delighted to have a chance to participate in today's debate and to tell about a couple of things that happened to me in the last 24 hours.

Yesterday I encountered many of my Liberal friends in the hallways and around Parliament Hill and they all said the same thing: "Wasn't that a wonderful budget?" I said "Not the one I heard". Maybe we were listening to different speakers on budget night. They thought it was a good budget; I thought it was a distasteful budget.

• (1140)

If Brian Mulroney had been sitting in the opposition gallery, he would have been cheering for almost the entire budget. He would not believe that things could get this right wing in the country.

I received an e-mail this morning—and I know others received it as well—announcing the guest speaker Saturday night at the unite the right convention in Ottawa. Guess who it is? The person that symbolizes real right wing fanaticism in the country, the single individual who has moved the right wing agenda of our country about 185 degrees to the right, the Minister of Finance. The Minister of Finance must be the guest speaker Saturday night at the unite the right conference because there is no better spokesperson for the right wing than the hon. Minister of Finance.

That went out this morning to all sorts of people who are curious about this weekend's events. Now we know at least who the Saturday night guest speaker will be.

**Mr. Bill Blaikie:** No one is surprised.

**Mr. Nelson Riis:** As my friend from Winnipeg says, we are not surprised. We are not.

I thought Brian Mulroney was kind of a wild and woolly right winger. Compared to the Minister of Finance he sounds like some kind of economic piker. He tried to move the agenda to the right but he failed.

I know my friends thought at the time this seemed a bit perplexing. As a matter of fact, back in 1990 the Minister of Finance he wrote a report on housing. He spent a number of weeks touring the country on housing and wrote a report on it.

As a matter of fact, to be fair, he used the term homelessness once in his budget. The term was actually there. There was one reference to the fact that we have homeless people in the country. We happen to have hundreds of thousands of homeless people. This has been identified by the mayors of every major city in Canada as a national tragedy. The finance minister did mention it. Here is what he had to say in 1990:

The federal role in housing must not be a residual one. The connection between housing and other aspects of both social and economic policy means that the federal government must take a lead role. Only the national government has the financial resources to address the full dimensions of the needs of this country.

**Mr. Peter Mancini:** Was it this finance minister?

**Mr. Nelson Riis:** It was this finance minister.

**Mr. Bill Blaikie:** He didn't say that?

**Mr. Nelson Riis:** He did. He said earlier this decade that only the federal government should be taking the leadership. It was only the federal government that had the resources to show leadership. He mentioned homelessness in his budget. What did he about it? Nothing. There was not a red cent toward housing.

The mayors of the major cities were shocked. We all got faxes and e-mails in the last couple of days. Mr. Speaker, you will probably have a whole pile on your desk when you get back to your office. They were disgusted and dismayed. They found it unbelievable that at a time when we have not \$1 billion or \$2 billion or \$5 billion or \$10 billion but more in surplus that not a red cent was given to the housing crisis, the housing tragedy in the country.

If I were a Liberal sitting across there today, I would run out of here in shame.

**Mr. Peter Mancini:** There they go.

**Mr. Nelson Riis:** There they go. I do not blame them. I would too.

**Mr. Bill Blaikie:** Most of them have already. They are not even here.

**Mr. Nelson Riis:** There is something else that is strange about the budget. The Minister of Finance should be arrested and charged. I will tell you why, Mr. Speaker. A few years ago an individual called Doug Small leaked a little bit of a federal budget. He was a broadcaster in Ottawa. He leaked a few phrases of the budget and was charged by the RCMP. He went to court for leaking a budget.

The Minister of Finance leaked the entire budget. Every major issue has been out in the public domain for weeks and weeks. He should be charged by the RCMP for leaking his own budget. Why did he do that? Why did the Minister of Finance leak his own budget?

I will tell the House. I will have trouble saying it, so I will have to muster up my courage. When the Conservatives were in office they had guts. They actually believed in certain things. I do not believe in them. Most Canadians do not believe in them, but the Tories believed in them. They said the GST was good for Canada. They did not leak it out.

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I remember Michael Wilson rising and saying “We will introduce a GST tax for every walking Canadian”, and the Tories jumped up in applause. They thought it was a great idea. He also said “We have a better one. We will give a \$500,000 capital tax exemption for major capital raised in the country”. There was a standing ovation for that one.

• (1145)

They announced it during the budget. They did not float it out weeks before and then do focus groups, polling and trial balloons to see what works and what does not work. This is not leadership. This is cowardly leadership where before they say a single word as leaders on financial matters, they test every single phrase, every single word, every nuance. If it does not fly then they will not say it. If it is popular then they will say it. That is not what leadership is. Leadership is when they come in here based on convictions and make announcements on what they want to do. That is not what happened.

**An hon. member:** What are you saying, do not consult Canadians?

**Mr. Nelson Riis:** Does the member think the Minister of Finance did not consult Canadians? He did. I was part of the consultation process. It is called prebudget consultations. I will tell my Liberal friend that the finance committee went into every province asking Canadians to come forward and tell us what they thought should be done with the surplus. That was their task. Not a single individual said that the priorities should be major tax cuts. We talked to hundreds of people. Nobody said ignore the homeless, ignore the unemployed, ignore students with huge debtloads. They did not say that. They said address these serious issues, including health care.

When I went out to consult Canadians from coast to coast to coast and asked them what should be in the budget, none of them said this stuff. None of them said they wanted this budget. They said they wanted a whole bunch of advances on important fronts. What did this Minister of Finance do? He ignored people. If we go out on the streets of Canada today and ask people what they think of this budget they will say that there is nothing in it for them. They did not get anything out of it. Their family did not get anything out of it. They are unemployed. There is nothing in it for them. There are students \$40,000 in debt. There is nothing in it for them. There are single moms on social assistance trying to raise three kids. There is nothing in it for them.

I know one guy who is really happy. Mr. Cleghorn, the CEO of the Royal Bank, made a tax break of \$30,000 on that announcement. He is \$30,000 richer today because of this budget. Bob Cleghorn is a happy camper.

I will tell the House who is not a happy camper. The hundreds of thousands of single moms and single dads raising children on

social assistance. They did not get a single cent from this budget. What kind of a government is that? What kind of a government alienates and ignores Canadians? For political scientists watching this, this is the classic liberalism. It is the Darwinian approach to social policy where the weak die and the strong survive. It is survival of the fittest. It is based on the key role of the individual in society.

The Minister of Finance in his budget actually said that the marketplace cannot deal with the social issues of the country. It requires a government. We measure the value of a government not by how it treats the Bob Cleghorns of the world, the millionaires. We measure a government by how it treats ordinary citizens, particularly citizens in need. Were the homeless recognized in this budget? No, they were not. Were the people who today are looking for work recognized? No, they were ignored.

Let us identify a single group of young people. This morning 1.5 million children who are living in poverty because their parents are living in poverty woke up still living in poverty. Is there anything in this budget that is going to change their lives to give them hope and optimism? There is nothing for the 1.5 million kids living in poverty. How can my Liberal friends sit there and not do anything about it and applaud and say this is some great budget? It is very sad.

He said this was a health care budget. What does someone who knows about health care say about it? Let us ask the president of the Canadian Medical Association. He said it had moved it from being an emergency situation to a urgent situation.

• (1150)

He acknowledges that over the next number of years the government is to restore funding. Why? Some members will remember back in 1995 the occurrence of the Ottawa chainsaw massacre. The Minister of Finance came in here with a chainsaw and started to hack \$1 million, \$2 million, \$2.5 million out of the health care budget, one of the major symbols of what it means to be a Canadian.

We had a quality health care system. Yes, I know it started with the NDP in the province of Saskatchewan and built up over the years, but it was a showcase that we could show around the world as what one can do as a country. President Clinton tried to emulate it but he lost that battle. He said look at what Canadians have.

To every single Canadian it was a symbol of what differentiated us from others. It was the best of being Canadian. What did this government do? It just followed suit of Brian Mulroney and came here with a chainsaw and started hacking the health care system year after year.

Finally this year the government says “Whoops, we blew it. We made a mistake. We cut too deeply. We have destroyed the system”. If one looks carefully out there one will see the stealth

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like change occurring to health care as it is being privatized. Thirty per cent of health care funding today is in the private sector. Nobody talks about this because they are embarrassed to talk about it. It is all because of the slashing, hacking and whacking of the health care budget that allowed the private sector to move into the health care system.

Let us take a look at what this will do. The government says it will restore some of the funding and in a few years from now it will be at the same level it was back in 1995. Big bloody deal. In other words, after years of restoration we are going to be at the same level we were back in the middle part of this decade. Is that progress? At the same time inflation is moving along and the population is increasing.

We are supposed to be cheering here today because the funding is to be restored in a few years back to the levels of 1995. This is almost unbelievable. It is pathetic. Somehow this is held up as a health care budget. The reason it is called a health care budget is it did not do a bloody thing to anything else. Nothing else was recognized.

I think we all acknowledge, including the Minister of Finance in his comments the other day, that the small business sector accounts for most of the jobs being created in Canada. One would expect, at a time when we have levels of joblessness in this country that have been for the last decade the highest since the Great Depression, that the government would want to do something significant in terms of creating employment opportunities and grow the economy into meaningful jobs with the recognition that this involves the small business sector.

Would one not expect the Minister of Finance to do the right thing and say he would make the small business sector a priority by finding ways and means of assisting and supporting the small business sector so it can create employment? I will bet most people thought that would happen.

What did the Minister of Finance, the government and the Liberal Party do about small business? Diddly-squat. I do not know if that is a parliamentary term but I think I will use it anyway. I cannot even say zero because they decided to put \$50 million in the next little while into the Business Development Bank of Canada.

I did some calculations and asked what that meant for the province of British Columbia. It means that the province of British Columbia will get over the next few years \$5 million to assist the small business sector. This is the only initiative taken by this government. It is absolutely incredible that this government would be so insensitive, so uncaring, so unrealistic, so impractical that it would not do anything to help the sector of the economy that is actually creating some employment.

That is not all. Good grief, I wish I had a longer speech today. Let us acknowledge that the one sector of our economy that creates

a lot of meaningful employment is the construction sector. We know that the issue of homelessness is a national tragedy. I do not think there is a single MP in this House who would not say we have a housing crisis in this country. We have to work at this. We live in the second largest country in the world. There are trees from one end of this country to the other. We have land everywhere. We have the banks filled with money and we have a housing crisis. To have a housing crisis you have to really work at this. Our government has somehow been able to do that, to create a housing crisis.

● (1155)

A few years ago the government said it had a big deficit and that it could not do much so it was going to get out of the business of social housing, out of the business of assisting in the development of affordable housing for Canadians. People said that is fair enough, they understood that.

Now we are into a situation where we have billions in surplus. We have people who do not have houses to live in. We have many more people who do not have decent houses to live in. They are trying to raise children in substandard housing. I had a moving evening one night speaking with the grand chief of Canada. I asked what crucial issue facing aboriginal people we could begin to address in the House of Commons. He answered that it was obviously housing. He asked me to imagine being a young first nation child growing up and trying to do homework in a two room house with 13 people living in it, no water and no sewage system. Imagine trying to raise children in that type of environment, and for some that is a good place.

We have been waiting and now that we have \$10 billion or \$15 billion in surplus we think we will see some action. It is not that it was not encouraged. At every single stop as we criss-crossed the country people said we should take a step to confront the housing issue.

The construction consortiums from coast to coast said the following: "The industry wishes to help in the development of housing infrastructure in this country. Housing infrastructure would put tens of thousands of unemployed Canadians back to work at meaningful jobs and do a great deal in addressing this serious problem in our country". Create jobs and confront a major social issue.

The mayors of all the major cities got together and asked what they could do. They said that it is an emergency and a tragedy. We should put 1% of this year's budget into housing. That is a little over a billion dollars into housing that would really show leadership on this. This is a term that is no longer part of the Liberal vocabulary but I will try it anyway. That would provide leadership on this issue.

If the Minister of Finance had said we are committed to dealing with this issue, we are going to allocate 1% of the national budget

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to the housing sector, there would have been a standing ovation around this house and a standing ovation from one part of this country to the other. But he did not. He said we are not going to put a single penny into housing, we are not going to take a single step toward resolving social housing and affordable housing in this country.

**An hon. member:** Let's not forget the provinces have an important responsibility.

**Mr. Nelson Riis:** The Minister of Finance said in 1990: "Only the federal government has the resources to provide leadership on this crucial social issue". My friend should be embarrassed for suggesting that it is up to the provinces when her own Minister of Finance said quite the opposite.

There is much to talk about in terms of this budget. At the end of his budget speech the Minister of Finance quoted Sir Wilfrid Laurier saying that the 20th century belonged to Canada. We are entering the 21st century. What a terrible way to be exiting the 20th century with one and a half million kids living in poverty with the government doing nothing to alleviate it. There are hundreds of thousands of homeless people on the streets yet the government does nothing. When we walk out of here today we can see on every main corner in the city of Ottawa, the nation's capital, people begging with caps in hand, and the government does nothing about it.

One thing symbolizes this budget. We acknowledge in this House that parents dependent on social assistance and attempting and struggling to raise families are not getting a single cent of benefit from this budget while millionaires walk away with at least \$8,000 in extra cash. It means that the gap between those who have and have not in this country continues to widen, thanks to this budget.

• (1200)

**Hon. Hedy Fry (Secretary of State (Multiculturalism)(Status of Women), Lib.):** Mr. Speaker, it is apparent that the last speaker obviously spent more time reading his speech than listening to what the minister of finance from British Columbia had to say and what the premier of Saskatchewan had to say. It is obvious he spent more time writing his speech than actually reading the budget.

Is the hon. member suggesting, given that poverty is one of the single greatest indicators of health and given that the ability to have access to good health care increases productivity remarkably, that he would not have had us make health care a priority in the budget?

Does the member think that we should not have dealt with the GST so that single parents in very low income circumstances would begin to get the maximum of their GST rebate supplement in a timely manner?

The child tax benefit is going to give \$1,975 for the first child and an extra \$1,775 for the second child in the family. That may not sound like a lot of money but it is a substantial increase of almost \$4,000 to a low income family of two. The child tax benefit moved the level up from \$26,000 to \$29,000 which may sound like a great deal of money but which is poverty and low income circumstances as far as I am concerned.

There are so many initiatives that are helping poor single parents in the budget. Had the member taken the time to read the budget he would have known that. Does the hon. member not think we should have done all of those things?

**Mr. Nelson Riis:** Mr. Speaker, I appreciate the question because it allows me to say two or three points which I forgot to mention. By the way, I did not write out my speech, as she could probably tell.

Not only did I listen to the Minister of Finance, I was in the lockup and read all the documents for four straight hours. Therefore, it is not as though this were some kind of a flippant response.

First let me inform my hon. friend that a mother on social assistance raising children does not get the child tax benefit. It is clawed back by the provincial government and the member should know that.

When the member goes home next week I would ask her to visit some of the families in her constituency. Ask them how delighted they are with the federal budget. I know what she is going to hear. They probably do not even know there was a federal budget and thank goodness because they were overlooked in it.

Should I or they be thankful for this little tiny handout? That is like walking down the street and getting mugged. Somebody takes your wallet with all your money and credit cards and then says "By the way pal, here is your wallet back" and you are supposed to be thankful for getting the wallet back.

If all the minister has to say about child poverty is that there is going to be, in her own mind, some minute benefit because of the GST—minute benefit I believe are her own words—if that is the only initiative that the government has taken, I would hope that she would feel kind of badly.

The first part of her question was that investing in productivity will eventually benefit poor people. Boy, there is Ms. Trickle Down herself. This is trickle down economics at its best: give breaks to the wealthy; give breaks to some of the big corporations; give certain select tax breaks and grants; wait for a few weeks, months or years and eventually some will trickle down. Canadians have told her many times they do not want to be trickled on any more. They want some trickle up economics, not trickle down economics.

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[Translation]

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, I add my voice to that of the hon. member of the New Democratic Party in denouncing the Liberal government's lack of will to eradicate poverty across Canada, and in Quebec in particular.

We know that the new Canada social transfer formula, which penalizes Quebec in particular in terms of health care, is a historic achievement. To rely exclusively on a per capita formula without taking the needs of the population into account really hurts.

• (1205)

We keep hearing that Quebec is getting more in equalization payments, but we know what that means. It means more people on welfare. In turn, this means more people who may need adequate health care and better access to health care.

Meanwhile, the rich provinces, the provinces whose economy is vibrant and where people can better support themselves and have access to quality services, are favoured. That is what hurts when we say that this government is not addressing the poverty issue in Canada.

Neither is there any provision to increase EI benefits in high unemployment regions, especially in Quebec.

There is nothing on social housing. We know how much the federal government likes to negotiate third-rate agreements with Quebec.

I therefore add my voice to that of the member of the New Democratic Party in denouncing the government's lack of will to eradicate poverty across Canada. They can give us equalization all they want, that is not what we need. We could use more in terms of investments in the procurement of government services in Quebec, which could result in job creation. That is the kind of measure we need.

I would like my colleague from the New Democratic Party to elaborate on that.

[English]

**Mr. Nelson Riis:** Mr. Speaker, my hon. friend has summarized a number of obvious concerns regarding the budget. She referred to one aspect that I do not have time to address and that is the whole issue of employment insurance benefits.

I think it is well known by all members and most Canadians that one of the reasons the government has a surplus in order to provide some of these initiatives is as a result of taking a lot of money out of the EI fund. That is really an insurance fund; it ought not to be a source of government revenues. It is also fair for her to say that it is acknowledged that the level of benefits is inadequate.

It was interesting to note on doing an analysis the other day that a few years ago 75% of people who lost their jobs and had paid into the EI fund actually were able to collect some benefits. That has gone down now to about 34% on average across Canada. Interestingly enough this 34% is the same level as that in the great state of Arkansas, the state which is held as probably one of the crummiest states in which to live in terms of social policy. We have now reduced our social program called EI or unemployment insurance down to one of the lowest levels of the United States, which is what a lot of people feared would occur. We thought we would now see some obvious recognition of this imbalance.

I simply want to say in response to my friend that when we went into this budget, the social playing field if I can call it that, was very much tilted, out of whack. The gap between those who have and those who have not was increasing. This was an opportunity to level the playing field in social policy, to make it a little bit more even so that a child growing up in one part of Canada under certain circumstances would have a similar opportunity as a child growing up in another part of Canada. In other words, level the playing field so people have an equal opportunity to become the productive citizens they wish to be.

Was that playing field improved, or was it tilted even further? It was actually tilted even further. The gap was made even worse as a result of this budget, which is why I started off my speech by saying that I found it to be a rather disgusting budget presentation, when we consider what could have been done and what was done.

[Translation]

**Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ):** Mr. Speaker, this morning I heard a number of my colleagues comment on the budget.

I hear my colleagues opposite saying that we are tearing at our clothing, bleating and taking pleasure in criticizing for the sake of it. This morning, I would simply like to comment on the budget, particularly table 6.4 on page 138, where they brag about lowering Canadians' taxes.

Looking at this table—and I am not the one saying it, it is the Minister of Finance who prepared it—we see that a Canadian or a Quebecker earning up to \$40,000 will save \$114.75 a year. If we divide that by 365 days, it amounts to about 30 cents a day, not even enough for a cup of coffee.

• (1210)

A single taxpayer earning \$1 million will pocket over \$8,000, and the bank president will save \$30,000.

So my question to the hon. member is this: Would indexing the tax tables not be a fairer way to provide tax relief?

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**Mr. Nelson Riis:** Mr. Speaker, I appreciate my friend's question. I can best respond to it by saying there would be a fair way to approach this issue.

His figures were accurate. I did some checking locally. He was right that a bank president like Mr. Cleghorn would save about \$30,000 as a result. Bob Price, a gentleman who works in my constituency, calculated that he would benefit by about \$115 a year. This is on taxes. Remember that at the same time there is a tax benefit of \$115, the government is taking that much more in CPP payments. In a sense he will actually lose. Carol Smith, a single mom raising two children on social assistance, got nothing in terms of tax benefits.

Obviously this is a very unfair approach in terms of how the tax system is modified. My friend's suggestion is worth looking at and has considerable merit.

*[Translation]*

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, I will share my time with the hon. member for Charleswood St. James—Assiniboia.

First, I want to congratulate the Minister of Finance and his staff for the remarkable job they did once again this year with the budget.

For the second year in a row, our federal budget, the Canadians' budget, succeeded in being deficit free, this after two decades of running deficits. The light is no longer at the end of the tunnel, because we have come out of the tunnel. We have every reason to be proud.

I heartily congratulate the minister for having focused his budget on health, thus reflecting the concerns expressed by Canadians, who were increasingly worried about health care, to the point of thinking that it might be in jeopardy. The minister delivered and brilliantly so. Our government listened.

This budget meets the concerns of my constituents in Laval West and of all Canadians. People from all walks of life have expressed their legitimate concerns to me. Thanks to the budget, these concerns are now greatly alleviated. I am referring to issues that concern our aging Canadian population, such as health, and the middle generation, which has to deal with the dependency of both the younger and older generations.

This phenomenon will of course not be reversed with the budget, but at least this budget will give us the means to adjust to the best of our ability to this new situation.

Let me mention a few figures to better show the scope of this phenomenon. In 1981, 9.6% of the population was 65 or older. Since then, this has increased by approximately 1% a year and, in 1996, 12% of the population was at least 65 years of age. It is expected that over 20% of Canadians will be in this age group by

2031. This means that one in five Canadians will be at least 65 years old. Furthermore, I would remind everyone listening that this is only 32 years away, and time is flying.

The aging of our population, a phenomenon common to all industrialized countries, has had, and will continue to have, a number of important consequences.

First, health services must adapt to new demands, for seniors have special physical and mental health problems. Unfortunately, for instance, they lose their autonomy and their mobility. More gerontologists will therefore be needed.

Long term care is more appropriate for this age group. Home care, provided by relatives, helps prevent the loneliness to which they are too often prone. And, of course, research must continue, and it must increasingly focus on developing care for seniors and the next generations.

Like health care services, social services will also be increasingly called upon to meet the needs of a population that is demanding programs tailored to its needs.

- (1215)

Pensions, for instance, will represent an increasingly large component of federal budgets. Other programs will certainly have to be developed to more effectively meet the needs of those losing their autonomy. There must also be support for charitable groups and organizations that will undoubtedly come on the scene to provide assistance to seniors, which will make up one fifth of the population.

In fact, the problem will be not so much one of finding additional resources as of redistributing them effectively, for the rate of dependency will be no higher than it was in the 1950s and 1960s after the baby boom. In those days, the number of young children who depended on their parents' work and care was even greater than the number of seniors who will depend on social services and on their families in the future.

Today, part of the population officially categorized as inactive belongs to that category because it is getting into the twilight years and is taking a well deserved rest to accomplish other things. Thirty years ago, there was a similar part of the population that was simply too young to work, busy growing up and getting an education.

This means that pensions and health care will account for an increasing portion of government budgets to meet the needs of seniors. Inversely, the portion allocated to family allowances and early childhood education will decrease. This trend is well reflected in our 1999 budget. In other words, in proportion of government revenues, there will be more people receiving pensions, but there will be less people in our schools and universities.

With the baby boom that followed World War II, millions of young people who were not going to enter the labour force until the



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1970s and who required special care were born in Canada. The Liberal governments of the day responded to this new situation in an intelligent and responsible manner. Specialized social services were provided.

Tax deductions were granted and the health system put in place to respond to a new demographic reality, but today we face a similar situation, but in reverse, with an age dependency ratio closer to what we had in the 1950s and 1960s. This means moving from programs geared toward baby boomers directly to those to be developed for seniors.

Programs must once again keep pace with changing demographics. Now, we must respond intelligently to an aging population, as we did in the past to a younger one. Our government has realized how important this is. We have started taking steps and are even ahead.

Regarding the health services, the minister has done well. Over the next five years, \$11.5 billion will be transferred to the provinces under the Canada health and social transfer. In addition, \$1.4 billion will be injected into medical research. This is a clear and effective response to the concerns and health needs of Canadians in general, and seniors in particular.

Rumour has it that the Bloc Québécois was not too happy with the changes made to the terms of transfer under the CHST. Quebec will not get as much, they protest. As usual.

But our colleagues should know that a budget is a whole, made up of different parts. The Minister of Finance can readjust certain transfers to make the whole more consistent and ensure that everything works properly. He can transfer less under a given program in order to transfer more under another. Criticism must not be voiced out of context, or deal with concrete issues in abstract terms.

The fact of the matter is that the so-called cut in transfers under the CHST is more than made up by the increase in equalization payments. With these two types of transfers, in the next 13 months alone, Quebec will receive 48% of all the money paid to the provinces, and 29% over the next five years. That is not bad for a province with 24% of the Canadian population.

• (1220)

The figures do not lie. Quebec, like the rest of Canada, comes out a winner with this budget. In addition to the substantial and impressive funds injected into health, the tax relief announced in the budget is another way to respond to population aging, by leaving more money in the pockets of seniors and the families looking after them.

The 3% surtax introduced to combat the deficit serves no purpose now and will disappear completely. The basic personal exemption rises to \$7,131. So the 600,000 Canadians with more

modest income will not pay income tax. By the fiscal year 2001-02, our government will have cut taxes by \$16.5 billion. Two million low or middle income families will receive increased child benefits.

I am unable to finish, because I am out of time, but I would ask all members of this House to have the courage to recognize that our government, through the Minister of Finance, looked after the real problems of Canadians.

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, my colleague opposite is just as nervy as the Minister of Finance.

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

**Mrs. Francine Lalonde:** I do not think the word “nervy” is unparliamentary.

**Ms. Raymonde Folco:** I rise on a point of order, Mr. Speaker. The word “nervy” in French is an insult, and I reject this insult. I would ask the member to use more polite language with me.

[*English*]

**The Acting Speaker (Mr. McClelland):** Order, please. I had to get a bit of help because my French is not that good with the subtleties. The help that I received, which is beyond reproach, is of course that there are subtleties in the language. The use of that particular term could be received by the receiver as being bad but it is not necessarily bad. It depends on the thickness of the skin of the person on the receiving end. Really it is more a question of debate than a point of order.

[*Translation*]

**Mrs. Francine Lalonde:** Mr. Speaker, I could also have said that she is has some nerve, that she has a lot of gall, or that she is going too far. There are many synonyms.

In any case, the important thing is why I am saying this. We need to step back a little. Bloc Québécois members and Quebeckers are upset by what the Minister of Finance calls the change in the method of calculating transfers. Why? Because this is not a change in the method of calculation, it is the rejection by the federal government of the relationship between Canada and the provinces, since it took poverty into account when calculating transfer payments.

Back in 1969—

**The Acting Speaker (Mr. McClelland):** I ask the hon. member to put her question.

**Mrs. Francine Lalonde:** Mr. Speaker, in order to put my question, I must indicate why I am asking it. The Canada assistance plan was established in 1969 to take poverty into account. Until the Liberals took office, transfers for health and education only took population into account, whereas the assistance plan took poverty into account.

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• (1225)

In 1994, Quebec was getting 34% of the funds from that plan. When the Minister of Finance did what was called a block transfer he substituted, for the health sector, the figure based on the population for a figure that takes poverty into account.

How can the hon. member explain that this government, after shedding tears over—

[*English*]

**The Acting Speaker (Mr. McClelland):** The member for Laval West will have an equal amount of time for her response.

[*Translation*]

**Ms. Raymonde Folco:** Mr. Speaker, it is really too bad that the hon. member of the Bloc Québécois got so carried away.

I am looking forward to the Quebec finance minister bringing down his budget; we will see how much Quebec has gained, not lost, from the latest federal budget.

Where the member talks about changes made in the transfers, I talk about fairness. Canada is a country where we talk about fairness.

**An hon. member:** What fairness?

**Ms. Raymonde Folco:** Fairness is as important between individuals as it is between provinces.

**An hon. member:** With three wealthy provinces.

**Ms. Raymonde Folco:** Take Quebec for example, where the population—

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

**Ms. Raymonde Folco:** Mr. Speaker, I would like to be able to continue. I did not interrupt the hon. member when she spoke.

When I raise the issue of fairness, and I am not the only one to do so, I include fairness between individuals. And here, through transfers and equalization payments to provinces, we will see that each individual will be treated fairly on the basis of the income earned over the year.

That is what fairness is all about in Canada. That is what being a Liberal is all about.

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

**Ms. Raymonde Folco:** We have established a Canadian system that respects Canadians and we will continue to do so.

[*English*]

**Mr. John Harvard (Charleswood St. James—Assiniboia, Lib.):** Mr. Speaker, it is with great pleasure that I rise to address the House in today's budget debate.

Before I go any further I would like to extend my sincerest congratulations to my hon. colleague, the Minister of Finance, on the presentation of his sixth budget. I have had the honour of representing my constituents in this place for more than 10 years. In all that time I have never seen a budget that was so well received by Canadians.

Average Canadians support the measures in the budget. I know frustrated members opposite are wondering why Canadians are feeling so good about budget '99. I will take the opportunity to explain it to them.

It is about balance. The budget builds on and continues the tradition of responsible, prudent fiscal management of its five predecessors, and provides the balance and fairness that Canadians want and expect.

It is not skewed to the left with incomprehensible spending, as some of the NDP would favour. It does not provide for the irresponsible withering away of the federal government, as the Reform Party demands. It certainly does not manage the nation's finances in the capricious manner the Tories were famous for.

The budget is balanced, balanced both fiscally and in what it provides Canadians. It is a good news budget for all Canadians. That is why it is being so well received across the land, in Toronto, Regina, Edmonton and in my home city of Winnipeg.

Since I have only 10 minutes to speak to this important issue, I will not spend too much on the minutia of the budget. Rather I would like to concentrate my comments on what the budget means for the average Manitoban and the good citizens of Charleswood St. James—Assiniboia.

First, let us look at health care. The budget increases federal cash transfers for health care to the provinces by an incredible \$11.5 billion over the next five years. This is significant. It is a significant reinvestment by any measure and is the single largest investment ever announced by the government.

• (1230)

This cash infusion into our health care system fully restores the health component of the Canada health and social transfer to its level in the mid-1990s before the attack of the deficit curtailed expenditures.

As a result of this initiative, the Manitoba government will receive an additional \$425 million in federal transfers to fund health care throughout the keystone province.

I would hope the provincial government in Manitoba would use some of that money to reduce waiting lines, augment staff and improve services at the Grace hospital, the main hospital servicing the needs of Winnipeg and Headingley.

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Manitoba's health care system would also benefit from an additional \$1.4 billion that this budget sets aside for new investments in health pilot projects, prenatal care, aboriginal initiatives and health information programs like the screening assessment and care planning automated tool recently announced by the health minister during a trip to Winnipeg.

Whether they live in the Courts of St. James or the Kiwanis Courts, well known senior citizens complexes in my riding, Manitobans want and deserve reasonable access to good quality health care. This budget goes a long way to securing that access.

Whether it be reductions in EI premiums or the introduction of the child tax benefit, every budget this government has introduced has included some form of tax reduction. In the past all these measures were targeted for special needs or to low income Canadians.

Last year, however, we began the process of introducing broad based tax relief. This year, I am happy to say, we have built on that.

This budget eliminates the 3% surtax introduced by the Tories in their unsuccessful attempts to reduce the deficit. It increases the basic personal exemption to \$7,131 for every Canadian taxpayer. It also enriches and broadens the child tax benefit by a further \$300 million. Combined with the measures in last year's budget, the 1999 budget delivers \$16.6 billion in tax relief over the next three years.

The best news is that this is only the beginning. With the nation's finances firmly under control, this Liberal government is committed to reducing taxes further and will do so over the rest of this mandate and into the next.

What do these tax measures mean for the average Manitoban? It means that the single person living in an apartment on Portage Avenue and earning \$20,000 a year will see his taxes fall by at least 10%. It means that the single mother living on Carriage Road and trying to raise her kids on an income of \$30,000 will pay absolutely no federal tax. It means that the middle class family of four on Charleswood Road with an income of \$50,000 will see its federal taxes fall by 15%. In fact, every Canadian will pay less federal tax as a result of this budget. Even the members of the Reform Party have to agree to that.

This budget is not only about health care and tax cuts. It is also about securing a strong and vibrant future for all Canadians. This budget invests more than \$1.8 billion over the next three years in the creation, dissemination and commercialization of knowledge and jobs. This money will be used to boost funding for the Canada foundation for innovation, a fund that has been used to modernize the research infrastructure at the University of Manitoba, the Health Sciences Centre in Winnipeg and the St. Boniface general hospital.

Our university students will also profit from increased funding to the research councils and to the network of centres of excellence.

Manitoba's aerospace industry located in the main in my riding has already benefited from a \$3 million technology partnership Canada investment at Bristol Aerospace. This investment helped Bristol secure a \$100 million contract to supply composite components to Boeing creating nearly 300 jobs. TPC provides fully repayable loans to assist high technology companies develop and market new products. It will be strengthened by an additional \$50 million annually.

• (1235)

While Manitoba is fortunate in having the lowest unemployment rate in the country, unemployment in the north remains high, especially among our aboriginal communities. This budget allocates additional resources for job creation and for aboriginal issues.

Charleswood St. James—Assiniboia is also home to CFB Winnipeg and headquarters for 1 Canadian Air Division. The base employs thousands of military personnel who welcome the \$175 million increase in the defence budget and who await the implementation of the quality of life package by the government.

I would like to address one other issue that is of major concern to the citizens of Charleswood St. James—Assiniboia. That issue is the national debt. This government remains committed to the prudent fiscal planning that has eliminated the deficit and enabled reinvestments in health care, education, economic programs and tax cuts. We will not stray from this course. The nation's books will be balanced for a second year in a row, the first time since 1952 that the federal government has been deficit free for two consecutive years. Furthermore, we are committed to balancing the books next year and the year after that, only the third time since Confederation that the federal government will have introduced four consecutive balanced budgets.

The national debt is falling and will continue to fall in the future. This government has implemented a viable debt repayment plan that allocates the contingency reserve of \$3 billion in each budget to debt repayment. This measure, coupled with a growing economy, will see our debt to GDP ratio fall to under 62% by the year 2000-01 and free up more money for programs and tax cuts.

I think Canadians appreciate this budget. They particularly appreciate the course that it sets out for the next few years.

[*Translation*]

**Mr. Richard Marceau (Charlesbourg, BQ):** Mr. Speaker, I would like to ask the hon. member for Charleswood St. James—Assiniboia for his help in a little research I have undertaken today.

I am looking for an answer to the following questions: Where were the Liberal members from Quebec when the decision was made that all Quebec should get is less than 10% of the new money

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added in this week's budget? Where were the Liberal members from Quebec when the decision was made that Ontario should receive \$950 million while Quebec would receive a mere \$150 million? Where were the Liberal ministers and members from Quebec when the decision was made to give 78% of the new money to the three wealthiest provinces?

Once again, the federal Liberal ministers and members from Quebec were not there. Did the hon. member see them anywhere? Did he see them standing up for Quebec's interests or did they not take part in the debate at all, as usual?

[English]

**Mr. John Harvard:** Mr. Speaker, I point out that our esteemed Minister of Finance comes from the province of Quebec. If there is any minister well known for consultation, any minister known for reaching out to his fellow politicians from his own Quebec caucus and his entire province, it is the Minister of Finance.

Whether it is the chairman of the Quebec caucus on this side or all members, they are fully consulted and they have been full participants in the budget process. I can assure the hon. member of that.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, today we have seen a lot of patting themselves on the back by members of the Liberal government about this budget. This is their sixth budget.

Being the sixth budget and that we have a major trading partner in the United States where 83% of our exports go to, why have we been falling so far behind in standard of living compared with the United States growth? In other words, living standards in Canada measured as a percentage of gross domestic product per person are now a full 24% lower than they are in the United States. That is a 6% decrease since 1990.

• (1240)

If we are doing so well here, with unemployment rates still twice as high as in the United States, with 2% unemployment rates in California, why are we not experiencing the same type of increase in our standard of living that the Americans are?

**Mr. John Harvard:** Mr. Speaker, I remind the member that this is only our sixth budget. This is only the sixth year that we have been in power in Ottawa. Things are getting better.

When we came here in the fall of 1993 we were staring at a deficit of \$42 billion. It is all gone. When we came here we did not have the luxury of surpluses. Now we have modest surpluses. Because of the kind of fiscal management that has been brought to bear by the finance minister, we can do things like restore health care funding, not only that but deliver tax cuts.

Over the next three years Canadians will enjoy the benefits of a tax cut exceeding \$16 billion. That is better than what we had six years ago.

**Ms. Wendy Lill (Dartmouth, NDP):** Mr. Speaker, I remind the hon. member for Charleswood St. James—Assiniboia of 20 years ago when I was doing documentary work in Winnipeg on the native urban migration and this same member was a radio announcer at the CBC. At that time it was indicated that within 20 years we were to see massive problems with native people in the city unless we took some real initiatives on their behalf.

We now have gangs roaming the streets of Winnipeg. We have one million poor children in this country. The members of the government ask us to look at the demographics. I say look at the demographics 35 years from now. What will those poor children be doing? What will be the strains on the justice system, the human misery, their families? Where on earth do members see this as being a positive budget for the poor people in this country?

We are seeing an increasing gap between the rich and the poor, the elite and the street, and this is a shameful budget when it comes to addressing those problems.

**Mr. John Harvard:** Mr. Speaker, I appreciate the question from the hon. member. I know when she was living in Winnipeg she was a fine contributor to the broadcasting community.

The hon. member touched on a critical issue. I do not think anybody can be proud of the aboriginal problems in this country. They exist widely in my city of Winnipeg and in the province of Manitoba. Nobody is proud of these problems. We are trying to aggressively attack them.

When we went through program review and through deficit reductions in program cuts over the last few years, the one department that was not affected was the Department of Indian Affairs and Northern Development. We did not cut the budget of that department.

But there are strategies laid out in this budget. There will be a significant health care announcement regarding the aboriginal community in my province next week.

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, it is with some pleasure and certainly with a lot of frustration that I rise today to detail our position on the budget.

I would echo the comments of the previous speaker from the Liberal Party as I also come from Manitoba. I have a lot of pride in what has been achieved in Manitoba over the last number of years.

I must say, however, that the hon. member from the Liberal Party and his government do not have a lot they can say about the

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improvements in Manitoba. The improvements that have happened, the 4.8% unemployment rate, the increase in the economy, were done because of a provincial government that was able to put into place its philosophies and financial understanding of its budget so that it could develop that economy in Manitoba. So I take some exception to the federal Liberal member's taking credit for something that was done in the province of Manitoba.

• (1245)

As I said, I stand with some frustration in speaking to the budget put forward in the House. I have a number of areas of frustration.

I guess we really did not have to hear the finance minister's speech the other night because had we all been listening to the media and reading the newspapers we could have heard what would be placed on the floor. It was a budget that was put out to the Canadian public long before it ever hit this floor. Trial balloons were being floated constantly by the finance minister. Obviously his program was being put out in the media as opposed to being put out where it should be, in the House.

There was frustration in seeing the Liberals self-congratulating themselves on putting forward what I considered to be a smoke and mirrors budget. That is not my comment. The hon. member says that Winnipeg and members of his constituency are pleased about what the budget has embraced. A headline in one Manitoba newspaper read "The Smoke and Mirrors Budget". I do not see where that is embracing the budget. It does, however, get to the root of the issue where there is a lot of smoke and mirrors. A shell game is going on in the budget with which I will deal in the next couple of minutes.

I am splitting my time with the hon. member for New Brunswick Southwest who will be speaking for the other 10 minutes.

Let us deal with a couple of very pertinent issues. The budget is heralded as the health care budget. The hon. member just said in his speech that an incredible—that was the term used; we can check *Hansard*—\$11.5 billion would be put back into health care over the next five years. Incredible, incroyable.

Would he use the same term, incredible, to describe the \$17 billion that was cut from the health care budget? Is that incredible, incroyable? Since 1993, \$17 billion were cut from the health care budget, but now all of a sudden \$11.5 billion is incredible. Canadians are smarter than that. They do not think so, but I know Canadians will see through their shell game.

There is a surplus today. We do not know what the surplus will be because games are being played. Dollars are being budgeted in the 1998-99 budget that have not been expended but will be taken forward into the 1999-2000 budget. What is the real number?

When we deal with budgets and budgetary functions we try to honestly put before the constituencies the revenue and the expenditure. What was left over from the two was some surplus to do with whatever we wished. We made sure the constituencies had input into the spending of those surpluses.

We do not know what the surplus is for 1998-99. We do not know what the budgeted surpluses are for 1999-2000 or where in fact the finance minister will spend these surpluses. Let us make no mistake about it. They will be spent on probably a leadership campaign, not directly but certainly during the leadership campaign. I suspect we will see a lot of those surpluses rising to the surface and being put into programs that are perhaps pet programs for particular individuals on the Liberal benches.

Let us get back to health care. The hon. member stood here and read a press release which said that \$425 million over the next five years would be put back into Manitoba. What the hon. member neglected to say was that Manitoba had been impacted by \$240 million in cuts every year for the last three years. The numbers do not add up.

• (1250)

Manitoba has given back substantially more over the last three years than the government is prepared to put back in over the next five years. Why did the government not make it 10 years instead of 5 years? Why did the government not give a real big number so Canadians could be snowed? Why only five years? Why did it not deal with 10 years? Maybe I am giving the finance minister some opportunity to change his mandate or his method of operation for the next budget so he can expand it over more than a five year term.

Let us talk about some other areas of serious importance in my constituency. That area obviously is agriculture. The 1998-99 budget, the one that will be ending on March 31 of this year, shows \$600 million being put to an aid program, the AIDA program. I find it very unlikely that dollars will flow to farmers by March 31 of this year, but \$600 million are reflected in that budget.

I assume that will be put in trust and will be put forward to the next budget year, the year 1999-2000. The auditor general will have a lot to say about the shenanigans in this budget. It is not good accounting procedure, but it makes the government look good. Unfortunately it will come back to haunt the government.

In agriculture we have been saying all along that we do not need an ad hoc program. We agree that the government should put together some vision, foresight and thought and put dollars in a budget that will be able to look after the cyclical problems of agriculture on a regular basis, like the GRIP program that was cut by the government in 1995. Short term gain for long term pain continues. There is nothing reflected in the budget to show for a long term solution to agricultural cyclical downturns. That to me is a deficiency in the budget.

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The hon. member for Charlesbourg said with great pride that he has a Canadian forces base in his constituency. With great pride I say that I also have a Canadian forces base in my constituency. I probably see the personnel, talk to them and deal with them more often than does the hon. member. I am in constant touch with that constituency.

The \$175 million reflected in the budget do not even come within a fraction of what was requested to bring military families up to standard. The budget does not reflect anything for needed equipment purchases.

We sit in the House every day and talk about the Sea King helicopters. We talk about military equipment that is 30 and 35 years old. That was not reflected in the budget because it is a health care budget that is also a farce and a sham.

If there is one request I could make—and I know there is a majority government and that the budget will pass—of the Minister of Finance and the government, it would be that the next time they table a budget in the House they should be totally up front with Canadians, tell them exactly what they are doing to them and tell them that the tax cuts will not be reflected in their next paycheque.

I have request of Canadians. They should not start spending their tax breaks because they will find there is not a lot there. With the CPP increases and because the tax breaks will take place on July 1 of this year, an income of \$39,000 will have a \$3 income tax increase for the year 1999. I would really like to thank the Liberal government for that.

**Mr. Dennis J. Mills (Broadview—Greenwood, Lib.):** Mr. Speaker, I listened to some of the debate today. I understand when members of the New Democratic Party give a long list of things that we should have done and could have done that add another \$10 billion to \$15 billion to the cost of operating the nation's programs. However what puzzles me completely is that for years and years I have sat in the House, both in opposition and on the government side, and have heard speaker after speaker from the Conservative Party talk about the importance of the Liberal Party putting the fiscal framework of the country's books back in order and about over the last few years our Minister of Finance following the direction of the Progressive Conservative Party so much so that for the first time in 50 years we have a balanced set of books.

• (1255)

We have a balanced set of books. We did all this in terms of health care and huge tax cuts. The member lists many other areas in which he would have wanted spending. How much of a deficit would he have wanted the Minister of Finance to take on?

**Mr. Rick Borotsik:** Mr. Speaker, I thank the hon. member for pointing out that the reason the budget is balanced is the policies that were put in place by the previous Conservative government. I will not go over them, but because of NAFTA we now have an export economy that is generating substantial revenues that the government can hide and spend. We have low interest rates because the government has more money to hide and spend. I do not understand how the government can take the GST as its own policy.

We would not like to see a deficit. What is the surplus? Is it \$7 million or \$14 billion? The government has hidden the surplus. There may not be a deficit. Some of those dollars from the surplus can go into better programs. The government could do a much better job than what it did in the budget simply by identifying what the real surplus will be.

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, it is too bad members of the Liberal Party will not congratulate the taxpayers of Canada for paying the highest taxes in the land or in the world, practically, in order to make this work. They do not want to give credit where credit is due.

Coming from Manitoba and as one of the Indian Affairs critics I spend a lot of time in the city of Winnipeg where I have witnessed many tragedies regarding people from the native communities who are on the streets. Mike Calder is one of the directors of an organization which I think is called St. Norbert. He came to the government at least five times with proposals to the health care minister and to the justice minister to help to alleviate the problems which exist in Winnipeg with the natives who are on the streets. There has been no response during my tenure in this portfolio from the government whatsoever to assist the city of Winnipeg with that issue.

I am sure the member has been to that area and is familiar with what is going on. Since 1993 has the government ever shown any initiative whatsoever to alleviate the serious problems that exist with natives on the streets of Winnipeg?

**Mr. Rick Borotsik:** Mr. Speaker, I thank the hon. member for his question. I was born and raised in Manitoba and lived there for most of my life, but fortunately or unfortunately not in the city of Winnipeg.

There is a serious problem in Manitoba as the member pointed out with respect to aboriginals in Winnipeg. To answer the question simply, I have been trying to get to the Department of Indian and Northern Affairs. I have been stonewalled on a number of occasions in trying to deal with some aboriginal issues in my own constituency. The understanding in the federal government is somewhat lax or missing. It does not necessarily want to deal with the issues that should be dealt with.

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We talk about deficits and we talk about spending. The one good thing that happened in the budget was that there was nothing reflected there to help professional sports teams.

**Mr. Greg Thompson (New Brunswick Southwest, PC):** Mr. Speaker, it is nice to respond to the budget. In all fairness, there has been a lot of good publicity on the budget and most of us would accept that fact although we may disagree with some of the headlines. There has been some analytical appraisal of the budget and not all of it has been favourable. Despite the optics, this budget is going to have a very short shelf life and the reason has been articulated in the House more than once this morning.

• (1300)

When I look at the budget, at the numbers and at how it was presented by the finance minister, I cannot help but think of Mark Twain who coined the expression “lies, damned lies and statistics”. I am much too polite to use the word “lie” in this House when it comes to the budget but I would suggest that the minister is using a lot of creative accounting to come up with the numbers. No one here knows what the real numbers are.

Not one member on either side of the House can tell us how the surplus in the EI account works into the budget numbers. No one knows and if they do know they are not going to tell us. If they did, I think it would expose the finance minister for what he is, someone who is capable of balancing the budget on the backs of the unemployed. The number we often hear is \$20 billion which has been taken out of the hides of the employers and the employees and used to help creatively balance his books.

There is a lot of doubt in the minds of ordinary Canadians as to what the minister has really done in the last six budgets he has brought into this House. I agree with the member next to me that a lot of the policies this very government fought against are the ones that are delivering the numbers the Liberals brag about.

We mentioned specifically the free trade agreement. We mention the GST from time to time on this side of the House. It is rolling in revenues of about \$20 billion this year compared with about \$12 billion the day it was brought in. That is about \$20 billion the minister would not have to play with if he had lived up to the 1993 red book promise to rid this country of that hated GST. He can roll around in the luxury of having it there but he has not had to pay the political price for introducing it.

Is that not the Liberal way? Mr. Speaker, I see you nodding in agreement. There is at least one person in this House who is agreeing with me. You were there and you fought that election. You know on the basis of how you fought. That is even a bigger nod, Mr. Speaker. Thank you for that honesty.

This has been called the health budget. We have to be careful what the Liberals call it. I think this same minister called a budget he introduced a couple of years ago the youth budget. Immediately after he introduced the so-called youth budget, 12,000 young Canadians filed for bankruptcy because of their inability to pay off their student loans. Thousands are leaving this country to seek employment.

I do not think the minister can take too much satisfaction from the thematic approach to budget making. Goodness knows what is going to happen to those people who depend on health care services, given the track record of this minister.

The theme is health care. The Liberals are bragging about putting \$11.5 billion in. You are right, Mr. Speaker, they are putting it in or we are being led to believe they are. But the timing is the thing, is it not?

The first chunk of change to go in is going into what is called a third party fund. Mr. Speaker, have you ever heard of that type of fund before? It is a clever word game, a third party fund is being created. It will be a \$3.5 billion fund but no one is going to draw down any money this year. It will be next year and the year after.

I agree with the member from Manitoba in that I think it is going to coincide with the finance minister's leadership bid. I should not mention the dirty word leadership in here but that is exactly what he has done. He is very clever. The timing will work out perfectly for the finance minister.

• (1305)

Sadly, this is like giving the arsonist credit for burning down your house and then building you a one room shanty. That is exactly what the finance minister has done. He took the torch to health care five years ago. And torched it he did. He immediately extracted almost \$6 billion out of health care. He put back \$11.5 billion after extracting \$6 billion in health care alone and he took \$17 billion from the social transfers. If we follow his scenario to its logical conclusion, in the year 2004, we will be into the next millennium if we make it that far, and health care spending will be back to the very same level that we had in 1995.

In Atlantic Canada we call that backward speaking. That is absolutely bizarre. He is taking credit for inventing health care when he is the man who single-handedly wrecked health care. Now the Liberals are standing up and bragging about it.

Back in all the provinces where the hurt was really inflicted, back in New Brunswick and every other province, including his friend Roy's whom he likes to brag about in the House, they are questioning what they are going to do with this money. The feeling is that this infusion of \$11.5 billion is going to be used by the

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provinces to eradicate debt that this character imposed upon them. There will be no change in patient care.

I am speaking about the shelf life of this budget. There will be no changes in terms of rural doctors and services for rural Canadians for years to come. There will be no change in waiting lines or in emergency wards. People are still going to be waiting. They still will not receive the care they should be receiving.

In fact, when money is taken out at the rate the minister has taken it out of health care, it takes more to bring it back to where it was. An analogy would be a house with a leaking roof. If we let the roof leak, the problem gets worse and instead of just having to fix the roof, we would have to fix the rafters, the floor joists and the floors. We are talking about maintenance. They have not had the money to sustain the system over the years. Now we are going to have to wait until the year 2004 before we are back to the level we had in 1995.

Would it take a rocket scientist to figure this guy out? No it would not. It would take an ordinary citizen to look at the numbers, if they were provided. Unfortunately the minister does not disclose the real numbers because he is devious. He is the Houdini of finance. I suggest that he go back to the provinces and teach those finance ministers the magic in his numbers. I go back to the old Mark Twain expression "lies, damned lies and statistics". This minister fits into the very first category mentioned.

**The Deputy Speaker:** Now the hon. member knows that this kind of talk is quite unparliamentary. I know that he would want to comply with the rules. He cannot do by the back door what he is not allowed to do by the front door. I suggest that perhaps he withdraw those words and carry on for the few seconds he has left in his speech.

**Mr. Greg Thompson:** Mr. Speaker, I apologize to Mark Twain.

**The Deputy Speaker:** The hon. member will have to do more than apologize to Mark Twain. He is going to have to apologize to me and to the House, and he is going to have to withdraw those words. I would ask him to do so at once.

• (1310)

**Mr. Greg Thompson:** Mr. Speaker, it is cold outside today and I do not want to sit outside, so I do apologize for that unkindly word.

I think Diane Francis can say it better than most of us in this House. In an article in yesterday's *Financial Post* she calls it "fiscal fairy tales". Is that better, Mr. Speaker? She wrote, "the minister is a master at devising fiscal fairy tales". This is his sixth in a row, fiscal fairy tale.

**Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.):** Mr. Speaker, I will try to keep it concise.

I listened to both of the members' speeches and found them quite humorous.

The hon. member is quoting newspaper articles and I want to quote one. I have heard him mention how well this individual does his job. It is a quote by the premier of Alberta. The premier of Alberta says that the Minister of Finance's Liberal budget is a blueprint for the type of policies Tories and Reformers should embrace if they merge into a new party. He also said that the Minister of Finance would deliver good government to Canadians if he became prime minister. He also said that he was "very happy with the Liberals' decision in Tuesday's federal budget to pump \$11.5 billion into provincial health care coffers".

I would like to hear what the hon. member across the way has to say about Ralph Klein's comments. Is he wrong?

**Mr. Greg Thompson:** Mr. Speaker, we know it would be on very rare occasions that a Conservative premier would be wrong. The problem with Ralph of course is that he succumbs to the beating the finance minister inflicts on him with his big cheque-book. I am sure Ralph mentioned this under great duress because there would be no other way that he would say that. The minister is famous for doing that.

The New Brunswick finance minister was not quite that complimentary. In fact, yesterday the New Brunswick finance minister said just the opposite. At least a few of them, even though they may be political pals, do have the strength from time to time to speak the truth, not to say that Ralph would speak anything but the truth.

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, we have an old family fight going on over here and I thought maybe I could insert some rationale into it.

I am sure that Premier Klein and Premier Harris are smart enough to know that the last thing they should be saying is "Take your money, I don't want it. Get out of my sight". No. They are going to placate this government. They are going to take the money and at the same time continue their fight and struggle to defeat this government in the next election.

**Mr. Greg Thompson:** Mr. Speaker, that was an intelligent intervention and of course it had to come from this side of the House.

Sometimes in this business we have to eat our own words. I would love to see the finance minister do that. Last week when the Prime Minister was out of the country, he was talking about how supportive he was when the prime minister of the day, Brian Mulroney, brought in the GST and why he had to do it. What goes on in the minds of some politicians one never knows, but I think the hon. member is absolutely right. This is a man who controls the



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nation's finances, he and the Prime Minister. It is not too often that we will get a premier going on the attack, especially when he is waiting for some of those health care dollars that were taken away from his province.

**Mr. Bob Speller (Haldimand—Norfolk—Brant, Lib.):** Mr. Speaker, the hon. member was talking about numbers earlier.

I know the hon. member was in this House up until 1993. I am wondering if he could tell me what the unemployment numbers were at that time. If I remember correctly it was 11.5%. Today it is 7.8%. Could the hon. member tell us what the budget deficit was at that time? I am sure he will remember that it was at \$42 billion a year. Could he also tell us what the budget deficit is today?

The hon. member talks about numbers but those are the things we had to deal with before we brought in this budget. This budget is our attempt to try to deal with those dramatic numbers.

• (1315)

**Mr. Greg Thompson:** Mr. Speaker, I have an institutional memory. I think that sometimes comes in handy in this place. The member for Fredericton and I had a little discussion on the very topic of the numbers of unemployment last night in Fredericton in terms of New Brunswick's unemployment. I wish the rate of unemployment in my home province and Atlantic Canada were as low as the national average. I do not disagree with that because the economy as we know is very cyclical. What goes up comes down sometimes.

The hon. member is right, the unemployment rate was too high when we left office. Prior to that it was lower. We get to the bottom of the cycle as well in terms of a low number of unemployed. But back in New Brunswick this very day it is very high. It is very high in Atlantic Canada. I wish that we were experiencing the prosperity of southern Ontario. Maybe some day we will, but it will need more attention by this government to achieve those low numbers.

**Mr. George Proud (Hillsborough, Lib.):** Mr. Speaker, I am sharing my time with the member for Waterloo—Wellington.

This is a very intense debate and I am very honoured to enter into it and to offer my congratulations to the government on what I consider to be another tremendous budget.

This budget offers all Canadians a high standard of living and again makes Canada a better place in which to live.

Our obligations as members of Canada's parliament are to ensure that Canadians receive what they put into their country and to ensure that we give Canadians the support they need to build a strong and prosperous nation.

Our strategy of building a stronger and more prosperous Canada takes action on three fronts, maintaining sound economic and financial management, investing in key economic and social priorities, and providing tax relief and improving tax fairness.

These fronts mesh together to improve Canada's standard of living and quality of life. I would like to take a look at each of these three fronts to see how they affect Canada as a nation but Prince Edward Island also.

If one looks at the present fiscal situation it is apparent that we as Canadians are living in a very unique time, a time in which economic and financial management of the nation is once again a possibility, a time in which the light at the end of the tunnel is a reality.

The 1998-99 fiscal year is the second consecutive year in which the budget has been deficit free. The last time this occurred was almost half a century ago. Program spending as a share of GDP will decline from 12.6% to 12% in 2000-01. This also is the lowest in almost 50 years.

The federal government will post a financial surplus for the third consecutive year, the only G-7 country to do so.

The financial position of the territories and the provinces has also improved. The maintenance of a sound economy is something to be very proud of, something this Liberal government has done in a timely and efficient manner, in a manner of effective and responsible government.

This government has not forgotten the fundamental principle that has guided Canada through the 20th century, the fundamental principle of fairness and social responsibility. This is a government that recognizes the importance of health care, a government that recognizes the burdens that taxes place on us, a government that recognizes the importance of investing in knowledge and innovation so that we are fortified as we enter the new millennium.

This budget is proof that our government has recognized the importance of knowledge and the development of a dynamic business sector and workforce. An innovative and dynamic business sector and workforce are essential for success in today's knowledge based economy and we have recognized this through increased support to the Canadian opportunities strategy. This strategy supports employment through creation, dissemination and commercialization of Canadian knowledge.

Economic and social priorities seem to concentrate on one entity, employment. Creating permanent and prosperous jobs for Canadians is a key economic and social priority and this is no surprise. Without a strong economy we do not have a strong society and vice versa. We must invest in both sides of this relationship. That is what our government has done. We have given our economy a boost as well as giving Canadians a boost.

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• (1320)

It does little good for us to educate Canadians, give them the life investments they need and not supply them with the proper innovative environments to put these skills to work. To stimulate the creation of jobs in our workforce through the careless allocation of money is not a solution. What good government must do is create an environment where innovation and the promotion of knowledge can flourish. Investments in knowledge and innovation are key to improving our productivity performance and increasing our standard of living.

This in turn creates a highly trained workforce that can stand the test of the new millennium. This is what our government is doing when it builds on the existing Canadian opportunities strategy.

Our government is taking measures to create knowledge, creating knowledge through increased funding for the Natural Sciences and Engineering Research Council and for the Social Sciences and Humanities Research Council for advanced research in graduate studies.

We have also made money available to the National Research Council to invest in leading edge equipment. This money will be available this year and for the next three years. Without cutting edge equipment, our national research will suffer and in turn affect employment. Jobs depend on research.

Not only must we take measures to create knowledge but we must also disseminate this knowledge so Canadians can use it. The Internet and its ability to transfer information to vast numbers makes it a natural choice for keeping Canadians abreast of up to the minute information.

This government plans to make information and knowledge infrastructure accessible to all Canadians by the year 2000. This will make Canada the most connected country in the world.

This budget will make for the investment of \$60 million over three years to establish a smart community demonstration project in each province and territory. These projects use information and communication technology to support economic development and enrich community life. Several aspects of society will be fortified with speedy information channels for sharing and mass dissemination of valuable knowledge.

These initiatives support innovation by creating a network where industry can reach out to potential partners, where small business can network with large business and where students can learn more about business innovation in Canada.

Not only must we help stimulate ideas and innovation, we must also connect ideas with our markets. Innovation is the driving force

behind increased productivity and improved standards of living. It is the commercialization of innovation and knowledge that results in the creation of new products, new markets and new processes that will lead to economic growth and the generation of job opportunities.

This budget supports the commercialization of knowledge and innovation. Our government designates money for the investment in partnerships with the private sector to help firms commercialize new technology. That is where research and investment comes to the main street of Canada, where our commitment to the creation of economic stability through innovation meets the average Canadian. This is where investment in knowledge bears its fruit.

This budget also supports the development of innovative projects that support alternate energy development. For example, in my home province of Prince Edward Island our government is continuing to provide funding for the Atlantic wind test site. This site contributes to the development of wind energy technology and illustrates this government's commitment to the diversification of the Atlantic economy.

Now to deal with health care. This is very important to Canadians and to this government. There is \$11.5 billion specifically for health care over the next five years. This is a lot of money. As a matter of fact, it is the largest single new investment this government has made.

For my province of Prince Edward Island this government has committed an estimated \$51 million over the next five years, an average of over \$10 million a year. This amount is substantial. It will clearly have positive effects for the people of my riding and the people of my province.

This government is also investing in health information systems and health research. Information systems improvements will enable Canadians to make more informed choices about their own health, improve decision making by those in health care roles and allow for the public to hold these people more accountable. It is a win-win situation. Here is how we are doing it.

Through the Canadian health network, our government is improving health information channels by giving millions to increase public access to health information. The government is giving \$95 million to the Canadian Institute for Health Information to strengthen its capacity to report on the health of Canadians and the functioning of the Canadian health care system.

The Department of Health will be given major financial support so that it may report on the performance of federal health programs in a more effective manner.

Not only are we giving considerable support to health care information systems but we have also strengthened our health

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related research. Over the remainder of the fiscal year and over the next three years our government will commit a half billion dollars to health related research. This is a considerable amount and I think it will clearly have a visible effect on the type of health care this country experiences in the next century.

• (1325)

Health care research and innovation is traditionally focused on the scientific aspect of health care. This budget provides \$25 million to develop solutions to challenges facing nursing in the next decade. It is thoughtful of our government to look at the problems associated with the profession of nursing. This profession is facing some serious challenges in the next decade and this government had the foresight to fund research to prevent a potential health catastrophe, a lack of nurses.

This is where our government differs from past governments. We care about all these things and we are doing something about it. Clearly this budget is providing substantial gains for Canadians, health care, job creation through our knowledge investment and tax relief for all Canadians.

It does not get much better than this. The people of Prince Edward Island and all Canadians can celebrate this Liberal government's budget, a budget for all Canadians.

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, it is a pleasure to rise and question the member who just finished his speech. We are from the same generation. We are about the same age and it is always nice to compare notes. I often wonder, though, what happened to him over the years as he was growing up.

He was speaking about how wonderful this health care proposal is to the people of Canada. I read in the headlines this morning in the *National Post* where the Liberals are now a little concerned that the budget may help Mike Harris win the election. Is it not pathetic that suddenly the care about health care is not as important as Mike Harris might win the election?

For members of his caucus to make those kinds of statements really shows that it is a political concern. Win, win, make sure you get a seat in the House of Commons and keep the ego going. We have to win these elections. That is pathetic.

I would like the hon. member's comments with regard to the auditor general who year after year condemns the government for the way it keeps the books. It is not illegal but it is unethical.

*Betty Crocker's Cook Book* should be renamed Paul Cookers' Crock Book.

**Mr. George Proud:** Mr. Speaker, I suppose what someone saying this budget would help get someone elected is something everyone has to live with. The party in my province is a different stripe from mine and I am certain it is hoping this will help it get elected. That is what politics is all about.

The great thing about this is that it shows that all the premiers, the Prime Minister, the Finance Minister of Canada and the finance ministers of the provinces got together and made this thing work and they are all very happy with it.

As far as the auditor general's comments on the way the government keeps the books, I suppose there is a difference of opinion between the auditor general, the people in the Department of Finance and people in other departments. That will go on forever. It always has and always will.

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, we have been sitting here in this budget debate listening to the hon. members on the government side and what a great job they have done. I made the point before that we will give this budget barely a passing grade. It is nice to see the books in the black. I will repeat that statement. It is not a problem.

Let us draw it into perspective. These guys are talking about knowledge based industries and there is nothing in the budget for knowledge based industries. They are talking about the military. There is nothing in there for the military.

I want to draw the House's attention to something that is very critical to P.E.I. and very critical to coastal Canadians. On budget night we had in all of Canada three search and rescue helicopters that were fit to fly and that men and women in the Canadian Armed Forces would actually get into to try to rescue someone.

It may not mean a lot to the member from P.E.I., but I bet it means a lot to his constituents. It means a lot to my constituents in South Shore, Nova Scotia. It means a lot in Hudson Bay if one is adrift in a boat. It means a lot in just about every place in Canada; three choppers fit to fly with crews that would get in them.

• (1330)

**Mr. George Proud:** Mr. Speaker, I am on the defence committee. I am the senior member of that committee. I have been on it since 1990 and if there is anything I can do to make sure we have a fleet of search and rescue helicopters and a fleet of shipborne helicopters, it is something I have been fighting for since I went on the committee and will continue to do so as long as I am part of this government.

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, it is with a great deal of honour that I rise today to enter this historic budget debate. I do so on behalf of the residents of

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Waterloo—Wellington and indeed on behalf of all Canadians who recognize the tremendous work that the government has done to get our fiscal house in order, to provide tax relief and to ensure that our health care system is secured for the next generation.

I begin by outlining the strong fiscal outlook contained in the budget. It is no secret that budget '99 is an outstanding testament to the efforts and sacrifices of all Canadians to put Canada's fiscal house in order. The government is dedicated to advancing the living standards of Canadians through the creation of well paying jobs, a robust economy, equal opportunities for all and a safety net for those in need.

In 1998 Canada's economy flourished despite the uncertainty in overseas markets that has hit some parts of Canada, our western provinces particularly hard. Yet job creation in Canada outpaces the other G-7 countries. Employment growth remains strong. There were 453,000 jobs created in 1998 following the impressive gain of 368,000 jobs in 1997.

I point out that almost 40% of the new jobs created in the last 12 months were to Canada's youth who posted their strongest yearly employment growth in over 25 years. I also want to note that interest rates remain low and long term rates are nearly historically low.

It is important to note that Canada's economic success is due to sound economic and fiscal policies and the hard work and sacrifice of all Canadians. The budgetary deficit which stood at \$42 billion in 1993-94 was eliminated in just four years. In fact, a surplus of \$3.5 billion, the first surplus in 28 years, was recorded in 1997-98 and went to pay down the debt.

This year the government will begin balancing its books or better. For the first time since 1951-52 the government has been deficit free for two consecutive years. The government is committed to further balancing budgets in both 1999-2000 and in 2000-2001. This will be the third time since Confederation that the government will record balanced budgets for at least four consecutive years. That is truly historic and worthy of note.

The balanced books means an ability to invest more in health care. Reducing our debt is an investment in our future. Our goal is to put the debt to GDP ratio on a steady downward track. As we reduce our federal debt it means that more resources are available to strengthen health care, to provide tax relief, fight child poverty and invest in research and innovation.

In 1995-96 when the debt to GDP ratio was at its peak, 36 cents of every federal revenue dollar went to paying down the debt. Last year that was down to 27 cents. Again, it is truly remarkable. This is tremendous progress and underscores the government's commitment to debt reduction.

Canada's strong economy and bright prospects are clear evidence that strong economic fundamentals are helping us to prosper. Our record of maintaining sound economic and fiscal management has led to strong growth and a reduced debt burden which in turn has allowed the government to reinvest in priorities, especially health care.

I turn to our health care system. Canadians believe our health care system is a fundamental core value. Canada's publicly funded health care system is a pillar of our society and reflects the values shared by us all. I am pleased to see that preserving and building on our health care system's strength is a cornerstone of budget '99.

Over the next five years the provinces and the territories will receive, as everyone knows, an additional \$11.5 billion for health care. This represents the largest single new investment our government has ever made. These new monies will help the provinces and the territories deal with Canadians' immediate concerns about health care, things like waiting lists, crowded emergency rooms, diagnostic services and other things. The government is committed to building a stronger health care system that reflects the changing needs of Canadians and provides timely access to high quality health care.

● (1335)

I take this opportunity to fully outline what this means. Of the \$11.5 billion dedicated to health care, \$11 billion will be provided through future increases in the Canada health and social transfer. Over the next three years provinces will receive an additional \$6.5 billion. For this fiscal year, \$3.5 billion will be allocated as an immediate one time injection into the CHST. Provinces and territories will be able to draw on these funds in the manner which best suits their needs and their health care systems.

The \$2.5 billion increase to the CHST brings the total cash portion to \$15 billion, making the health component of the CHST as high as it was before the spending restraint of the mid 1990s. Combined with the CHST tax transfers and others, federal support is expected to reach a new high by the year 2001-02. This is truly good news for Canadians wherever they live.

In addition, budget '99 invests close to \$1.4 billion in improving information systems, providing health related research innovation, improving first nations and Inuit health services and preventing health problems. This will ensure that doctors, nurses, administrators and researchers have the most up to date knowledge, information, treatment and cures at their fingertips. It will also allow them to innovate and learn from each other in order to benefit all Canadians.

Health research helps prevent a wide range of diseases from polio to tuberculosis. A national task force representing the health research community has developed an innovative proposal to

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create the Canadian institute of health research. The institute would bring together the best researchers from across Canada in areas such as aging, arthritis, women's health, cancer and diseases of the heart.

Budget '99 sets aside \$240 million over the next two years to support this proposal. While we lay the groundwork for the institute, increased funding will go to the existing federal agencies that support health research and to hospitals and universities to help create world class research facilities. That is truly important to note.

Medicare is not only good social policy, it is good short and long term economic policy. We will ensure that every health care dollar spent by the Government of Canada is used to the greatest possible extent to deliver those services.

Working with the provinces and the territories and all the stakeholders in this very important public policy area, the government then is investing in high quality and high calibre health care for all. This is something Canadians need, want, deserve and expect.

In addition to medical research the government is moving to strengthen other areas of research, innovation and knowledge. This is because we know it is very important to raise the standard of living for all Canadians. In today's fast paced world investing in Canadians' access to knowledge and innovation is crucial.

Budget '99 builds on previous efforts by investing more than \$1.8 billion in innovation over the remainder of this fiscal year and the next three years. This investment will help prepare Canadians for the new economy and the new millennium.

Over the past five years our government has made important investments in support of knowledge and innovation and we will continue to do this. Budget '99 provides an additional \$200 million for the Canada foundation for innovation's initial \$800 million endowment which is now being used to support the acquisition and modernization of world class research infrastructure. An additional \$150 million over three years will be invested in technology partnerships Canada starting in 1999 and 2000. This will help keep Canada at the forefront of technological innovation, open new market opportunities and support the creation and growth of high technology industries.

The Natural Sciences and Engineering Research Council, the Social Sciences and Humanities Research Council and the National Research Council will also receive \$121 million in funding for research and support for advanced studies over the remainder of this fiscal year and the next three years as well.

Networks of centres of excellence will also receive \$90 million over three years to foster research partnerships among world class researchers in the private sector across Canada.

• (1340)

More than 100,000 young Canadians a year will benefit from summer employment, internships and job information through the youth employment strategy. The program has been made permanent and funding has been increased by 50% to \$465 million over the next three years. An additional \$110 million per year will be invested in a new Canada jobs fund to create sustainable long term jobs in regions most directly affected by high unemployment.

That is very important to note and taken all together these investments represent a balanced and comprehensive approach to advancing Canada's knowledge and innovation agenda. They will help businesses, organizations and individuals to put new ideas to work in job creating industries for the future. For Canadians this means a better standard of living and a better quality of life.

This positions Canada and all Canadians for the 21st century. This helps to secure the future for our children and our children's children. This truly represents an historic budget that we as a government and all Canadians can be proud of, knowing it positions our country to enjoy the prosperity that lies ahead in the future.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, as I listened to the member for Nepean—Carleton it sounded like he was painting an awfully rosy picture for Canadians in the next few years. I began to wonder whether he had his stats right. If things are so rosy why has Canada fallen so far in terms of standard of living? Why are Canadians facing such a lower standard of living now than we were facing five or ten years ago?

Our major trading partner, the United States, has been experiencing tremendous growth in standard of living. We have fallen behind the Americans by 25% in standard of living expressed in terms of GDP. We have seen 45,000 of our young professional people leaving Canada to go to the United States. If things are so rosy why is this happening?

We have the highest personal income tax rate in the G-7, about 15% higher than in the United States. The United States is experiencing tremendous growth and a tremendous increase in standard of living. Why are we so stagnant here if things are so rosy?

**Mr. Lynn Myers:** Mr. Speaker, I thank the member for the question. I represent the riding of Waterloo—Wellington in Ontario and I am certainly proud to do so. I do know that we are on the cusp of great prosperity in this great nation. That is because we as a government have laid the foundation that enables us to take our place in the future and in the 21st century. That is very important to note.

The hon. member spoke about the G-7. We are the envy of the G-7 in terms of what we are doing. For the past number of years

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the United Nations has repeatedly shown that we are the leading nation when it comes to the kinds of things we do for ourselves and for our people. I think that is very important to note.

With the research and innovation we have included in this budget, we will ensure that our young people have the fair chance here that is needed and necessary. This we do in the interests of all Canadians.

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Mr. Speaker, the hon. member said that we were poised for economic greatness. Earlier his colleague, the member for Guelph—Wellington, talked about balancing the situation in the country. Let me talk about that balance a bit. I think the member from Guelph indicated that the unemployment rate in her region was 5%. This member has spoken about an unemployment rate of 7% nationally. The unemployment rate in my riding is 19%. The unemployment rate on the aboriginal reserve in my riding is 85%.

So I will ask the hon. member a serious question, not rhetoric. Would he not agree with me that much of the thrust of the budget, the centres for excellence which he talked about and the new spending above and beyond the transitional jobs funds should be directed to those regions in this country, and my riding is not the only one, with the highest unemployment rates so we can see those centres of excellence in places like Cape Breton, northern Manitoba and eastern Newfoundland? Would he not agree that would be a sensible way to direct the funding of those initiatives?

• (1345)

**Mr. Lynn Myers:** Mr. Speaker, I thank the hon. member for the question.

What I do know is that we as a government have taken a very balanced approach not only in this budget year but in previous years as well. We have taken an approach that is balanced, equitable and fair. We have ensured that we cut taxes, that we pay down the debt and that we make the wise kinds of reinvestment Canadians want, need, deserve and expect. We have done a very good job at that.

Specific to the question, I point out that when we put in place innovation, research and the new centres of excellence we do so for everyone in the country no matter where they live, in a manner consistent with the values that sustain us as a people. It is important that we do so in a manner that enables Canadians wherever they live to access those very important areas and make sure that we all prosper and benefit as a result.

**Mr. Sarkis Assadourian (Brampton Centre, Lib.):** Mr. Speaker, there are three ways to look at the budget, in a realistic way, an optimistic way and a negative way. Using the example of the glass being half full or half empty, this glass is seven-eighths full and one-eighth empty. That is a realistic budget.

My colleague from Waterloo—Wellington spoke about the positive points in this budget. He failed to mention the positive responses we received from all the premiers and the favourite son of the federal riding of Brampton Centre, Bill Davis. He spoke very highly of this budget.

I wonder why my colleague skipped this fact and did not present this information to the House?

**Mr. Lynn Myers:** Mr. Speaker, I know Bill Davis. I had the opportunity not so long ago to speak to him. I very much value and respect his opinion. When Bill Davis says that this is a good budget, we should all listen to that. He knows what he is talking about.

**Mr. Grant Hill (Macleod, Ref.):** Mr. Speaker, it is a privilege to stand and talk about this budget.

Because I am the health critic and because I am really keen on health, I looked forward to this budget. I must say that frankly, I looked forward to it because it would be a health reinvestment budget. In a non-partisan way, I thought this would be the perfect opportunity for me to stand and cheer my colleagues across the way. I honestly, truly hoped that I would be able to do that.

Because a politician can find negatives in anything, I am going to leave the negative comments relating to this budget to health care people who are not politicians.

The Liberals said they had an excuse for cutting health. The excuse was that there was an emergency, a deficit emergency, a money emergency. Many Canadians asked why the Liberals took a money emergency and made it into a medical emergency. That would arch over my questions to my Liberal colleagues.

Reformers say that this budget is a pay more and get less for health care budget. Members have heard that a lot. I hope they will hear it a lot more.

What is the Liberal record on health since the Liberals came to power in 1993? These facts are absolutely incontrovertible. In 1993 Canada was second in the world in spending on health care. As a per cent of GDP, Canada was number two. Today Canada is number five in the world. We have plunged from two to five as a per cent of GDP. That is the Liberal record.

These are not just numbers; these matter to the public. As a percentage in the 28 OECD countries, government spending on health of all the OECD countries, Canada is 23rd out of 28. We are so close to the bottom we are almost the anchor. We are told that in private health spending we have one tier publicly financed health in Canada. Where are we in terms of private spending since 1993 until now? We went from 22% to 30% in a short span of time. That is the Liberal legacy.

*The Budget*

This is the big, big health reinvestment; budget increases federal support for health care. What will be the balanced result of that? The balance is pretty simple. For every \$2 the Liberals have taken out of health care, they are going to put \$1 back in. Most eighth graders would tell me that is not very good math.

• (1350)

Let us look at the reception of the budget from those who are not politicians, those who stand aside and look at this with no axe to grind, none. I have chosen three big groups.

The Canadian Medical Association said, "The patient is the health care system. Budget day, it was an emergency situation, just this close to life support. With the budget it has moved from emergency to urgent. It is still acutely ill," says the president of the Canadian Medical Association, Dr. Hugh Scully. "This is a band-aid".

Sharon Scholzberg-Gray, the president of the Canadian Health Care Association said, "This increased funding is a step in the right direction but it will not be enough to deal with a growing aging Canadian population. The amounts are not sufficient". This is not a political statement. This is a statement by somebody who deals with the patient.

The Canadian Nurses Association expressed concern about the long term sustainability. "At the end of four more years," said Mary Ellen Jeans, "we will be at \$15 billion which was where we were three years ago". She did not say when the Liberals took power we were at \$18.8 billion for health care. She did not mention that but I will.

I would say the reception by non-politicians to this tremendous health care reinvestment budget is negative. Would my colleagues agree? Would my Liberal colleagues agree? The Liberals talk about this as getting all kinds of encouragement and enthusiasm from across the country. I do not think so.

I have never done this in the House before but I am going to take the position of Canadian doctors on the budget. They made a prebudget submission. Because I am a doctor I have hesitated to do this. Today I am going to present the CMA position, their prebudget submission on health care. I am going to list off the things that they said needed to be done. I am going to grade the Liberal government on the CMA's behalf.

The first thing concerned funding. The CMA said there had to be sustainable funding and asked for \$2.5 billion per year now, to raise the floor from \$12.5 billion to \$15 billion, not where it was when they started but at least get started. They also asked for \$3 billion over the next three years for the damage. They said please do not keep this CHST nonsense. Identify the health care funding out in the open so that we can all see it. What was the mark? I will be fair. It was a C-minus. The Liberals did only one of those three things.

The CMA asked for a complete tobacco policy. I give the Liberals a D for that because it was not even in the budget.

The CMA asked for every doctor to be treated fairly under the GST rules, in other words, to have the GST be zero rated. I give the Liberals an F.

The CMA wanted the RRSP limits raised. I give the Liberals an F.

The CMA wanted the non-taxable health benefits maintained. That was done; an A. They also wanted a national target for health research funding. Well there is a little bit of money for health research funding but no national target so I will give the Liberals a C.

That is a C-minus, D, F, F, A and C. The Liberals did not pass and would not get into medical school with this budget.

Mr. Speaker, I am sharing my time in case you did not realize that.

Who was totally missed in this budget? The 6,600 hepatitis C victims of tainted blood. Not one penny for the left out hepatitis C individuals.

I would like to make another little announcement today. It looks like we are going to have to go to Washington, U.S.A. to get justice for those victims. Next week that is exactly what the victims and I are doing. We are going to Washington to see if we cannot find proper care for them there.

There is not much in these speeches so let me draw a parallel for my medical colleagues who are in emergencies this afternoon. When hanging up 1,000 cc's of normal saline to look after the patient on that gurney today, this is what should be done with that 1,000 cc's. This will be the way to tell how the Liberals have treated health care funding in Canada. Pour 500 cc's of the 1,000 cc's into the dish. Then pull up with a great big syringe exactly 68 cc's and put it back in the 1,000 cc's. That is what is left for the patient lying in the emergency room. That 1,000 cc's of saline almost went down to half under the Liberal government. And the Liberals put in a little tiny bit with their injection syringe from this budget.

• (1355)

Health care was too important to be turned into an emergency because we had a deficit problem. There were so many other choices. There was the choice of business subsidies that could have been scrubbed. There was the choice of scrubbing all kinds of aid programs. So many wasteful things could have been scrubbed.

I am going to make one last prediction. The prediction is that just before the next election a wheelbarrow full of money will come out and that wheelbarrow full of money will be designed to do one thing: save the political hides of the Liberals.

*S. O. 31*

This budget is a budget where every single Canadian will pay more and get less for health care. The taxpayer will pay \$2,000 more in taxes and will get \$1,500 less in health care. This budget could have been so much better. I am disappointed.

**The Speaker:** The hon. member of course has five minutes of questions and comments. I think I can get about a minute in at this point. Then I want to go to Statements by Members. The hon. member for Mississauga South has about 40 seconds to get it in.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the member talked about private spending and the increase he said from 22% to 30% of private spending in health care. Could the member advise the House how much of this private spending is for non-medically necessary purposes? The member will know that medically necessary has specific connotations within the Canada Health Act. Could he at least clarify what percentage of private spending in fact is discretionary spending?

**Mr. Grant Hill:** Mr. Speaker, the real trick about the Canada Health Act is to figure out where the Canada Health Act is not working well. This is one of the areas where the Canada Health Act is not working. The Canada Health Act needs improvement.

On the issue of comprehensiveness, in the last eight years since the Liberals have taken power some 40 separate things have been taken out of what health care did pay for. That is not comprehensiveness any more. There is a slide downward of the things that are covered.

The member across the way decries, as I do, the changes that have been undertaken. This is not what medicare should do. Fault laid at the feet of the Liberals? Maybe. Fault laid at the feet of the provinces? Maybe. But the funding has dropped.

**The Speaker:** It is almost 2 p.m. There is still approximately three minutes in the questions and comments of the hon. member. We will take that up after question period, but right now we will hear statements. The hon. member for Cambridge.

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## STATEMENTS BY MEMBERS

[English]

### PARKHILL DAM MEMORIAL

**Mr. Janko Perić (Cambridge, Lib.):** Mr. Speaker, last August two tragedies at the Parkhill Dam on the Grand River in Cambridge shook our community.

Mark Gage, a vibrant 12 year old, drowned in the river when he was sucked into a hole at the base of the dam.

Waterloo Regional Police diver Constable Dave Nicholson, a husband and father of three children, died while battling the vicious currents in his efforts to pull Mark free.

Area resident Lynda Fritz, supported by Cambridge Mayor Jane Brewer and a special city task force initiated a drive to collect funds for a memorial garden to commemorate Mark and Constable Nicholson.

I call upon the people of Cambridge to show their community spirit and generosity by supporting this important memorial.

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### POVERTY

**Mr. Darrel Stinson (Okanagan—Shuswap, Ref.):** Mr. Speaker, last fall I wrote this government to complain on behalf of poor people, like the homeless who came here last week. They do not want handouts. Most just want the chance for a decent job, which can only come from the private sector now being strangled by high taxes. The minister responded, just as the new budget would make one fear, with a list of government programs.

• (1400)

One of the biggest flaws in programs cooked up by bureaucrats is that they do not work. For example, a couple of women in my riding heard about the budget's increase to the child tax benefit. They called to complain that their daughters received social assistance but have the whole amount of the child tax benefit deducted from their welfare cheques. The poor who need it most will not get a nickel.

The same is true for child support payments after divorce or separation. Fathers have called me to complain that they struggle to provide child support only to see provincial authorities deduct the amount from their wives' cheques.

I hope the lesson to be learned is clear. Not even the poor can rely on programs cooked up by the government.

\* \* \*

### LITERACY

**Hon. Andy Scott (Fredericton, Lib.):** Mr. Speaker, this is national literacy action day, a chance for us to reflect on what literacy means in Canada. Coming from the province of New Brunswick, a province on the vanguard of the information era and literacy in particular, I think of literacy as meaning more than just reading and writing.

In today's world, literacy is essential for surfing the web, using the bank machine or applying for a job. Reading is essential to our knowledge based economy. Now more than ever people need literacy skills if they are to be productive workers and responsible citizens. As such we must find ways to improve literacy skills for all Canadians.



My riding of Fredericton is home to Scovil House, the headquarters of National Adult Literacy Database Incorporated, or NALD. As the name suggests, NALD is a national database of literacy resources and activities.

I am pleased to salute NALD for the wonderful work it is carrying out on behalf of literacy across Fredericton, New Brunswick, and throughout Canada.

\* \* \*

[Translation]

### THE LATE YVON DUFOUR

**Mr. Mark Assad (Gatineau, Lib.):** Mr. Speaker, I wish to pay tribute to one of Quebec's great actors, Yvon Dufour, who passed away last week.

I had occasion to work with Yvon on a business project for a number of years, and I will always remember his sense of humour and how easy he was to get along with.

Many will remember him in *Le Survenant*, *Le temps d'une paix*, *Les enquêtes Jobidon* and *La petite semaine*. Yvon enjoyed life, and was a generous and fun-loving person.

He was very active in the community. He represented the Association des aphasiques de la ville de Québec for many years and was made honorary chair of the Semaine québécoise des personnes handicapées this past December.

To his wife Josette, and his children and family, we respectfully extend our heartfelt condolences.

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### SOCIAL UNION

**Mr. Reg Alcock (Winnipeg South, Lib.):** Mr. Speaker, the social union framework agreement is great news for all Canadians.

The first ministers agreed to improve a social union that is already among the best in the world. Better yet, co-operation was the watchword throughout the discussions.

Governments will work together to set national social policy objectives, but programming will be left up to the provinces so that they can meet specific needs.

This agreement represents an important step forward. It reflects our government's desire to modernize the federation and make it work better, while respecting provincial jurisdictions, for the greater benefit of all Canadians.

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[English]

### FOREIGN AFFAIRS

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, Kurdish people are outraged in Canada and around the

*S. O. 31*

world after their leader, Abdullah Ocalan, was arrested. However this anger and fury is rooted in years of abuse by Turkish and Iraqi leaders who have murdered, tortured, driven into swamps and had chemical weapons dropped on innocent Kurdish people. Peaceful efforts to resolve this situation have failed.

Layla Zana, Turkish MP, mother of two and Nobel Peace Prize nominee, has been incarcerated since 1994 and for what? Speaking out on behalf of the Kurdish people. Enough is enough.

Now that we are on the security council, I implore the Minister of Foreign Affairs to bring this issue to the floor of the general assembly and the security council to ensure that Layla Zana will be released and to ensure that there will be a peaceful negotiated settlement to the Kurdish situation. If it does not occur, war will break out and thousands more innocent people will die.

\* \* \*

• (1405)

### HEALTH CARE

**Ms. Paddy Torsney (Burlington, Lib.):** Mr. Speaker, Canadians have much to celebrate. The additional \$11.5 billion increase over five years in transfers to the provinces delivers on the government's commitment to strengthen the health care system.

In Ontario we will receive \$4.4 billion, or 38% of the total increase in transfers. The move to per capita entitlement for all provinces means that Ontario will see a further \$900 million transferred for a total increase of \$5.3 billion.

Burlington residents, in particular seniors, should get some much needed relief from their Conservative government who made bad decisions, like spending more than \$85 million in partisan advertising while cutting annual hospital budgets and introducing millions of dollars in new user fees for seniors and the poor.

With investments in research, emerging priorities and a \$25 million nurse fund we will meet the challenges ahead. Canadians can continue to count on their federal government and on an affordable and accessible health care system.

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[Translation]

### BLACK HISTORY MONTH

**Mrs. Maud Debien (Laval East, BQ):** Mr. Speaker, February is Black History Month.

It gives us the opportunity to underline and appreciate the important contribution that people of African origin have made to Canada and to Quebec. Thousands of them worked to build a better Quebec, and they were not always able to enjoy the fruits of their labour.

*S. O. 31*

Today, racial discrimination has regressed, but as Dan Philip, chairman of the Black Coalition of Quebec, pointed out: “We have to work hard and to work together within a Quebec that is open and friendly, a Quebec where all forms of discrimination would gradually disappear”.

I am proud to announce that, tomorrow, a young woman from my riding, Jennie Dorsaint, will receive the Mathieu Da Costa award in recognition of her efforts to bring together people from different cultural backgrounds.

Thank you, Jennie, for promoting mutual understanding and respect among Quebecers of various origins.

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[English]

**HEALTH CARE**

**Ms. Maria Minna (Beaches—East York, Lib.):** Mr. Speaker, 80% of Canadians acknowledge our health care system as the best in the world and see the principles upon which it is based as a source of national pride.

Cynical parties, however, would have Canadians believe that evidence of the abuse known as queue jumping is reason for robbing Canadians of this pride. Worse still, the same parties that point to this abuse would correct the problem of queue jumping by institutionalizing it as a two tier wealth care. To these parties allow me to repeat the words of the hon. finance minister “Not now, not ever”.

Because of the Liberal government’s initiatives in the 1999 budget Canadians will be proud of their universal health care in the 21st century, as proud as 80% of Canadians are today. We are all very proud of the \$11.5 billion increase in the health care fund.

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**WINTERLUDE**

**Mr. Roy Bailey (Souris—Moose Mountain, Ref.):** Mr. Speaker, back on the Hill after last year’s great success the Canada snow sculpturing competition showcased 12 teams of professional carvers from every province and territory in Canada.

I ask all MPs in the House to join with me in applauding the participants for making Parliament Hill a highlight attraction of Ottawa’s Winterlude with their works of art.

Today I make special mention of the sculpturing team of Bryan Lane, captain, Ian Jones and Darcy Baranosky for their creation of “The Legend of Qu’Appelle”. These three artists represented my home province of Saskatchewan and won this year’s Winterlude snow sculpturing contest on Parliament Hill.

Congratulations to these three carvers and to all who came to share their artistic skills for the enjoyment of thousands.

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[Translation]

**TAX RELIEF**

**Mr. Claude Drouin (Beauce, Lib.):** Mr. Speaker, the Liberal government cut taxes in each of its previous budgets and, in 1999, we are starting to extend these cuts to the general population.

Our goal is clear: to provide tax relief to those who need it most, targeted tax relief, particularly in the area of personal income tax.

The 1999 budget provides for a \$7.7 billion cumulative tax reduction over three fiscal years, which will benefit each and every taxpayer in Canada, especially low and middle income earners.

The budget also provides for the elimination of the 3% surtax, as well as \$300 million in additional transfers for the child tax benefit, which will help low and middle income families.

That was a brief overview of the measures contained in this budget to improve the quality of life of Canadians.

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• (1410)

[English]

**THE LATE KIRK MILLER**

**Ms. Louise Hardy (Yukon, NDP):** Mr. Speaker, the minister for EI prefers to dismiss anecdotes about his program, but today in Yukon there is a funeral for Kirk Miller, the father of three sons and a devoted husband to Leslie.

Last week he was killed in a mine accident in B.C. Last fall Kirk left Yukon to work in Alberta. He lived in his truck so he could send all his money home to his family. His wife begged him to return home and at Christmas he did, but he was denied EI benefits because he did not have sufficient grounds to quit his job.

In January he again left his family and went to B.C. to work. In his last phone calls home he told his wife the ground was bad and just days later he was dead in a mine cave-in.

Kirk had no choice. He could not and he would not leave his family without an income. He knew he would get no EI if he quit. Now there is no life for Kirk and only despair for his family.

This anecdote is the tragedy of a man who worked to his death for his family because the minister would not let Kirk live in the same territory as his family.

I ask the House to pay tribute to Kirk and his family.

[Translation]

### COUNCIL FOR CANADIAN UNITY

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, what do the banks, Alliance Quebec, the Council for Canadian Unity and the Minister of Canadian Heritage have in common? All of them were on the no side in the last referendum.

It comes as no surprise, therefore, that millions of dollars are being passed back and forth between these fine people, to stop Quebec from achieving sovereignty. But they will not get off lightly.

While it is subsidized through Heritage Canada's official languages envelope, the Council for Canadian Unity also received \$5 million from the same source to finance its political arm, Option Canada. The same council receives hundreds of thousands of dollars from banking institutions, including the Bank of Montreal, the Royal Bank, CIBC, Toronto Dominion and the Bank of Nova Scotia. Together with Heritage Canada, banks also finance Alliance Quebec to the tune of hundreds of thousands of dollars.

Tell me whom you finance and I will tell you against whom you are.

\* \* \*

### MAYOR OF MONTREAL

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, the reaction of the Quebec intergovernmental affairs minister, last Friday, to a speech by the Mayor of Montreal was disgraceful.

The mayor had been explaining to a group of young entrepreneurs that another referendum on Quebec's separation would be inappropriate.

He held the view that the public had realized that we are better off living together, a remark that the sovereignists obviously did not like.

What a fine example of tolerance on the part of the sovereignists.

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### JEAN MANDÉ SIGOGNE

**Mr. Mark Muise (West Nova, PC):** Mr. Speaker, this year marks the 200th anniversary of the arrival in Canada of a great personage in Acadian history in the Clare and Argyle regions.

Jean Mandé Sigogne arrived in Nova Scotia to provide religious services to the Acadians returning from exile and taking refuge in one of the province's most inhospitable areas.

Despite many difficulties, he earned the respect and admiration of the entire population. According to Gérard Boudreau, who, in my opinion, is an expert in the matter: "He served Acadians devotedly and faithfully for 45 years as providential pastor, as

### Oral Questions

builder of churches and schools, as educator and as defender of their civil rights".

Jean Mandé Sigogne died in 1884 in the vestry of his church, at Pointe-de-l'Église, at the age of 81. I ask the hon. members to join all Acadians in my riding in celebrating the arrival of this great man who left his mark among the Acadians.

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[English]

### LITERACY

**Ms. Albina Guarnieri (Mississauga East, Lib.):** Mr. Speaker, today is literacy action day and parliamentarians of all parties are welcoming activists and adult learners into their offices to discuss the daunting challenge we face of improving literacy in the country.

Sadly some 22% of adult Canadians have difficulty reading ordinary material and another 26% have limited reading skills. For thousands of Canadians the smallest, most ordinary activity from ordering a meal, to opening a bank account, to getting to work, to buying groceries, to following their prescription and to reading to a child can be difficult if not impossible.

As in so many things just realizing the problem is the first step toward a solution. I urge all my colleagues to take an active role in helping to promote the cause of literacy in parliament and in their own constituencies.

• (1415)

I encourage all Canadians to learn more about this issue and to learn more about how they can help to build a Canada where every Canadian can—

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

### ORAL QUESTION PERIOD

[English]

### HEALTH CARE

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, yesterday a senior minister of the government attacked the premier of the largest province in Canada.

The President of the Treasury Board said that he and many Liberals were reluctant to increase health care transfers to Ontario because fixing health care in Ontario might make Premier Harris look good.

Was the Prime Minister actually prepared to sacrifice the health care needs of Ontarians just because he dislikes the politics of Premier Harris?

*Oral Questions*

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the Leader of the Opposition should know that we always do the right thing.

Perhaps I can quote to the Leader of the Opposition what his guest speaker of tomorrow night had to say yesterday. Ralph Klein said "Sometimes politics is a bloody sport and you hate it when someone does something right but you have to live with it. The feds did the right thing in the budget and I have got to admit that".

**Some hon. members:** More, more.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, if members want more, here is what Premier Klein really said. They should read the rest of Premier Klein's quote: "There are many in that caucus who scare me including the foreign affairs minister and the heritage minister".

I will quote what this minister said: "The last thing we wanted to do was to give Premier Harris a gift that would help him get re-elected".

Does the Prime Minister stand by the statement made by the President of the Treasury Board, or will he order him to apologize for that disparaging remark?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I guess that on this side of the House it is pretty normal that the members would prefer the provincial Liberals to form the next government in Alberta.

I will quote again from Mr. Klein who said there is no rush to have an alternative in Ottawa because as long as the Minister of Finance and the Prime Minister are there, there is no worry at all. Everybody knows that I am in very good health and the Minister of Finance will be around me as long as I am around.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, the Prime Minister is prepared to put his political animosity for the Premier of Ontario ahead of the health care needs of the people of Ontario.

The real reason he is envious is because Premier Harris spends three times more on health care than this government spends on the entire health care of the people of Canada.

Would the Prime Minister tell us what he would do to a minister who made those disparaging remarks about Premier Bouchard in Quebec instead of the Premier of Ontario?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I think he should learn from Mr. Klein who said that when a government does something right it should be able to recognize it. This is the man who got elected promising to everybody that there was to be new politics.

We have balanced the books. The economy is in good shape. Unemployment is down. The people are happy. Only the Reform Party is having problems these days.

**Some hon. members:** More, more.

**The Speaker:** Order, please. The hon. member for Medicine Hat.

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**THE BUDGET**

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, let us talk about the new politics from the Liberal government.

When we factor in hikes to CPP taxes and bracket creep, Canadians will pay over \$2 billion more in taxes over the next three years and that takes into account the pathetic alleged tax relief that we got from the finance minister earlier this week.

Is a \$2 billion tax hike this finance minister's twisted idea of tax relief?

• (1420)

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, yesterday the Reform Party attempted to demonstrate an interest in health care and failed to do so. Today it raises the tax issue as if people do not remember what it has said in the past.

The Reform Party has called for some \$7 billion to \$16 billion worth of cuts in order to pay for its tax package. It is very clear that the bulk of that would come out of health care.

Will the Reform Party stand up here today and tell us where it will cut and what it feels the effect of that would be on the health care system in this country?

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, we would cut fat and the finance minister would be gone.

The House will notice that every time we ask a question the finance minister runs away from his own record. He should be ashamed of it.

I pointed out that taxes are going up. I want an answer from the finance minister. Will he acknowledge that CPP taxes and bracket creep are going up almost \$10 billion over the next three years and will eradicate his pathetic tax relief earlier this week?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I will answer the question very quickly.

Our tax package will eliminate bracket creep for all taxpayers for the next three years. We will protect the Canada pension plan. I have answered the questions.

Now let the Reform Party answer its questions. Where will it get the \$7 billion to \$16 billion worth of cuts that it would take out of Canadian social programs? Answer the questions. I answered its questions.

*Oral Questions*

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

**The Speaker:** Order. We have questions here and answers here.

\* \* \*

[Translation]

**TRANSFER PAYMENTS**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, in March 1995, in response to a question from Jean Campeau, Quebec's finance minister at the time, who was worried that the federal government would change its transfer payment system to one based on demographic weight alone, the President of the Treasury Board replied, and I quote: "It would be the least favourable scenario for Quebec, so unfavourable that, in my opinion, it makes no sense as a solution".

Does the President of the Treasury Board think this solution makes no sense?

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, it is clear that Quebec is still receiving a larger share of federal transfer payments than the other provinces.

I would like the Bloc Québécois and Parti Québécois members to admit this.

In the budget just brought down by the Minister of Finance, if all federal transfer payments—health and equalization—are combined, it will be seen that Quebec is still receiving 29% of all federal government transfers. This has been the case for 20 years and it will continue to be the case as long as Quebec needs this assistance.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, it has been the case for 20 years and it was the case in 1995. Equalization was not mentioned then.

And I continue with the interesting statements made by the President of the Treasury Board: "One possibility, an extreme one, would be to have the same formula as in 1996-97, but Ontarians say that is not fair. Another possibility would be to operate exclusively on a per capita basis, but that would mean taking money from Quebec and giving it to Ontario".

Does the President of the Treasury Board realize that that is exactly what the budget is doing, taking money from Quebec and giving it to Ontario? Does he remember those statements?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the difference between today and 1995 is that transfers were being cut then.

Today, they have been increased and the provinces knew very well that as soon as money was back in the system, there would be a return to the per capita basis.

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

**Hon. Paul Martin:** It is very clear that the CHST and equalization go hand in hand.

When the two are examined together, over a five-year period, Canada will be paying out \$19 billion to the provinces and Quebec will receive—

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

**The Speaker:** I would ask hon. members to be kind enough to listen to the answers.

• (1425)

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, it is clear from all this that, when the Minister of Finance cuts funding, it is mostly in Quebec, and when he increases funding, it is mostly in Ontario. That is clear.

If, in 1995, the President of the Treasury Board was convinced that this was the worst possible situation for Quebec, where was he when cabinet made this decision? Where were they, him and his Quebec colleagues? They are just featherweights against Ontario heavyweights. They are unable to protect Quebec's interests.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, following the budget of the Minister of Finance, Quebec will receive, within three weeks, a cheque for \$1.4 billion, with no strings attached.

Unfortunately, the reason for this is that Quebec's economy is being hurt by all this separatist talk and is not improving as well as Ontario's economy.

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

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, what is unfortunate is—

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

**The Speaker:** Order, please. The hon. member for Roberval.

**Mr. Michel Gauthier:** Mr. Speaker, what is most unfortunate is that the member for Saint-Maurice is among the 26 who should look after Quebec's interests, but we know what his position is.

Yesterday, the Minister of Intergovernmental Affairs said that his province is very well served, while his colleague, the President of the Treasury Board, who was less involved in this matter, felt that this was the worst possible situation for Quebec.

Are we to understand that what Liberal ministers from Quebec say varies depending on what they have to sell?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, here we go again. When they run out of arguments, they resort to insults and name calling.

*Oral Questions*

What a terrible outcome: with the \$1.4 billion that it will get, the Quebec government will be able to balance its budget and this will once again be the federal government's fault.

[English]

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I would like to put some quotes again today to the finance minister.

If they are willing to pay, Canadians could get themselves a higher standard of care and quicker access. Whose words are these? The leader of the Reform Party's, trying as usual to sell two tier health care, and this government is buying.

Canadians now pay directly out of their own pocket 30 cents for every health care dollar.

Why is this government following the lead of the Reform Party?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we have invested \$2 billion for this year and next year. We have invested another \$500 million into research and development and so on. This is exactly what the NDP was asking for. Just like the Reform Party, it cannot take yes for an answer.

• (1430)

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, two tier or not two tier, that is the question. Before this budget Ottawa paid 11 cents for every health care dollar. After the budget—

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

**The Speaker:** Order. The hon. leader of the New Democratic Party.

**Ms. Alexa McDonough:** Mr. Speaker, they do not want to deal with the question of two tier or not two tier. Before this budget Ottawa was paying 11 cents of every health care dollar. After the budget, five years later it will be up to 12 cents, 1 cent more. Meanwhile, citizens are paying 30 cents on every health care dollar. Why will the government not admit that it is following the lead of the Reform Party?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, there are reasonable NDP leaders. The Premier of Saskatchewan said he is in agreement with us. The minister of finance of B.C., another New Democrat, said that this is a good government. And then there is this complaining group in the corner. To be or not to be? I will take those who get elected and into government rather than the perpetual third party of Canada.

**The Speaker:** The hon. member for New Brunswick Southwest.

**Right Hon. Jean Chrétien:** Mr. Speaker, I made a mistake. It is the fourth party, not the third.

**Mr. Greg Thompson (New Brunswick Southwest, PC):** Mr. Speaker, when listening to the finance minister I am often re-

mindful of that old Mark Twain adage "lies, damned lies and statistics".

I am quoting Mark Twain but it is up to the public to decide. Will the minister admit that his health care budget will only bring us up to 1995 levels by 2004?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the budget put out two days ago was the largest single investment that has been made by a federal government in health care in over two decades. In addition, the investments in health care research are the largest that have been made by a federal government in over two decades. Essentially what the government did in this budget was make it very clear that the federal party that created medicare is going to stand behind it for generations to come.

**Mr. Greg Thompson (New Brunswick Southwest, PC):** Mr. Speaker, I want to remind the minister that he took the single biggest swipe at health care in the history of this country. Maybe the minister is in the black but unfortunately hospitals and health districts in province after province are deeply in the red. Given this accumulated debt imposed on the provinces by this radical surgery, can the minister still claim this new money is going into patient care, or is the money simply going into paying off past debts that he inflicted on these jurisdictions?

**Ms. Elinor Caplan (Parliamentary Secretary to Minister of Health, Lib.):** Mr. Speaker, as the member should know, if he listened to the budget presentation, the \$3.5 billion available immediately to the provinces is available at their discretion to solve whatever problems they deem fit. That money has been made available and is part of an \$11.5 billion investment, the single largest investment of this government and, as the member just heard, the single largest investment of any government in two decades.

\* \* \*

## NATIONAL DEFENCE

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, we all want to protect the lives of innocent Kosovars but we also have the responsibility to protect our own troops. Let us talk about our troops in Macedonia. They have just received their flak jackets, they have been forced to eat raw meat, they have to beg for their food from the French and they were recently assigned axe handles to beat off the wild dogs.

• (1435)

Why is the defence minister sending our troops into a war zone with only axe handles for protection?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, I would not believe any of that. I would believe that what we will do is ensure the proper protection of our troops.

If our troops go into Kosovo, and that has not been determined yet, they will be going on a peacekeeping mission. They will be

going there only after the two parties reach an agreement. The conditions under which our troops will go in will help to ensure their safety.

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, the fact is there are 62 members of the Canadian forces in Macedonia. They are ill equipped. They cannot do their jobs adequately. This government and this minister have the responsibility to look after them.

I am asking the defence minister again why he is sending our troops into harm's way and not giving them the proper tools with which to protect themselves.

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, they are not being sent into harm's way. Those who were in the former republic of Macedonia are in fact there to help in an extraction force that would help to take our verifiers out of Kosovo if that is necessary. But they are there in an engineering capacity and in a medical capacity. They are not actually going into Kosovo at all. They are there in a supporting role. They are in fact quite safe and secure.

\* \* \*

[Translation]

### THE BUDGET

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, if population is a good criterion, synonymous with fairness for all people in Canada, why is it that the people in Quebec have only 19% of federal investments, only 20% of federal purchases of goods and services whereas they represent one quarter of the population?

Is it because, for the Liberals, the population criterion is proper and fair when it puts Quebec at a disadvantage?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the poor member is really out to lunch.

Under the labour market development agreement, with 24% of Canada's population, Quebec receives 28% of the expenditures. For immigrant settlement services, Quebec receives 34% of spending. For Technology Partnerships Canada, with 24% of the population, Quebec receives 53% of spending. From the Canada Development Bank, with 24%—

**The Speaker:** The hon. member for Saint-Hyacinthe—Bagot.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the Minister of Finance is taking us for a ride.

Will he recognize that, as far as cuts are concerned, in the past four years, 39% of federal cuts have been made in Quebec? However, when it is time to give back, population size is the criterion. That is the reality.

Will he acknowledge that, had the federal government spent as it should have on research and development, goods and services and

### Oral Questions

regional development, Quebec would not be getting equalization payments today, but would be making them to the other provinces in Canada?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, I will continue and give other examples.

From the Canada Development Bank, with 24% of the population, Quebec receives 37% of the loans and guarantees. From the Canadian foundation for innovation, with 24% of the population, Quebec receives 33% of the funds allocated. From the Canada Medical Research Council, with 24% of the population, Quebec receives 32% of the money spent.

This is the fault of the federal government.

\* \* \*

[English]

### HEALTH CARE

**Mr. Grant Hill (Macleod, Ref.):** Mr. Speaker, what would you call a medicare system where desperate patients have to fly to the U.S. because they cannot get care at home?

One of the best new businesses in Canada is a business selling waiting line insurance.

You would call that two tier health. You would call that Liberal medicare.

Why does the Prime Minister not just get up and admit that is his legacy to the Canadian people, two tier health care, Liberal style?

• (1440)

**Ms. Elinor Caplan (Parliamentary Secretary to Minister of Health, Lib.):** Mr. Speaker, what the member has just described in fact is the Reform Party's policy, as clearly articulated by their leader to the Ontario Hospital Association, when he said, "We would enable the provinces to experiment with such options as user fees, deductibles and private delivery of services".

I say to him and to all members, this party and this government will never permit that in Canada.

**Mr. Grant Hill (Macleod, Ref.):** Mr. Speaker, the rhetoric is fine but the facts are quite different.

If Canada has hit the debt wall, they have an excuse for this.

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

**The Speaker:** Order. The hon. member for Macleod.

**Mr. Grant Hill:** As I said, if we had hit the debt wall, maybe there would be an excuse for this. But the finance minister has had plenty of loot, in fact \$2,000 per taxpayer more than when he took power back in 1993.

My question is very straightforward. Why did Liberals give us the biggest, greediest tax collector and give us a rickety two tier health care system? That is their legacy. Why did they do it?

*Oral Questions*

**Ms. Elinor Caplan (Parliamentary Secretary to Minister of Health, Lib.):** Mr. Speaker, I reject absolutely the preamble to the member's question.

This party and this government stand firmly behind the principles of the Canada Health Act, unlike that party which has been calling for not only two tier, but American style medicine for a very long time. We will never allow that to happen. We will never amend the Canada Health Act as they propose. We will ensure that when the people of Canada need health services that the provinces have the resources they need to enable them to deliver those services.

\* \* \*

[Translation]

**TRANSFER PAYMENTS**

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, the federal government decided to change the rules about the financing of health, post-secondary education and, more importantly, social assistance, this without any consultations, lead time or advance notice.

From now on, the federal contribution to social assistance will be based only on the demographic weight of the provinces, regardless of their real needs.

How can the minister explain that, from now on, the federal contribution to social assistance will be based on population rather than on the real needs of a province, including the need to alleviate poverty?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, it is clear that the Canada social transfer and the equalization program go hand in hand. We must keep them together, otherwise there would be distortions.

For example, Quebec is currently getting \$20 more per capita than Newfoundland. Is Quebec poorer than Newfoundland? Quebec receives \$78 more per capita than Prince Edward Island. Is P.E.I. richer than Quebec? No. This is because there are distortions and we will have to eliminate them, so that compensation—

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

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, the Minister of Finance forgets to mention that, in comparative terms, Quebec will now receive less than Ontario, despite having many more people on welfare.

How can the Minister of Finance claim that Quebec benefited by temporarily getting more through equalization, when he knows full well that the transfer payments will be stable and increase over time, while equalization payments can diminish or disappear altogether, depending on the economy?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, according to the per capita formula, Quebec is currently getting \$939 per capita; next year, it will receive \$954, and this amount will increase to \$960 and then to \$971. The amount will increase over time.

It may well be that equalization payments will vary, but they will also vary if Quebec's economy improves.

There is another thing. Within the next three weeks, we will give Quebec a \$1.4 billion cheque, and that is reality.

\* \* \*

● (1445)

[English]

**SMALL BUSINESS**

**Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.):** Mr. Speaker, even this Liberal government grudgingly concedes that small business is the engine of our economy creating in excess of 80% of the jobs the Liberals like to brag about.

My question is very simple. Why does this finance minister continue to derail that engine with high payroll taxes and an overburden of user fees?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, \$50 million to the Business Development Bank of Canada is directed totally to small business. When we took office, payroll taxes and unemployment insurance taxes were going up to \$3.07. Today they are \$2.55. That is \$3.5 billion that has been given back to—

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

**The Speaker:** The finance minister still has time if he would like to answer the question.

**Hon. Paul Martin:** Mr. Speaker, I am so anxious for his supplementary.

**The Speaker:** The hon. member for Battlefords—Lloydminster.

**Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.):** Mr. Speaker, the reality is that Canadian businesses create those jobs in spite of these government programs. The CPP hike more than offsets any nickels and dimes that EI gave.

The CFIB gave this finance minister a failing grade. They called it a disappointing budget. They called it a missed opportunity. Payroll taxes in reality gouged deeper.

The small business deduction is mired in 1980 values. How dare this finance minister stand there and continue to force small businesses into paying more and getting less?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, small business participates in the overall economy of the country. What has the overall economy of the country done?

We have one of the highest growth rates of any of the countries in the G-7. We are creating more jobs than any country in the G-7,



including the United States. Our interest rates have come down dramatically over the last five years. We have eliminated the deficit. We are the only major industrial country now paying debt. That is what gives us a solid economy. That is what small and medium size businesses want.

\* \* \*

[Translation]

### IMMIGRATION

**Mr. Réal Ménard (Hochelaga—Maisonnette, BQ):** Mr. Speaker, we learned this morning that Immigration Canada officers had once again tarnished Quebec's reputation by turning back a French researcher.

The French government is obviously unhappy about this incident.

How could the minister still be defending her officials this week, saying that their work is beyond reproach, when their unacceptable behaviour is creating diplomatic incidents? When is she going to wake up?

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, relations between Canada and France are excellent, as evidenced by the fact that we are even looking to increase the number of exchanges of trainees, students and researchers between the two countries.

That said, it is clear that anyone who wants to enter Canada must obey the rules and prove that they have the required authorizations to enter the country. In this regard, our immigration officers at Dorval are doing exactly the job they should be doing.

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[English]

### NATURAL RESOURCES

**Mr. Carmen Provenzano (Sault Ste. Marie, Lib.):** Mr. Speaker, my question is for the Minister of Natural Resources.

In his ground breaking budget on Tuesday, the Minister of Finance outlined an initiative called GeoConnexions, an attempt to make geographic information more broadly available and useful to Canadians through the information highway.

Could the minister tell me how this initiative might benefit people in my riding of Sault Ste. Marie and Canadians in other parts of the country?

**Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Mr. Speaker, this initiative is about Canada's geomatics industry, one of the country's fastest growing high tech sectors with more than 1,500 companies, 20,000 employees and a global market growing at a rate of 20% a year. Canada is a big player in that market.

### Oral Questions

GeoConnexions is a unique intergovernmental, private sector, academic sector partnership to build an ultra modern information highway for the delivery of vital integrated comprehensive geographic information all across Canada. That means urban, rural, aboriginal, northern and remote areas. All Canadians will benefit.

\* \* \*

● (1450)

### EMPLOYMENT

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, the proof is in. A recent evaluation of the Canada jobs fund shows that grants are awarded for political reasons rather than on the merits of job creation.

Why is the Liberal government using the Canada jobs fund as its own private pork barrel to reward its Liberal friends?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, this is absolutely not what the study revealed. It is quite the contrary. The study talks about the role and the strengths of the fact that we do have political consultations with the other orders of government, with the fact that we consult all members of the House when a project takes place in their riding, including members of the opposition.

If we call that political interference, that is the strength of the program, to precisely consult the political actors, because they know their regions, even when they are in opposition.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, let us look at the facts. First it was a Liberal bagman using the Canada jobs fund as a carrot to demand election contributions. Then a friend buys the Prime Minister's money-losing hotel and is rewarded with \$164,000 from the jobs fund.

Now officials with the fund are blowing the whistle on grants being handed out for political purposes. When will the minister clean up this mess?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, I can say that the program is working very well. It has created 30,000 jobs in regions where unemployment remains stubbornly high. It is a remarkable program that is appreciated even by a number of opposition members of parliament who have mentioned it to me.

I can say one thing. We will on this side as a government continue to provide opportunities for unemployed Canadians in the regions where unemployment remains too high because that is what they expect of us.

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### THE BUDGET

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, my question is for the Minister of

*Oral Questions*

Finance who did indicate in his budget the growing concern about the gap between the haves and have nots in Canada.

As a result of the tax changes he introduced the other day, we find that the president of the Royal Bank received about a \$30,000 tax break while hardworking Bob Price in my constituency got a tax break of about 35 cents a day. Holly Olson, a single mom with four children on social assistance, got zero tax relief from this budget.

With these kinds of tax changes, does it not actually expand the gap between the haves and have nots as opposed to reducing it?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, if one takes a look at the budget, what one finds first of all is that the increase in the exemption to \$675 overwhelmingly benefits low and medium income Canadians.

Perhaps more important than anything, given the tremendous burden that is carried by young families with small children, the increase in the child tax benefit, initially directed to low income families and now directed as well to middle income families, directly benefits those who need it most. Overwhelmingly the largest percentage increase—

**The Speaker:** The hon. member for Kamloops, Thompson and Highland Valleys.

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Mr. Speaker, the Minister of Finance likely knows that people on social assistance do not get the benefits of that child tax benefit. The provinces claw it back. He knows that benefit is not a great deal.

My supplementary question regards a comment written in the red book which I suspect he had something to with. It reads, "The introduction of the hated GST has compounded unfairness and complexity. The GST has undermined public confidence in the fairness of the tax system".

• (1455)

Rather than come in with this array of tax changes that really benefited some very wealthy people and did nothing for those who need it the most, why did the Minister of Finance not reduce the GST even by one point—

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

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, overwhelmingly the best thing one can do for low income families is to make sure that they either pay very low taxes or no taxes at all.

As a result of our budget, to give an example, a family with two children earning \$30,000 now pays no net federal taxes. As a result of our budget there are 200,000 Canadians added to the 400,000

from last year for a total of 600,000 Canadians who are not paying any income tax in this country at all.

\* \* \*

**NATIONAL DEFENCE**

**Mr. David Price (Compton—Stanstead, PC):** Mr. Speaker, the government's budget was nothing more than an insult to the Sea King crews who fly 35-year old helicopters.

On Tuesday we heard of seven Sea King engine failures in a month. Yesterday one was forced to land on a golf course. Luckily the Prime Minister was not playing. Now I am told the Sea Kings are restricted to Shearwater.

Since the minister received nothing extra in the budget for procurement how long will the families of Sea King pilots have to wait for new maritime helicopters?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** First of all, Mr. Speaker, we are grateful that the aircraft was able to land without any injuries.

The problem in a number of our Sea Kings as of late is related to the start-up sequence of the aircraft. All of that is being rectified.

As I have said on numerous occasions, we have a very high maintenance level. We do not fly aircraft unless they are safe to fly. I have also said on numerous occasions that we are in the final stages of developing a procurement strategy with respect to the replacement of the Sea Kings.

[Translation]

**Mr. David Price (Compton—Stanstead, PC):** Mr. Speaker, our military needed \$700 million to help solve its quality of life problem, but they only got \$175 million. The soup is still frozen in the cupboard.

My question is for the minister. How long will military families have to wait before the government does something to improve substandard housing on military bases?

[English]

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, the government will be responding fully to the recommendations made by the Standing Committee on National Defence and Veterans Affairs. There are some 89 recommendations that deal with the issues of housing, pay and benefits, care for the injured and support for families.

What has happened in the budget this week is additional money, the first additional money that has come to the Department of National Defence in over 10 years. It ensures that we can implement a full and comprehensive quality of life program for our troops, something they well deserve.

## HEALTH

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, my question is for the Parliamentary Secretary to the Minister of Health.

While the \$11.5 billion increase in health transfers is good news for my constituency of Kitchener Centre, I would like to know how the research dollars announced in the 1999 budget will benefit institutions like the University of Waterloo that are not connected to a teaching hospital? How will this announcement benefit all Canadian communities?

**Ms. Elinor Caplan (Parliamentary Secretary to Minister of Health, Lib.):** Mr. Speaker, this government believes that research is at the core of both good health and quality health services.

The new investments in the Canada Foundation for Innovation, the granting councils and the new Canadian institutes of health research will benefit all research centres, including those that are not connected to an academic health science centre such as Kitchener. In fact the exciting idea of the Canadian institutes of health research is its inclusiveness. It will link together all those doing research in all parts of this country so that they can be part of a very dynamic and powerful research centre.

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## NATIONAL DEFENCE

**Mr. Jim Hart (Okanagan—Coquihalla, Ref.):** Mr. Speaker, the auditor general says that our army is vulnerable. Our infantry and our armour can be detected, engaged and defeated before our troops even know that the enemy is present. This budget did nothing to address that issue. Yet the government is committing our troops to a combat zone in Kosovo.

● (1500)

What will it take for the government to give our Canadian armed forces the resources they need, including the equipment, to do the job that you keep giving them?

**The Speaker:** We direct all questions through the Speaker, not directly to the minister.

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, if our troops go to Kosovo they will be properly equipped.

One of the reasons for that is that in the last couple of years the Liberal government has invested a great deal in terms of new equipment for the Canadian forces. There are new search and rescue helicopters and submarines. We have upgraded many of the armoured personnel carriers. We bought new armoured personnel carriers. We are going through an upgrade of the CF-18s.

## Oral Questions

As I indicated a few moments ago, we are preparing the procurement strategy with respect to the replacement of the Sea Kings. This indicates the kind of commitment the government has.

\* \* \*

[Translation]

## FOREIGN AFFAIRS

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, since Kurdish leader Abdullah Ocalan was arrested by the Turks on Tuesday, many have expressed concern that he will not get a fair trial, but what they are mainly concerned about is the future of the Kurdish people.

Given that the minister has already shown he is sensitive to the plight of the Kurdish people, does he not feel that Canada should take advantage of its chairmanship of the security council to raise this issue in that forum?

[English]

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I report to the House that today we brought in the Turkish ambassador to make it very clear that we would like to have a fair, open and transparent trial to demonstrate that justice can be done in these kinds of cases.

We do not condone terrorism in any way. A country has to be able to appropriately apply its judicial system. Because this is of such international significance, we think it is right for Canada to raise its voice to ensure that a fair trial is given.

We will do everything possible to try to deal with some of the grievances that have occurred in terms of the Kurdish people. That is something that has to be done through very careful negotiation over time.

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## SENATE OF CANADA

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

The Senate wants to go on yet another spending spree. Last year the Senate had a budget increase of 10% and overspent. Now it wants another 6%.

Given the pressing demands on the public purse, does the Minister of Finance really think it is proper to spend the hard-earned dollars of Canadian taxpayers on a two year 16% increase for the unelected, undemocratic Senate? Will the Minister of Finance—

**The Speaker:** Order, please. The question is out of order.

### PRESENCE IN GALLERY

**The Speaker:** I wish to draw the attention of hon. members to the presence in the gallery of two visitors: His Excellency Carlos Ruiz Sacristan, Secretary of Communications and Transportation of Mexico, and His Excellency Dr. Juan Ramon de la Fuente, Secretary of Health of Mexico.

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

\* \* \*

### BUSINESS OF THE HOUSE

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, on behalf of all those inmates watching television at home today, I ask the hon. government House leader what the nature of the business will be for the remainder of this week and the week following the break of next week.

• (1505)

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, this afternoon the House will complete debate on the budget subamendment with a vote being called at 6.15 p.m.

Tomorrow we hope to complete second reading debate on Bill C-63, the citizenship legislation.

[Translation]

Next week is a constituency week for members.

When we return on March 1, we will debate and likely conclude report stage of Bill C-49, the native land claims bill.

Tuesday, March 2, and Wednesday, March 3, will be the final two days of the budget debate, with votes at the end of both days.

Thursday, March 4, shall be an allotted day.

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[English]

### THE LATE WALTER HARRIS

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, for 17 years, Walter Harris served his constituents and his country with great distinction in the House as the MP for Grey-Bruce, as parliamentary secretary and as a fine minister in the cabinet of Louis St. Laurent.

He also served Canada with courage during the second world war.

He was a modest and unassuming man, a man who quietly mastered his brief and got the job done.

He taught himself all the ins and outs of our parliamentary rules. He had a genius for accepting the facts as they were and making the best of them. He was my kind of minister.

However, his modesty never did justice to his record, one that included being named Canada's first minister of citizenship and immigration, carrying through the new Indian Act and working out the details of Newfoundland's entry into Confederation 50 years ago.

Perhaps most of all he will be remembered as the father of the registered retirement savings plan, a legacy of personal retirement security that has become more and more important to Canadians over the years. Every time you see one of those RRSP commercials, think of Walter.

As Minister of Finance he also helped preside over the post-World War II economic expansion in which Canada took its place among the ranks of the leading industrial nations in the world.

[Translation]

I had the privilege of being his friend and benefiting from his support over the years. His integrity, his honour and his commitment to his fellow citizens reflect the finest traditions of service to the community.

[English]

I can think of no higher praise for Walter than the words of his law partner: "This is a prince of a person who never harmed anyone".

I am proud to be able to say that someone of his calibre was also a member of our party. He was a distinguished parliamentarian whom everyone will greatly miss.

To his family and many, many friends, I offer the deepest sympathies of our government and of our caucus.

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, I stand in the House today to share with my colleague the sincere feelings all of us have toward the life of Walter Harris.

The legacy he has left behind will never be surpassed. He did it with a dedication to Canadians and without looking for the self-acclamation to which some politicians may fall prey.

Today we in this country take RRSPs for granted. We seldom think of the hard work, dedication, powers of persuasion and genuine empathy to the future of Canadian people it took for Walter Harris, as Canada's finance minister, to introduce registered retire-

*Tributes*

ment savings plans to us. Just think of the contribution he gave to our society in that one issue alone.

That is not all. Walter Harris was Canada's first minister of citizenship and immigration in 1950. Just imagine the leadership, the ingenuity and the long hours of dedication it took to build that department and establish the philosophy that would develop our nation. He was well known for his knowledge of parliamentary procedure, which enhanced his ability to get things done.

• (1510)

The list of accomplishments of Walter Harris would take many hours to expand upon in the House. Let me identify just a few.

He practised law in Markdale, Ontario, and he was successful at it. He served in France during World War II. He served in the House of Commons in 1940. He was re-elected in 1945, again re-elected in 1949 and again in 1953. That is no small feat for anyone, but the dedication to one's country is evident in his desire to serve. He returned to law practice in 1957 and was again exceptional in that business. Walter has been described by some as a genius in politics, and I doubt whether anyone would disagree.

Walter Harris was predeceased by his wife Grace. He is survived by three children. To his children, his friends and fellow members of parliament, we wish to express our sincerest condolences.

Canada is a greater place, its citizens enjoy a greater financial security because of a politician who put the affairs of his country ahead of his own. Thank you, Walter Harris.

[Translation]

**Mrs. Maud Debien (Laval East, BQ):** Mr. Speaker, Walter Harris, who passed away not long ago, was born January 14, 1904 in Kimberley, Ontario. In other words, he lived through almost the entire 20th century. In his 95 years, he served his fellow citizens in his community and his country well as a lawyer, soldier, member of parliament and minister.

Walter Harris was elected for the first time in 1940 in the riding of Grey—Bruce. In his first term of office, he served in the Canadian army during the second world war. Re-elected in 1945, he soon became Louis St. Laurent's right hand man.

In fact, Prime Minister Mackenzie King appointed him parliamentary secretary to Mr. St. Laurent, when the latter was appointed secretary of state for foreign affairs in 1947. When he became prime minister, Mr. St. Laurent kept Walter Harris on as Parliamentary secretary.

Mr. Harris' patience and loyalty were rewarded. After his return to office in 1949, he was appointed to cabinet as minister of citizenship and immigration. The position was especially important because Canadian citizenship had just been made distinct from

British citizenship, and, in this post-war period, Canada was getting thousands of immigrants.

Re-elected again in 1953, Walter Harris took on his heaviest responsibilities in the final three years of his career. From 1954 to 1957, as Canada was going through a period of expansion, he served as minister of finance.

Of the three budgets that he brought down, it is the second one that gave him the greatest shock. In this regard, I would like to recount an anecdote.

Before the 1956 budget speech, a journalist from the *Montreal Gazette* wanted to play a trick on a colleague from *La Presse* and pretended that he had received, by mistake, a full copy of the new budget. The other journalist quickly informed the Prime Minister's office, which called the minister of finance. Having heard the rumour about a budget leak, the minister set to the task of writing his letter of resignation.

Fortunately, the prime minister already knew what had happened and he sent a secretary to inform the minister of finance that the whole thing was a joke. History has a way of repeating itself.

After 1957, Walter Harris had a long career as a lawyer in Markham, Ontario. He and his wife Grace Elma Morrison had three children, Fern, Margaret Helen and Robert Walter.

The Bloc Québécois offers its most sincere condolences to all the surviving members of his family, and to the members of the Liberal party who knew him.

[English]

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, on behalf of my colleagues in the NDP caucus, I would like to join with the members who have already spoken on behalf of other parties to pay tribute to the long and distinguished parliamentary career of Mr. Walter Harris and to pay tribute to a long and distinguished life in which we see success not only in the political realm but in his work as a lawyer and in his service to his country as a soldier.

• (1515)

I was particularly struck when I read that in 1940 as a newly elected member of parliament and as a family man with three children he nevertheless volunteered and went overseas for four years. He returned only after having been wounded and then volunteered to sell war bonds.

He was obviously a man of great character and distinction and we join with our colleagues in the House in paying tribute to him and expressing our condolences to his family.

**Mr. Charlie Power (St. John's West, PC):** Mr. Speaker, on behalf of the Progressive Conservative caucus I want to associate

*Speaker's Ruling*

our party with the words of sympathy and tribute from the Prime Minister and from other hon. members.

The children of Walter Harris must be very proud of their father. He served Canada and his fellow Canadians in so many ways, here in the House of Commons, in the cabinet room and when the world was inflamed in war he took up arms to defend this country.

When he could no longer fight with a gun he gave leadership to help finance the war effort.

On behalf of all Newfoundlanders I want to express our appreciation for his fine efforts while negotiating Newfoundland's entrance into Confederation.

Walter Harris left the national stage four decades ago, but his example of public service shines as a bright light to those of us who came afterwards. On marking the end of his long life we give thanks for his service to Canada and to his membership in the House and we offer our sincere condolences to the members of his family.

\* \* \*

**PRIVILEGE**

## PUBLIC SERVICE ALLIANCE OF CANADA—SPEAKER'S RULING

**The Speaker:** On Wednesday, February 17, the hon. member for West Vancouver—Sunshine Coast raised a question of privilege concerning picket lines established at strategic locations around Parliament Hill and at entrances to specific buildings within the precincts.

The member alleged that these pickets impeded him as a member of parliament because they prevented him from carrying out his obligations in a timely fashion.

Two other members, the hon. member for Saskatoon—Humboldt and the hon. member for Souris—Moose Mountain, raised questions of privilege relating to the effect of these same picket lines on them and their work. The hon. member for Yorkton—Melville rose to support those interventions.

[*Translation*]

I wish to thank all the hon. members who helped me regarding this issue, including the Leader of the Government in the House, the hon. member for Regina—Qu'Appelle, and the Parliamentary Secretary to the Minister of Labour.

[*English*]

Before proceeding, let me remind the House that one of these questions of privilege has already been disposed of, namely the

allegation made by the hon. member for Saskatoon—Humboldt that, in his words, a mob of hooligans used physical violence and intimidation to prevent him from gaining access to his office in one of the picketed buildings.

Because of the seriousness of the allegation I ruled immediately that there was in that case a prima facie question of privilege.

The member moved the appropriate motion which the House adopted without debate and so the matter of the alleged molestation of the hon. member for Saskatoon—Humboldt now stands referred to the Standing Committee on Procedure and House Affairs.

[*Translation*]

I carefully reviewed what hon. members said when they informed the House of their very justified fear about the events that occurred yesterday morning, and I am now prepared to make a ruling on the other incidents, which were reported to me and which I took under advisement.

• (1520)

[*English*]

One hon. member alleges that he was impeded from fulfilling his responsibilities as a member because at least initially he was unable to enter his building while other hon. members have argued that their privileges were breached because the strikers interfered with the usual operations of their offices and staff.

Mindful of the role of the Speaker as the guardian of the rights of members, I have reviewed the facts presented yesterday regarding impeded access to the parliamentary precincts. I have been persuaded by the interventions made by the hon. member for West Vancouver—Sunshine Coast, the hon. member for Souris—Moose Mountain and the hon. member for Yorkton—Melville and have decided that these concerns are sufficiently serious for me to act.

The Chair therefore rules that the incident of February 17, 1999, impeding access to the parliamentary precincts, constitute a prima facie case of contempt of the House. I invite the hon. member for West Vancouver—Sunshine Coast to move the appropriate motion.

**Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.):** Mr. Speaker, I move:

That the incident of February 17, 1999, relating to picket lines established to impede access to the precincts of parliament be referred to the Standing Committee on Procedure and House Affairs.

**The Speaker:** 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)

## POINTS OF ORDER

### QUESTION PERIOD

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, I rise on a point of order arising out of question period. In the closing minutes of question period the hon. member for Regina—Qu'Appelle raised a matter having to do with expenditures of the other place and you ruled it out of order.

With respect, I want to suggest that another interpretation of the the question might have been available to Chair. It seems to me that when we are talking about the budget, when we are talking about expenditures and we are talking about estimates we should be able to bring up the other place in this context.

I understand there is a longstanding rule that there are certain things we do not talk about it when it comes to the other place. We do not even mention it by name, which is why I call it the other place, out of respect for that tradition.

I know from being here for almost 20 years now that there are contexts in which it is appropriate to talk about the other place, whether we are talking about its abolition, its reform or the expenditures associated with it.

I would ask the Chair to consider the ruling that was made at that time. It seemed to me the government benches were upset by it and I would ask Mr. Speaker to consider whether that ruling was the appropriate one.

**The Speaker:** It is not usual for a Speaker to give reasons for it. I refer the hon. member to article 409 in Beauchesne's sixth edition.

But specifically, as I understood the question, whether one side or the other is not particularly enamoured with a question does not weigh upon me to make a decision.

I felt that the Minister of Finance is not responsible for estimates or expenditures in the Senate and he is not accountable to the House for that. That is the reason for my decision and my decision will stand.

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## GOVERNMENT ORDERS

• (1525)

[English]

### WAYS AND MEANS

#### NOTICE OF MOTION

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Madam Speaker, pursuant to Standing

### *The Budget*

Order 83(1), I wish to table a notice of a ways and means motion respecting the National Parks Act. I am also tabling background information.

Our national parks remain one of the greatest resources available to all Canadians. They continue to expand, become more accessible and more pristine under current stewardship.

I ask that an order of the day be designated for consideration of the motion.

\* \* \*

## THE BUDGET

### FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed consideration of the motion that this House approves in general the budgetary policy of the government; of the amendment; and of the amendment to the amendment.

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Madam Speaker, I thank my colleague from Macleod for his very well delivered and factual presentation on this budget. He is a particular expert in the area of health care, being a licenced physician for many years.

I would like to ask a question of the member. The government has indeed promised to put \$11.5 billion back into health care funding which brings it back to the 1995 level. This is over a five year period.

Demographics clearly show that we have an aging population. As well, as we grow older our demands on the health care system dramatically increase. Five years from now when the \$11.5 billion is used up, will the aging population create a demand on the health care system such that we will find ourselves right where we started again because of the increased demand on the health care system? Is there any chance, given the way we are moving to a greater dependency on health care, the 200,000 waiting list has any hope of being shrunk under this Liberal formula?

**Mr. Grant Hill:** Madam Speaker, I appreciate the question. I have never heard of projecting funds five years down the road when there will be an election between then and now. It is very bizarre to be able to think and project beyond the mandate of the current government.

When we are talking about five years hence and we go back and look at the five years prior, we will find that the cuts have been \$21.4 billion in the five years prior. Here we have \$11.5 coming. Simple math would say two dollars taken out and one dollar being put in will never get us a shorter waiting line.

*The Budget*

The demographics, the aging of our population, are extremely important and are one of the reasons Reformers are asking for a real honest debate on the future of health care. We are bantering back and forth. We say two tier is presently in place in Canada and they are blaming us for two tier. What we would really like is an honest debate with none of the name calling but a true fixing of the health care system. If we had that I would be proud to be a member of parliament and debating health.

• (1530)

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Madam Speaker, I am sure the Parliamentary Secretary to the Minister of Finance is looking forward to this presentation today. I know he will listen to what I have to say about the budget and take the message to the finance minister and his party.

It has been said that the Liberal government has truly and rightfully earned the title as the pay more, get less government of all time. In all of Canadian history there has been no government that has picked the pockets of the Canadian taxpayer, the individual, small business and large business as has this Liberal government.

No matter what the finance minister said a couple of days ago in his great budget speech, these are the facts. Canadians since 1993 have consistently, every year of this government, paid more in taxes and received less in services.

Here are some numbers. Average Canadian taxpayers are now paying annually over \$2,000 more in personal income taxes than they paid in 1993 when the government was elected. These are the people who are out spending their earnings in the marketplace trying to create a growing economy. The average Canadian household income has shrunk by over \$4,000 since 1993. Let us imagine taking \$4,000 out a household income. One year it is there and five years later it is gone. That is what the government has done to Canadian families.

As well, the government is responsible for the highest increase in payroll taxes for workers and employers than any other government in the history of the country.

We will see Canada pension plan premiums increase by a whopping 73% over the next few years. And guess what? When the current generation in their early twenties and thirties retire, having paid the full 73% increase at least for now, they will get less money. There might be more increases coming down the road. I hope not. Having paid that massive increase through their entire working lives, they will get less money in Canada pension benefits than someone who has paid the lower amount, lower than the 73% amount. That is the legacy of the government.

Average workers and employers are paying far more in EI premiums than necessary. That is another payroll tax. The EI

commissioner has clearly said that the government is scooping an additional \$7 billion out of the EI fund that it is not entitled to. It is simply not entitled to it. Why does it not just give it back?

One thing that really aggravates hard working Canadians is the war on the two parent, single income family begun many years ago by the hero of the Liberal Party, Pierre Trudeau. It is continuing today under this Liberal government.

• (1535)

The average two parent, single income family with a \$60,000 income, that is one parent working and two children, will pay for the privilege of having one parent stay home to nurture the children, to help to steer them in the direction within the belief of the family, over \$4,000 more in income tax than a two parent, two income family with two children earning the same \$60,000. In other words, if a family earns \$60,000 with one parent working and one parent staying home, they pay \$4,000 more than if both parents were working earning the same \$60,000 and had two children.

One has to ask why the government continues this war against the family. Why is the government so determined to drive every last stay at home parent out of the house and into the workforce? Why is the government so determined through its discriminatory taxation regime to ensure that children growing up do not have at least one parent at home to help in their formative years and through their teen years into adulthood? Why is the government through its taxation regime so determined to do that? I do not know.

It has been suggested that some sort of social engineering is going on. It has been suggested that the Liberal government with its socialist philosophy has figured out that a family unit has strength and as long as that family unit is together the strength is present and the government cannot get its clutches on those kids. It wants to break up families, get rid of the parents, get them out working, put the kids in day care and make free thinkers out of them so that it can come in with its philosophy and teach the kids what the world looks like through the eyes of a Liberal.

I do not say it lightly when I say there is a war against the family. It was started back in the days of Pierre Elliot Trudeau, when he brought in tax regimes that literally forced the second parent out of the home and into the workforce so that they could maintain the same standard of living. It was not to increase their standard of living but to maintain the same standard of living.

What is this master plan the Liberals have had for so many years? We do not know their real agenda, whether it is social engineering or whatever. However, we do know that what they have been doing is very real. It has been very effective in getting both parents into the workforce through their discriminatory tax regimes.



*The Budget*

I can speak on behalf of many families who have made sacrifices while raising their children in order to have one parent stay home to be with the family. It happened in our family and it happened in many other families of people whom I know very well. They say it is no longer a privilege to stay home and raise the kids. It is a true sacrifice because one has to give up so many other things to have that ability.

It makes me very angry when I look at the budget to find some relief for the two parent, single income families and it simply is not there. There is over \$4,000 difference in taxes between those two examples simply because one parent stays at home and one works or they both go out to work. It is discriminatory. We had hoped the government would address it and it has not.

• (1540)

I say to all the families out there with one parent at home and one income that we will keep the fight up. We will keep the pressure on the government and sooner or later it will recognize the value of mothers or parents who stay home to be with their kids.

**Mrs. Sue Barnes (London West, Lib.):** Madam Speaker, it is just astounding for me to hear the word discriminatory from the member opposite. This is not a discriminatory budget at all. In fact the budget is absolutely wonderful for every citizen of Canada. It is so obvious that members opposite do not understand what is in the budget. Otherwise they would not be saying these things.

Let us talk about single taxpayers earning \$20,000 or less. Their taxes will be reduced by at least 10%. The typical one earner family with two children and an income of \$30,000 or less will pay no net federal income tax. Families with incomes of \$45,000 or less will have their taxes reduced by a minimum of 10% and in some cases more depending on the specific situation.

It is easy to pull out numbers. I do not know where those numbers come from, but I do know the accuracy of numbers that talk about us being in a situation where we can give tax relief. I do know that the government pays attention to children with some needs and that \$300 million extra are going into the child tax benefit. These are very direct federal government contributions where there are specific needs.

Tax relief for low and middle income Canadians is the top priority of the government. Broad based tax relief should focus first on personal income tax. That is what members saw. They did not see a budget filled with corporate or business tax relief. What they saw was down to the individual Canadian who has worked hard to deliver the country to the place where we are today where we can bring in these measures.

In my home town we have a medical community, a research community. The people in my riding of London West are incredibly grateful for the future orientation of the people and the priorities of

the government. I think of what that will mean in the health of the nation. The budget will affect the health of the nation and every family, no matter what income level, for years to come.

When we put money in research we are showing forethought. I am getting faxes from people in my riding, researchers, people who have perhaps not corresponded with the political network ever before, saying thanks for the budget. This is important to understand.

I am wondering how much into the future they are looking, or whether members of the Reform Party are only interested in some long ago world which unfortunately in families, and the diversity of families in the country, does not exist in that format. There is choice here. We are talking about current day Canadians and a society that is good. What century does the hon. member plan for?

**Mr. Dick Harris:** Madam Speaker, I thank the member for her rhetoric. However these are the facts. On that side of the street lives the Smith family: two parents and two children. One parent works. The total household income is \$60,000. On this side of the street is the Jones family: two parents and two children with both parents working. Their total income is \$60,000.

The Jones family pays \$4,000 more in taxes than the Smith family on that side of the street. The same size family, the same annual income, same street, same house and they even drive the same car, but they pay \$4,000 more than the family on this side of the street because of the government's discriminatory tax policies against families that choose to have one income and one parent staying home.

That is the fact. All the rhetoric in the world put forward by that member cannot dispute that. Where did I get the numbers from? It was from the finance minister's own budget. That is where the numbers came from.

• (1545)

[*Translation*]

**Mr. René Canuel (Matapédia—Matane, BQ):** Mr. Speaker, everyone knows that the Minister of Finance's philosophy is to be tight with the people and generous with the rich. That is obvious.

The current Minister of Finance is merely miserly with the people. He takes what little people have and gives it to the rich. However, I was listening to my colleague, and I am not sure he would do a whole lot better.

I put the following question to him: What could he do for the 1,500,000 poor children?

[*English*]

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

*The Budget*

As a matter of fact the Reform Party has put forward many times that if we were in power, and we will be in power, there would be no family with a household income of under \$30,000 paying any tax whatsoever. There would be zero tax for a \$30,000 household income. That is what we would do.

We would lower the taxation rates for the hardworking Canadians out there. They would have more money in their pockets to spend into the economy. That would bring more revenue into the government coffers which would allow us to give more services to the poor families the member talked about.

**Hon. Claudette Bradshaw (Minister of Labour, Lib.):** Madam Speaker, I will be splitting my time with the hon. member for Niagara Falls.

Today I would like to address the House about a very important investment that the 1999 federal budget is making. That investment is in our children. We all know that today's children are tomorrow's leaders. This government has taken that saying to heart and we are putting our money where our heart is, in Canada's children, in Canada's future. This budget is an important step in giving our children the support they need to become active and healthy Canadians.

[*Translation*]

Today I would like to speak about Canadian children. The 1999 federal budget invests in the future of our children. By protecting their future, we are protecting the future of Canada.

[*English*]

The spirit of the 1999 federal budget is health. In addition to the \$11.5 billion that we are investing in the health of all Canadians, we are investing \$287 million over the next three years in preventative and other health initiatives. This money will go to improve prenatal nutrition, food safety, and toxic substance control, to foster innovations in rural and community health, and to combat disease. More important, this money will help to ensure a healthy future for our children.

The Canada prenatal nutrition program will receive an additional \$75 million over the next three years to help high risk pregnant moms have healthier babies. This is an investment we are making in our future. From this investment we will reap both financial and emotional benefits for generations to come. The additional \$75 million is on top of the current \$13 million we are investing per year. This program is especially dear to my heart because it will address a growing Canadian crisis, fetal alcohol syndrome.

For the past 30 years I have been working in Moncton with children with fetal alcohol syndrome, their parents and pregnant women. They need us. Fifty-five per cent of people in our Canadian prisons are fetal alcohol syndrome victims. It is an economic issue

and this is the first time we have had a government that has looked at the preventative measures. We need to help these children become taxpayers and not offenders.

Our children are especially vulnerable to toxic substances in the environment, in food and drinking water. It can affect fetal, infant and childhood development. We all know these are the most crucial years of development for all Canadians. We must work to prevent these effects.

This budget has two direct investments to ensure that we protect Canadians and our children from these harmful effects. It has allocated \$65 million over the next three years to modernize and strengthen the federal food and safety program.

• (1550)

In addition it provides Environment Canada with \$42 million over the next three years to implement the recently introduced amendments to the Canadian Environmental Protection Act. This act aims to protect all Canadians, including our children, from the damaging effects of toxic substances by identifying them quicker and controlling them faster.

[*Translation*]

In my province of New Brunswick, there is a mix of urban and rural populations. It can be a real challenge to get proper medical treatment in the rural areas, with time being a vital factor in treating children.

We know that care provided at home or in community centres may be a favourable alternative in certain circumstances.

This budget will invest \$50 million in the next three years to come up, in consultation with the provinces, with innovative approaches to health care in rural and community settings.

[*English*]

Diabetes is a disease that affects Canadians, and the rate of this disease is particularly high among aboriginal people, striking three times that of the general population. The 1999 federal budget will invest \$55 million to combat diabetes. This money will go to finding better ways to prevent this disease and enhance treatment and care.

The 1999 federal budget is not just an investment in health for our children. It also provides direct financial support to families through the Canada child tax benefit and the national child benefit. The federal government is committed through this program to assist low and middle income families with the expenses of raising children. This is an investment in the future of Canada.

In 1996 the Prime Minister and premiers made tackling child poverty a shared priority. This government does not take that priority lightly.

*The Budget*

In our two previous budgets we provided \$1.7 billion for the children of low income families. This budget announced a further \$300 million to enhance the Canada child tax benefit for modest and middle income families. These investments promote fairness and equity among individuals with different incomes and family circumstances because no matter the family, we need to ensure that all Canadian children are able to benefit from all that this great country has to offer.

The national child benefit supplement is a federal, provincial and territorial initiative designed to tackle child poverty. The supplement is available to those who need it the most, low income families. The maximum level of the national child benefit supplement would increase by a total of \$350 per child. The net family income level for eligibility will rise from about \$27,000 to \$30,000 by July 2000.

Enrichments to the national child benefit supplement will result in increased benefits for 1.4 million low income families. A low income family with two children will receive up to 48% more in the year 2000 than they did in 1996.

This year's budget also adds \$300 million to the benefits provided to modest and middle income families under the Canada child tax benefit. Taken together with the \$850 million announced in the 1997 budget, these measures will increase the child tax benefit by \$2 billion this year. Two million modest and middle income families will receive these benefits. In addition, it will be extended to about 100,000 families that currently do not receive it.

[*Translation*]

Over three quarters of the child tax benefit will go to single parent and single income families. This tax benefit will affect some 3.2 million families, or over 80% of all Canadian children.

More importantly, this money will help our children to successfully prepare their future. This way we are helping them become the pillars of our society.

• (1555)

[*English*]

In closing, I am proud of this budget, a budget that realizes the importance of our children, a budget that invests in those children. I entered politics and came to Ottawa to give a voice to those who did not have one, those Canadians who are children, children who are the future of Canada. These children of the new millennium have the support and commitment of this government.

**Mr. Peter Mancini (Sydney—Victoria, NDP):** Madam Speaker, my question is for the hon. minister who I know is an Atlantic Canadian and with whom I share many of the concerns she talks about in terms of our children.

She talked about toxic substances in toys. I direct her attention to my riding where we have the highest cancer rates in the country, where more people are dying because of cancer and it is almost directly related to the huge environmental disaster known as the tar ponds. Would she not agree with me that the children who live in and around that area are at great risk and that it is indeed regrettable that there is no mention in the budget of special funding to honour the government's commitment to clean up those tar ponds?

**Hon. Claudette Bradshaw:** Madam Speaker, for sure, having worked with children I understand what the member is saying. I understand the importance of the environment. However, I would suggest to the hon. member that the budget we received was not very specific. Maybe we should wait for more specific areas to come. When we talk about the environment, I know that this side of the House is very concerned. We will take his request very seriously.

**Mr. Charlie Penson (Peace River, Ref.):** Madam Speaker, I listened with interest to the member speak about the money that was going to be pumped back into health care, which is certainly welcomed funding. I want to remind the member that this is the government that cut Canadian health and social transfers to the provinces from \$18.5 billion down to \$11.5 billion. With the money that is being put back in, it is going to take three years to get back to where we were prior to the cuts.

My question really has to do with the \$3.5 billion that is going to be budgeted for in this current fiscal year, 1998-99, the one that ends March 31, but which is going to be proportioned out over three years. If it is going to be budgeted for this year, why is that \$3.5 billion not being pumped in immediately in order to see some response as a result of the much needed money that is required? If it is budgeted for this year, maybe it should be spent this year.

**Hon. Claudette Bradshaw:** Madam Speaker, I do not know where the hon. member and his colleagues were last year when we did the budget because they keep bringing up the \$18.5 billion.

If the member remembers last year's budget, we put an awful lot of money into education for youth. There is the millennium fund. We brought in the child tax credit. We brought in the transitional job fund.

The hon. member should look at what we brought in for health care, education and poverty. The member wants to talk about health care so let us talk about it. We took away \$6 billion but with the tax credit we have cut by \$3 billion, not \$20 billion or \$15 billion.

*The Budget*

Canadians listening to this debate wonder why they are hearing all these different numbers. I sit here every day and wonder about all the different numbers. At home in my region of Moncton—Riverview—Dieppe, I can assure the member that our nurses, our patients and our citizens are glad because we gave the message in this budget that health care, children, youth and education are priorities for this government.

[Translation]

**Mr. René Canuel (Matapédia—Matane, BQ):** Madam Speaker, I have a very brief question.

I was listening to the minister as she addressed two issues in particular: poverty among children and in rural communities. Yet, funding for rural communities and the regions has been cut by \$100,000.

• (1600)

I would like to ask her this: In light of the fact that we have unemployed workers in the riding of Matapédia—Matane who will go two months without any benefits, what are her thoughts about the poverty affecting the children of these unemployed workers?

**Hon. Claudette Bradshaw:** Madam Speaker, this is an interesting question, since during the election campaign, Premier Bouchard announced a \$400 million investment in health.

This week, we gave Quebec \$380 million.

**Mr. Bernard Bigras:** The amount was \$150 million. You are getting your figures mixed up.

**Hon. Claudette Bradshaw:** I hope that Premier Bouchard will invest \$400 million, so that all the necessary initiatives can be implemented to support health care and fight child poverty in Quebec.

[English]

**Mr. Gary Pillitteri (Niagara Falls, Lib.):** Madam Speaker, I welcome the opportunity to address this House and to speak to the sixth Liberal budget. The 1999 budget demonstrates the dedication of the Liberal government to advance the living standards of Canadians through the creation of well paying jobs, a robust economy and equal opportunities for all. All this has built an excellent health care system and a safety net for those in need.

In the last five years I have had the privilege of serving with the Standing Committee on Finance and to take part in the prebudget consultations held throughout Canada. The great number of Canadians who took time from their busy schedule to present their views had one thing in common, their strong desire to build better lives for themselves and their families.

Canadians wish to be part of a society that not only provides opportunities for everyone but that provides support when through

no fault of their own Canadians need a helping hand. This government has listened. The results may be seen in the positive turn taken by the Canadian economy.

The unemployment rate has fallen considerably since the Liberals first took office. Now it stands at its lowest level in almost a decade. I am proud to report that my own riding of Niagara Falls and the Niagara area continue to grow and to prosper. Lately we have witnessed new developments like expansions of existing places of employment and many new businesses opening their doors. This in turn translates into jobs.

In the month of November alone, 13,000 more people were employed in the Niagara area. This means 13,000 more jobs than last year. According to the last labour force survey, 2,600 additional people were employed in the accommodation, food and beverage industry. The unadjusted unemployment rate dropped from 8.8% to approximately 6%. In Niagara 70 new businesses have opened since last spring, businesses that range from large chains and department stores to small entrepreneurs finding their niche in today's market.

Existing businesses continue to expand and are making large investments in their operations. This will not only ensure that employees keep their jobs but it will create new positions. An increase of workers in the agricultural sector has seen an additional 5,000 people gain employment. As a result of previous Liberal budgets, interest rates have declined substantially. An economist will say that low interest rates encourage both investment and expansion. We have wrestled to the ground. Now it is firmly under control. All the economist indicators are telling us that it will remain so.

Canada today enjoys a solid reputation as a low inflation country. What a difference from the beginning of 1994 when Canada's unemployment rate stood at 11.5%, when our country was faced with a \$42 billion deficit, the largest in Canadian history, a large deficit that we were able to eliminate in just four years. This year for the second consecutive year the government has brought down a budget that is balanced. Not only that but in this fiscal year we will again balance the books.

• (1605)

This is the first time since 1951-52 that Canada has been deficit free for two years in a row. A surplus of \$3.5 billion, the first surplus in 28 years, was recorded in 1997-98 and it went to pay down the debt.

Today Canadians believe their government can make a difference. Despite the progress we have made in balancing the books, we are not forgetting that the role of our government is to respond to the needs of Canadians. The role of our government is to help Canadians adjust to changes and prepare for the challenges that we all have to face in the new millennium.

During prebudget consultations Canadians voiced one main concern, the importance of their health system. They expressed to

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us the fear that the quality of care available to them would not be there when their loved ones would need it. These concerns had to be addressed. Here, once more, we have listened to Canadians.

While budget '98 was an education budget, budget '99 makes health the largest single investment this government has ever made. Since the elimination of the deficit in 1998 three-quarters of all new government spending has been focused on health and education.

With the provisions in the budget the provinces and territories will receive from the federal government over the next five years an additional \$11.5 billion specifically for health care.

The Government of Canada has made major commitments to Canadians through Canada's new social union and the new measures announced in the 1999 budget.

Now Canadians will be able to see tangible benefits such as improved health care, better programs for our children and our young people.

We share the strong desire of all Canadians to have confidence in our health care system and to see that medicare will continue to meet everyone's needs well into the 21st century. Quality health care is a priority for Canadians. We all want to be reassured that the health care system is delivering accessible, high quality care in a timely fashion.

Canadians also want to know how and where their health care dollars are being spent. When medicare was first introduced our focus was on curing illness with doctors and hospitals. Now good health care is as much about preventing illness as curing it. We know we need to develop innovative ways to provide care in the home and community for people who are ill or who have long term health problems. Good home care will free hospital beds for those who need urgent medical attention.

In the last decade patients' needs have evolved, health care needs have changed and medical technology has had to keep pace with these changes. It is normal therefore to re-examine the way we do things to continue to provide all Canadians with a superior health care system. I believe that with this budget the Liberal government has shown its commitment to medicare.

This government will never allow a two tier system of medicine to take hold in Canada, one for the poor and one for the rich. Support and research are paramount to a good health care system.

The 1999 budget builds on previous Liberal government investments in research, knowledge and innovation by injecting \$1.4 billion over the remainder of 1998-99 and the next three fiscal years.

This will expand and integrate research and innovation in health care. Moreover, this funding will allow us to continue exploring with the provinces innovative approaches to rural and community health care.

This budget builds on the Canadian opportunities strategies outlined in last year's budget. The investment of more than \$1.8 billion over the remainder of this fiscal year and the next three years will support the creation of employment. It will strengthen research facilities, provide more opportunities for advanced research, develop new and better uses of the information highway and directly support employment, especially for our youth. This is a very important measure in this budget. It will tell many young bright Canadians, scientists, to unpack their bags and stay in Canada.

• (1610)

With the provisions in this budget the Liberal government has provided target tax relief. With budget '99 we begin to broaden tax relief, thus benefiting more Canadians. Our approach is very clear.

Tax reduction should benefit those who need it most, low and middle income Canadians. Tax relief should focus on personal income taxes and tax relief should not be financed with borrowed money.

The Canada child tax benefit has been enhanced by \$300 million. This will extend benefits to modest and middle income families. Two million modest and middle income families will receive higher benefits and a portion of the benefits will be extended to about 100,000 families that currently do not receive it.

[Translation]

**Mr. Maurice Dumas (Argenteuil—Papineau, BQ):** Madam Speaker, I have a question for my hon. colleague from Niagara Falls, to whom I had the pleasure of paying a visit last summer. I must say that he has a wonderful vineyard and that he makes excellent wines.

Now, after the good wine, the sour grapes. Does he not find it unfortunate that the Minister of Finance did not put a single penny in employment insurance?

I realize that Ontario is a privileged province. Unemployment has always been lower there than in Quebec. In fact, it is a richer province.

Does he not believe that the Minister of Finance should have invested in employment insurance, which we still refer to as unemployment insurance?

[English]

**Mr. Gary Pillitteri:** Madam Speaker, I recall in 1993 in my area of Niagara Falls we had an employment rate of 14.5% and without any specific sector creating unemployment my area now has only a 6% unemployment rate.

It is not the government's responsibility to pay people to stay at home. It is up to the government to create the atmosphere so the private sector, individuals like me and my colleagues, can create the jobs. We do not need money to provide for unemployment. We

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need employers to create an atmosphere where the employer could make money and employ more people. That is the role of this government and that is the role for people we should be looking at.

**Mr. Rick Casson (Lethbridge, Ref.):** Madam Speaker, we keep hearing from the government side about how wonderful this budget was. The fact is many people in this country, after having a day to digest what they have heard, have come up with some different ideas. One is KPMG.

Trying to get through the smoke and mirrors is a problem with this. Some of the issues that were promised last year have been repromised. Some of the things the government is taking credit for now will not happen until next year. Some of the things the government is saying will create a savings of \$300 or \$400 will actually create a savings of \$57. The fact is Canadians are paying more and getting less. We will keep saying that until they get the idea.

The member keeps saying how well his area has done. His area happens to be in Ontario. The other area in Canada that is doing well is Alberta. Most of the jobs created in this country have been in Ontario and Alberta.

If we count in the fact that the Canadian pension plan is going up and EI premiums are going up, which the government forgets to mention, I wonder if the member would like to tell us how much Canadians are saving after those two factors are figured in.

• (1615)

**Mr. Gary Pillitteri:** Madam Speaker, the government is not only dealing with statistics. It is dealing more with people. Basically when more people are employed they are paying more taxes. When more people are employed they are creating other jobs. This is where we beg to differ with members on the other side because they are only looking at statistics. We are trying to put a human face to it.

No one has told me to look at the unemployment rate and at how much tax we are paying. A lot of them come to me and say "Look at what I have around me". There is more development and more people working and paying taxes. Therefore the whole economy moves much better and faster. They are not asking about the percentage of tax but what we have done for the people.

To some people it is only \$1.20 or \$1.30 more in their pockets, but it is a lot better than raising taxes.

[Translation]

**Mrs. Christiane Gagnon (Québec, BQ):** Madam Speaker, I am pleased to rise today to speak to the budget. Last year at this time, when the Minister of Finance brought down his budget, everyone was shocked at the federal government's arrogant disregard for provincial jurisdictions, particularly in the area of education.

Today, with this new budget, we can hardly believe our eyes as the Liberal government openly sets out to invade areas of jurisdiction that do not belong to it and to duplicate what is being done already in the provinces, simply to ease its conscience. That is what it is doing in this budget and that is what we condemn.

We can hardly believe our eyes, but that will not stop us from saying how disastrous this budget is for Quebec. The worst part about all this is that the money belongs to us and is being used in provincial areas of jurisdiction. This is unacceptable. First they went after education, and now they are going after health.

**Hon. Pierre S. Pettigrew:** Come now. It is not "our" money.

**Mrs. Christiane Gagnon:** I am sorry, Mr. Minister of Human Resources Development, I know you think this is no the taxpayers' money. Everyone is paying—

**The Acting Speaker (Ms. Thibeault):** Order, please. I must remind the hon. member for Québec to address her remarks to the Chair.

**Mrs. Christiane Gagnon:** Pardon me, Madam Speaker, but would you be so kind as to tell the Minister of Human Resources Development to calm down.

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

**Mrs. Christiane Gagnon:** This is unacceptable. First they go after education and now it is health.

After cutting billions of dollars in transfer payments, after hamstringing the provinces, which were already cleaning up their finances and did not need this additional burden, and after causing an unprecedented crisis in the health care system, the Minister of Finance and his colleague, the Minister of Health, are stooping to a new low in arrogance and getting ready to impose their views on the health sector.

This strategy has been around for quite a while and is quite deliberate. The intrusions announced in the budget put into effect a long-standing plan to deliberately smother the provinces that do not generate enough revenue from taxes to take on their full responsibilities under the Constitution.

So there is a hidden agenda here. The President of the Treasury Board put it best in an interview to *Le Soleil*, on March 8, 1996, and we know that he makes numerous statements to the press. He said "When Bouchard has to make cuts, we in Ottawa will be able to show that we have the means to preserve the future of our social programs". This is the real intention behind this government's long-standing strategy. This kind of reasoning speaks volumes about the Liberal government's agenda and priorities.

Federal cuts contributed to create a crisis in the health systems of provinces that had already been affected by the freeze on transfers imposed by the Conservative government. This government is

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taking advantage of the difficult situation in which it has put the provinces to impose all sorts of new encroachments.

• (1620)

In education, the latest encroachment by the Liberal government, with the millennium scholarships, certainly is a case in point.

Treating patients with red tape and statistics is strong medicine. Who is bearing the brunt of the finance minister's generosity? Who is being made to pay for this strategy by the Liberals? The unemployed.

The Minister of Human Resources Development should not be laughing today, because we know. We have toured the regions and we know how the unemployed have been ignored in this budget. The provinces have had to come to terms with this offloading of the federal deficit. It has not been a laughing matter.

**Hon. Pierre S. Pettigrew:** Madam Speaker, I rise on a point of order. I wish to point out to the hon. member that I was certainly not laughing when she mentioned her regional tour.

**The Acting Speaker (Ms. Thibeault):** I am afraid that this is not a point of order, but part of the debate. The hon. member for Québec.

**Mrs. Christiane Gagnon:** Madam Speaker, I do not know why the Minister of Human Resources Development is so intent on interrupting my speech, but I can say that we conducted a regional tour on the impact of the new EI reform. Many unemployed workers have been overlooked in the new budget's strategy.

The entire middle class has been taxed so heavily that it deserved a break. Yet, in 1993, the Prime Minister was proudly dragging his infamous red book around and telling anyone who would listen that his government would not cut payments to individuals or to the provinces. It is there in black and white. A few months later, the Minister of Finance set the record straight and said that the next budget would contain deep cuts in funding to the provinces for health, social assistance and education. I am not making this up. This is what he said during an interview he gave the *Toronto Star*.

It is sad how this Minister of Finance juggles the figures and makes a mockery of transparency. I could give many examples.

**Mr. Odina Desrochers:** He's a tinkerer.

**Mrs. Christiane Gagnon:** The few words I quoted earlier show only too well how, since 1993, the Liberals have continued to feed the public increasingly rosy promises in order to blind it to an ever darker future.

What the budget is really saying is that some of the cuts will be reversed over the next three years. We were promised \$42 billion by 2003, and now it will only be \$33 billion. So they are still cuts. Before they talk about giving presents, they should make sure the people getting the presents are not left with a debt at the start.

The result is that the provinces will have to face cuts of \$33 billion under Liberal management between 1994 and 2003, as opposed to the \$42 billion in cuts they promised.

However, true to itself, the government never gives without taking away. This time, it is taking advantage of the difficult situation it put the provinces in to impose a whole lot more meddling. The millennium scholarships are a case in point. They put their finger on the sore spot and talk about fixing it.

After bleeding the provinces of billions of dollars for health care, the Liberals now want to spend hundreds of millions, a total of \$1.4 billion, on statistics and paperwork. There will be \$400 million in administrative costs.

All this money is going to go into reports on waiting lists and on the assignment of doctors. What has the federal government to do with all this? The Canadian Institute for Health Information will be spending \$95 million over three years, and it will have the new task of providing periodic reports on the health of Canadians, the health care system, including waiting lists, doctor and specialist assignments and the most effective courses of treatment.

A national health surveillance network will be created. It will monitor the outbreak of serious illnesses and will provide an electronic link among laboratories in Canada. This represents an investment of \$75 million over three years. It will give Canadians access to information on health issues from nutrition to colds and from breast cancer to diabetes.

• (1625)

Here again, how is all this money—millions of dollars, \$75 million over three years—going to help people waiting for hospital beds? We will know how many are waiting, but I do not know how many we will cure.

The Canadian Institute for Health Information is another institution that will receive funds to report periodically on the health of Canadians and their health system, specifically on waiting lists, and the doctors and specialist assignments.

There will also be \$115 million over three years for telehealth and home telecare pilot projects. This will overlap what CLSCs are doing. More duplication.

We must not forget accountability measures, all for the purpose of providing Canadians with better information. This will cost

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another \$43 million over three years, so that Canadians are better informed about the results of federal health programs, in accordance with the social union agreement.

There is also the research and evaluation fund for nursing staff. The fund will be used, it is said, to seek solutions to the challenges facing nursing staff. We know the challenges they are now facing. An amount of \$25 million has been earmarked to help nursing staff provide quality health care, and find ways of recycling existing staff and attracting new recruits.

The prenatal nutrition program is another example of duplication.

This new initiative in health care is a scandal because of the duplication and the mountain of paper and statistics involved. That is not the way to improve health care in the provinces, and we will oppose it.

They are taking another approach to health care in rural communities. In order to attract doctors to rural regions, the federal government plans to spend \$50 million over three years as it gives us another glaring example of duplication.

What is the real intent of the government with this intrusion into health care? It is to centralize. When I was elected in 1993, the government was being criticized for its tendency to centralize and its failure to respect provincial jurisdictions. This will be another very unpopular budget in Quebec.

I can tell you what the Quebec minister of health can do with \$20 million. She can invest \$3.2 million to be distributed to hospitals with crowded emergency rooms. This also represents 830 additional hospital beds, the hiring of 900 people for one month, as well as the cost of ambulance transport and new equipment for emergencies.

There you have four measures with \$20 million. One can only imagine what we could have done in the Quebec health care sector with the money the federal government is going to use to duplicate services, collect statistics and follow doctors around to see how they are responding to demand. We will therefore continue to condemn this federal interference in provincial areas of jurisdiction.

We know that the public has commented on the surpluses. Provincial governments, health and social organizations, the public, everyone agrees that the massive cuts in health care were responsible for some of the most difficult times the health system has experienced in recent years.

The saddest thing of all is that the federal government ended the 1997-98 fiscal year with a surplus of between \$5 billion and \$6 billion. It could therefore have achieved a zero deficit in 1997-98, without cutting so much as one red cent of social transfer payments to the provinces.

• (1630)

It obtained this budget surplus through cuts in the Canada social transfer for health, education and social assistance.

Then there is the misappropriation of the money in the employment insurance at the expense of the unemployed. Now six people in ten are excluded from employment insurance, which swells the employment insurance fund by \$20 billion. Non indexation of tax rates brought in a lot of money too, billions of dollars. Tax rates and tax credits have not been indexed since 1986. So the middle class is again bankrolling the government's need for visibility and control.

Since they have been in power, the Liberals have dramatically chopped transfer payments to the provinces. In 1994, payments intended for the provinces were \$18.8 billion. In 1997-98, they were \$12.5 billion, that is, cut by \$6.3 billion. And the government tells us it is being generous with this budget.

In 1994, the social transfer was, on average, \$678 per capita. In 1998, it was only \$386, and all the while health care costs were increasing because of population aging, the cost of new technologies and increase in the cost of medicines.

There is another impact as well raising the cost of health care. When a population becomes poorer, it eats less well and the quality of life decreases. That means also the stress resulting from loss of employment, because employment insurance is not an option. That is what that means.

People are distressed. They perhaps need more medical care. What does the government do in the new budget? It pulls the rug out from under the provinces and Quebec with the new way of calculating the Canada social transfer in health matters.

The federal government has reached its deficit objective. It has reached it and now it gloats. It wants credit for the fact that Quebec will eliminate its deficit. That is shameful. It has emptied the pockets of the provinces, and they will not have \$7 billion to give the public health care, education and social assistance. That is what that means.

I will give the example of what happens because there is no indexation. It is the case of people who, in 1986, had two children and earned \$25,800. With the increase in the cost of living, they earn \$35,400 in 1996. That does not mean they earn more. Because the tax on the additional income is not indexed, they have \$3,790 less in their pockets since 1986. Since the GST credit was not indexed, they have \$944 less in his pocket. Since the federal family allowance is not indexed, it means \$554 less. For the child tax credit, it means \$602 less. The refundable child tax credit—I know it does not exist any more, but I am talking about 1986—means \$1,157 less.

So people earning \$25,800 in 1986 get \$7,047 less this year, with a salary of \$35,400. Members cannot say people earning \$35,000 a year are in the favoured class.



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And what about the \$7 billion that came out of the EI surplus every year to lower the deficit?

I know that they do not like it when we talk about robbery in the House, but this was robbery of the poorest—

**The Acting Speaker (Ms. Thibeault):** I would ask hon. members to be very careful in their choice of words.

**Mrs. Christiane Gagnon:** That is a fine general principle, Madam Speaker. I am accusing no one.

• (1635)

From whom was this \$7 billion taken every year? From the poorest members of society, those who had lost their jobs, who needed help the most. From SMEs, which create the most jobs but which are also the most vulnerable. As a result, fewer people are eligible for EI and are forced to turn to social assistance.

We know that not everyone can qualify for social assistance. An individual is not eligible if he or she has any income, however small. Therefore, when one of the partners in a relationship is working, it is clear that they will not qualify.

There is nothing for the poor, and a few crumbs for the middle class. This is a budget that favours the rich, three rich provinces, where the quality of life is perhaps better than in the poorer provinces, where fewer health services will perhaps be used, where there is perhaps less need for support.

And the Liberal government is talking about equity? What exactly is equity? The new CHST formula changes the rules of the game.

**The Acting Speaker (Ms. Thibeault):** It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Bras D'Or—Cape Breton, Devco; the hon. member for Skeena, National Revenue.

[English]

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, I listened intently to the comments made by the hon. member opposite. She continued to criticize and to chastise the federal government for investing and reinvesting in a shared responsibility in research.

I cannot help but point out my dismay at why the member would continue to criticize an investment in research which in fact would help Canadians and would help Quebecers.

Researchers in Quebec have said after the budget that they welcome the moneys the government is reinvesting in research. It will help to improve the quality of life for Quebecers and for

Canadians. We have reinvestments in areas like telehealth and home care.

The member went further to criticize the prenatal nutrition program, a program where the federal government works with the provinces that works directly with the communities. That is working extremely well. If the hon. member has some criticisms or some way to improve that program, I would be willing to listen to her.

She talks about all this money being spent by the government and how there is no outcome. I want to point to one specific example in terms of the service delivery. We have done some research in service delivery to individuals who suffer from a thyroid condition and have been able to improve it and at the same time save money to reinvest in health care.

I do not understand why the hon. member wants to continue to treat Quebec in the way she wants to treat it. Why she does not accept that researchers in her own province are supportive of the additional money and want to continue to do good work to help Quebecers and to help Canadians?

[Translation]

**Mrs. Christiane Gagnon:** Madam Speaker, the Liberal member is not happy with my criticism of the budget.

What I said was that this budget fails to focus on those in the greatest need. One part of the budget deals with research. My criticism was about the budget as a whole and its impact on the public.

What I said was that research funding duplicates and overlaps existing funding. The federal government is going to spend millions of dollars on administration instead of putting them where they will help people who are sick and those on waiting lists.

I criticized the number of documents and statistics that are going to be produced, with no regard for what the public is going through. Right now, we need more hospital beds, less pressure in emergency wards, more ambulances, and faster transportation. We need to give provincial governments the money they were entitled to expect, rather than the mere \$150 million for health care they received. They were expecting \$500 million for health.

• (1640)

The member lacks compassion for those who footed most of the bill for lowering the deficit. That is what I was critical of in the budget. They always talk about what makes them look good. He took one aspect of the budget, rather than the budget's overall impact on the public.

[English]

**Mr. Monte Solberg (Medicine Hat, Ref.):** Madam Speaker, I congratulate the member for Quebec on her speech. The member is

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well known for her concern for the less well off in Canada and I think she made some very good points.

Would she care to reflect on something I came across in a newspaper today? A KPMG accountant took a look at some of the tax relief in the budget and discovered, lo and behold, that the tax cuts the government is reporting are nowhere near what they will actually be.

Let me talk about somebody who has a low income. According to the budget a single taxpayer with \$20,000 of taxable income will save \$178 from the last two budgets, but this accountant says that this year the savings would be \$57 rising to \$114. This is nowhere near the government's numbers.

Would my colleague be prepared to comment on the government's sleight of hand?

[Translation]

**Mrs. Christiane Gagnon:** Madam Speaker, the tax system is indeed far from helping low income families, and we know full well that those most favoured by the budget are those earning \$250,000 or more, whose taxes will be cut by over \$3,000. In contrast, after sending in his tax return, the employee who made \$20,000 this year will only get a \$57 tax cut. That is what we deplored. This is a budget for the rich, not for low-income earners.

The hon. member is right. In our remarks on the tax tables, we pointed out that it will not result in a tax saving of hundreds of dollars for anyone who earns \$20,000 a year.

Earlier, I told the hon. member of the Liberal Party that he was making a short-sighted comment on the budget as a whole and that the tax deductions provided for in the budget for people who earn \$25,000, \$30,000 or \$40,000 are minimal.

Do you think that someone earning more than \$250,000 and getting more than \$3,000 back will put that money back into the economy? No, they are going to invest it.

Low-income earners would not use hundreds of dollars in tax savings to make investments; they would put the money back into the economy because these people often cannot afford basic commodities.

So, this budget favours the privileged and it could have been a little more sensitive to low-income earners.

[English]

**Mr. Monte Solberg:** Madam Speaker, I have a follow-up question. In the same article the accountant points out that his calculations do not take into account the hike in Canada pension plan taxes which took effect on January 1 and will go up again on January 1 of successive years.

Would the member comment on the fact that this is not taken into account in the budget and the fact that Canadians will actually

be \$2 billion worse off over the next three years because of hikes in CPP and bracket creep? In fact there is no tax relief in the next three years. Taxes are going up.

[Translation]

**Mrs. Christiane Gagnon:** Madam Speaker, we know there will be an increase so the fund will be built up, because our young people will not be able, because of their numbers, to build up the pension fund.

● (1645)

This represents a total lack of sensitivity toward those who contributed significantly to reducing the deficit. We thought there might be some sensitivity. This government does a lot of studies that produce nothing concrete to help people earning less than \$30,000 or \$40,000.

This budget is very disappointing. In addition to going after provincial jurisdictions, the government goes after the low income earners, those who are entitled to expect something, those who have contributed are the ones affected. The middle class contributed enormously to the deficit. They are being crushed under the weight of taxes. They are losing manoeuvring room in order to help the economy.

This government is attuned to the rich, the three wealthy provinces that will benefit from the budget and the class of individuals earning above \$100,000. Anyone earning \$100,000 and paying perhaps \$3,000 in taxes is not going to be prevented from buying the essentials.

However, someone earning \$30,000 with two or three children can often use the few hundred dollars they get from a tax break to make ends meet at the end of the month or on weekends to buy what they need to feed, house and clothe their children.

**Mr. Paul DeVillers (Simcoe North, Lib.):** Madam Speaker, I will be sharing my time with the member for Vancouver Kingsway.

It is with great pleasure that I rise to speak to the budget brought down this week. It is the Liberal government's sixth budget since it was first elected to office in 1993. We have not seen two balanced budgets in a row since the 1950s.

Let us go back to the 1997 election campaign for a look at the Liberal Party's election platform. We set out to do what we are doing today and what we will continue to do in future budgets during our term of office.

As for the surpluses, we said that 50% would go towards social and economic programs; 25% towards tax relief; and 25% towards paying down the national debt. That is what we have done in the last two budgets and that is what we will go on doing.

Who is not happy with our budgets? The opposition parties who, unfortunately, will never be satisfied with what the government

does. This is perhaps a weakness in our system. The opposition parties always have to be unhappy. They can never say they are satisfied with the government's achievements.

I do not wish to be too critical of the opposition parties, for that is the nature of our system, but there are also special interest groups that are dissatisfied with the budget. There is the accountants' association, which says we should put more money into paying down the debt. Bay Street says there should be more tax relief. Doctors' associations in Ontario say we should have put more money into health care.

• (1650)

This goes to show that this is really a balanced budget. When we are criticized from all sides by special interest groups, I think it means that we in the government have done a good job.

Another group that is not pleased with the budget is the separatist government in Quebec. They have misgivings about the changes made to the method used to calculate the Canada social transfer. However, what they fail to mention is that, in the next three weeks, Quebec will be receiving \$1.4 billion in equalization payments. With social transfer and equalization payments combined, Quebec, which accounts for 24% of the Canadian population, will be receiving 29% of all federal transfers. Some injustice. Some humiliation.

As the Prime Minister pointed out yesterday in Montreal and again today in the House, this \$1.4 billion payment will enable the PQ government to balance its budget. But then again, that too will be blamed on the federal government.

[English]

But I have to confess that I am biased. I believe the government is doing a terrific job. So rather than hearing it from a biased individual, I will quote from today's editorial in the *Orillia Packet and Times* in my riding, a Hollinger owned newspaper, not necessarily given to being friendly to the Liberal Party:

Balance.

That's the most striking element in Tuesday's budget announcement.

Paul Martin's second straight balanced budget—something not seen by Canadians since the early 1950s—seems to be a hybrid of political thought. It could even be used to demonstrate that, despite its flaws, Canada's political system is working.

This budget has the distinction of being balanced at the centre of the political spectrum. Its influences are obvious: the frugality and fiscal responsibility preached by Conservatives and Reform are balanced with strong social conscience represented in significant increases in health care funding.

The right is represented again in the small tax relief presented to Canadians. It acknowledges that Canadians are struggling under a heavy tax load, but it does so with a trickle, rather than a gusher.

We believe this is a responsible, moderate budget.

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It will not solve every pressing issue on the spot. But that is the stuff of political fiction. Problems as complex as those faced by the federal government will not be solved overnight. But they can be solved.

There is hope sewn into the lining of this budget.

That speaks volumes on how this budget was conceived and how it is perceived in the community.

Another issue I will touch on is the question of the reaction of the provincial government in Ontario. The Harris reformatory will be saying because of the funds being put back into health care in this budget, it is an admission by the federal government that the difficulties in the health care system were caused by cuts in transfer payments.

I believe the Ontario electorate will not be fooled by that rhetoric. I believe the Ontario electorate will be able to understand the figures. They will know that for the next year the cuts in transfers prior to this budget from the federal government to the province of Ontario were in the order of \$831 million. They will also know that the Harris reformatory tax cuts amounted to \$4.8 billion. If we divide the responsibility for any difficulties that may be being experienced in Ontario health care, the apportionment can be easily struck at one-seventh responsibility for the federal government cuts and six-sevenths responsibility for the Harris tax cuts. Those are the priorities of the Harris reformatory government and that is how it chose to use the resources.

• (1655)

I do not believe that the electorate will be deceived. Nor do I believe that the electorate will pay any attention to Premier Harris when he makes comments like what I read in the newspaper today. He was referring to the Harris-Martin tax cuts.

There is no comparison between the way this government under our finance minister dealt with the issue of tax cuts with the deficit and the havoc that the Harris government, the reformatory government, has imposed on Ontario by allowing the massive tax cuts before it was in a position to balance its budget. There is no question that this will be taken into account by the Ontario electorate in the upcoming provincial election.

In summary, it appears evident to me that this budget will be widely accepted by Canadians and so far it has been widely accepted by Canadians. I congratulate the government for once again bringing in a balanced budget with a significant surplus and properly applying that surplus in a balanced fashion.

**Mr. Charlie Power (St. John's West, PC):** Madam Speaker, I want to ask the hon. member who makes many references to the Harris reformatories if they have anything in common with the Liberal suppositories that we have been hearing about since budget day.

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**Mr. Paul DeVillers:** Madam Speaker, I do not believe that was a question. I would say it was a smart—no, I would not say that.

[Translation]

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Madam Speaker, I listened carefully to the speech by our colleague and I think he has not grasped certain elements of the political situation.

First, can he admit that, since 1993, funding has been cut by \$33 billion? Even though the provinces were counting on this amount to balance their budgets and provide public services, they never received this \$33 billion.

The member talked as if happiness was the absence of misfortune. I would like to say that we cannot operate on that basis in a society.

The first question I would like him to answer is this: Does he recognize that his government has acted indelicately, in a way that is inconsistent with the spirit of federalism in which two governments should respect each other's jurisdictions?

Second, can he stand in his place and tell me where it says in the Constitution Act of 1867 or 1982 that the federal government is authorized to intervene in health care? Would he be prepared to put his seat on the line on the constitutional jurisdiction of his government to intervene in the area of health care?

Some \$80 billion will be spent on health, whereas the federal government has no business there.

If our colleague wants to help out his neighbour, there are areas where the federal government can act. Liberal members are like one long film we might call *The Silence of the Lambs*: always agreeing with what the government does.

In terms of employment insurance, the government could improve the situation of the unemployed. With the banks, it could pass legislation on community reinvestment. But it did not—

**An hon. member:** Question.

**Mr. Réal Ménard:** I suggest our backbencher remain calm.

I would ask the hon. member if he could tell us where it says in the Constitution that this government is entitled to intervene in health care—

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

**Mr. Réal Ménard:** —and I wish the backbenchers were a little more critical of their government.

**Mr. Paul DeVillers:** Madam Speaker, first, we pointed out three or four years ago that the social transfer formula was not fair and that changes were needed.

• (1700)

First, we notified all the provincial governments. As for the issue of federal government jurisdiction in health care, it was clear in the health agreement signed by the first ministers two or three weeks ago. It was made clear that the government was prepared to invest in this area and to transfer the money to the provinces with no strings attached and without interfering in provincial jurisdictions.

As for research, this is a federal-provincial jurisdiction.

[English]

**Ms. Sophia Leung (Vancouver Kingsway, Lib.):** Mr. Speaker, on February 16 the finance minister presented the 1999 budget. The budget is fiscally responsible and it invests in Canada's social priorities. It provides tax cuts and health care funding. The budget is good news for my constituents of Vancouver Kingsway and for all Canadians. Today I would like to address three aspects of the budget that will increase our standard of living and enhance our quality of life: health care, research and development, and tax relief for all Canadians.

Health care is the first priority of this budget. As a member of the finance committee I have heard from many Canadians that more resources should be devoted to health care. This is also a key issue in my riding. This year's budget has answered this demand. It has been called the health care budget because it greatly increases federal government support for health care. An additional \$11.5 billion will be transferred to the provinces through the Canada health and social transfer over the next five years. In addition to the CHST enhancement, the 1999 budget allocates \$1.4 billion over the remainder of the fiscal year and in the next three fiscal years. Those funds will improve access to quality health care information and increased support for research and innovation in health care.

The second important aspect of this budget is research and development funding. While the government is strengthening the health care system, it is also working to expand and integrate research in health care. Our government recognizes that innovative ideas are essential to maintaining a successful and competitive economy. Medical research can ensure the highest quality of health care for Canadians now and in the future.

This budget provides significant increases in funding to the Canadian Foundation for Innovation for biotechnology research and development, to the Natural Sciences and Engineering Research Council of Canada, to the Social Sciences and Humanities Research Council of Canada and to the National Research Council. There will be increased support for the successful network of centres of excellence, technology partnerships Canada and the Canadian Space Agency.

The third important aspect of the budget is tax relief. It is because our government has acted responsibly in recent years that we are in a position to implement tax reduction measures. Last year

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tax measures for low and middle income Canadians were introduced. Now we have begun to offer broad based tax relief to all Canadians.

• (1705)

Every Canadian who pays taxes will get a tax cut this year and 600,000 Canadians will not have to pay any income tax at all. Important initiatives include the phasing out of the 3% surtax on personal income, increased benefits to middle income families and increased child benefits to two million modest and low income families. The basic personal exemption has also been increased to \$7,131. For the first time since 1965 nothing has been borrowed to pay for the tax relief.

While I do not have the time to discuss other elements of the budget in detail, I would like to mention several important areas. Highlights include support for learning opportunities and employment, broadening the child tax benefit and continued debt reduction.

I am happy to report that this budget will have a great impact on the province of British Columbia. That is where I come from. It will add \$270 million a year during the next five years to B.C.'s provincial revenues in addition to tax breaks to individual British Columbians.

The cap on B.C.'s share of transfer payments has been lifted. For many years B.C. was one of the three provinces getting a lower per capita share than other provinces. Now the finance minister has lifted the cap so that over the next three years all provinces will receive the same amount on a per capita basis. Over five years it means that B.C. will get an additional \$1.4 billion plus \$471 million for health care. This is tremendous.

Tax breaks will result in B.C. taxpayers sending \$200 million less to Ottawa in 1999. Even B.C.'s finance minister called this budget good news. It is great news for all of us.

As an MP from Vancouver Kingsway and a member of the finance committee I am proud of the budget our government has delivered. It will ensure that Canada maintains a strong economy and invests strategically in key economic and social priorities. Finally, it provides tax relief for all Canadians.

I congratulate the Minister of Finance, the Prime Minister and all my colleagues for the thoughtful and well planned budget for Canada.

[*Translation*]

**Mr. René Canuel (Matapédia—Matane, BQ):** Mr. Speaker, I did listen to my hon. colleague, but she kept repeating what the finance minister had said. The members opposite are parrots. And the Liberal members from Quebec even applauded.

I can understand my hon. colleague. She is from British Columbia and everyone there got something. The people of this very wealthy province are now even wealthier.

I must tell my colleagues from Quebec who were applauding that I cannot understand them. They are servile—

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

**Mr. René Canuel:** “Servile” means “servant”. They are little people. They cannot understand that Quebec is the loser here, the big loser.

**An hon. member:** Come on.

• (1710)

**Mr. René Canuel:** My question to the hon. member is this: Why is it that, three or four days before the Minister of Finance brought down his budget, the Minister of Human Resources Development, whom I had invited to New Richmond, did not show up? There were about 800 workers and unemployed people—

**Mr. Michel Gauthier:** He is afraid of people.

**Mr. René Canuel:** —who, in the spring, will have to do without benefits for two whole months. There will be no food for their children. The hon. member boasts about the fact that those who earn \$250,000 or more will see their taxes cut by 3%, thus saving \$8,000 a year.

[*English*]

**Ms. Sophia Leung:** Mr. Speaker, perhaps I should reply to the member in Chinese because today is Chinese New Year.

I think we all know that Canada has been very good to Quebec. You always gain more than B.C. Even now with this budget we gave you much more and we never complain.

**An hon. member:** C'est le problème de Landry

**The Acting Speaker (Mr. McClelland):** In an attempt to keep everyone on each side of the aisle, let us refer to each other through the Chair.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, I appreciate the opportunity to address the member from British Columbia.

This budget missed the boat in an essential area. The government does not listen very often to anybody from any other political party. But I would like it to listen to independent reviews that are taking place right now on Canada's productivity.

What are these reviews saying? This budget fails because it fails to address the central issue of Canada's failing productivity. Why is Canada's productivity failing? Our tax structure is too high and companies do not have the ability to invest in themselves. We cannot compete with our brothers and sisters to the south because our tax structure is too high.

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Will the member bring to the attention of the finance minister the fact that the government's budget failed because it did not adjust the egregious tax structure we have in Canada that is choking off the private sector—

**The Acting Speaker (Mr. McClelland):** The hon. member for Vancouver Kingsway.

**Ms. Sophia Leung:** Mr. Speaker, I thank my colleague for the good point. Yes, we would like to increase our productivity. That is one of our recommendations in the report of the finance committee. We do focus on that.

Research and development is what we will address. We have given \$800 million to the centre of innovation. This year we are giving an additional \$200 million to the centre. That will create many jobs. We will have more resources to encourage productivity, to have more research and development for Canada. In the meantime this will prevent brain drain.

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I will be sharing my time with colleagues, as will most of the Reform members from here on today.

It is sad to stand up today to talk about this budget. It is sad because it is such a failure. It is sad because it is a missed opportunity. It is sad because of the fact that what could have been done and what should have been done was not done. As we have said over and over, as result Canadians will be paying more and getting less in all instances.

• (1715 )

I will not talk a lot about getting less because some of my colleagues have covered that material very well and I do not want to repeat it. However, I do want to emphasize that we are getting less particularly in health care.

In 1993 when the government took power, and ever since then, it has been proclaiming from the house tops that it is the saviour of health care in Canada. They are empty words. We need to judge people by their actions and not by their words. Every Canadian knows that since the Liberals took power five years ago our health care system has deteriorated and deteriorated big time.

There have been some instances of individuals not being able to get the treatment they need in Canada. They are forced to take their money to the United States in order to get the health care they need. Thankfully those who do are able to pay for it. The government, by failing to continue a health care system which was built on good principles and by reducing the amount of funding to health care, has literally destroyed it.

I want to tell the House a personal story. It is rather close to my heart these days since it is only a little more than a week ago that we had my aunt's funeral. She was an older lady, a very gentle but

fastidious person. When she had a stroke she went to the hospital. What happened when she was in a public hospital?

As I said, she was very fastidious but when she had to leave her bed for personal reasons she would ring the buzzer. Because of her stroke she was not able to help herself. No one came so she rang again and still no one came. Finally she tried to get out of bed herself and landed on the floor in a heap.

That happened not once, not twice, not three times but four times. The family could not always be there. They all lived a distance away from where she was. Eventually they too practised the two tier health care system the government has provided. They took her out of the public hospital and moved her into a private extended care centre run by a religious group where she got good, loving attentive care and people looked after her. Fortunately she was able to allocate some of her pension money and the family helped as well.

What has happened to our health care system when people who need it push the buzzer and no one comes because the funding for staffers has been cut? This was not to be the topic of my speech today. It was just by way of introduction to show that we are getting less. In this particular case it hit very close to our family.

I want to talk about the issues of debt and taxes. Here again is a huge missed opportunity. It is not just the Reformers who are saying this. Many people are saying it. I am on the finance committee and we heard from a number of expert witnesses, ordinary people, a number of lobby groups and economists. They came before before committee and testified. It was a most intriguing session when we heard from some of the top economists of the country. Their message was crystal clear: we need to reduce taxes. How do we do that? By having a plan for reducing the debt.

Sometimes for recreational reading I read the *Fiscal Monitor*. Not many people do that. I looked at the *Fiscal Monitor* to see what is happening to our debt. I also looked at the budget the finance minister read the other day and I looked at our debt. It is very distressing. This is what has caused the greatest break in our economy. There is nothing that has reduced our productivity more than our burgeoning debt and the burgeoning taxes that are required to pay the interest on the debt. Until this year we were paying around 30 cents of every dollar collected in income tax simply on interest on the debt, much of it leaving the country.

• (1720 )

If I were to be in my usual jovial mood, I would now say that I want to congratulate the government. I always do this in my speeches. I always try to find at least one place where I can thank government members. I would like to thank them for resisting the temptation to spend, spend, spend everything when the surpluses came in. They are only spending about two-thirds of it now, but I would like to thank them for not spending everything.

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I have looked at the projections of the Minister of Finance and his department. Many members first came here in 1993 and will realize that the 1993-94 budget referred to a debt of \$508 billion. It grew to \$545 billion and to \$574 billion. Then in one of those first year budgets the projections were \$593 billion, \$610 billion and \$619 billion. Those were the projections unless the deficit could be beat.

Thankfully the Liberal government was at the right place at the right time. It lucked in and won the lottery. If it had not been for the fact that there was a vigorous free enterprise economy in Ontario and a similar one in Alberta, there would not have been any growth to speak of and it would have been in deep trouble.

As a result of some forward looking provincial governments that were able to attract business to help industry, the economy grew and the debt did not grow as much. What distresses me most is that the debt is now projected to be \$579.7 billion. What is it for subsequent years? It is projected at \$579.7 billion and \$579.7 billion.

The Minister of Finance has absolutely no vision or plan to reduce the debt. If we happen to have a surplus and do not need our contingency fund, he says that will go toward it.

The problem is that the Minister of Finance and the Liberal government are back loading and forward loading the surpluses we know exist. In the same *Fiscal Monitor* I read that the surplus this year for the first three-quarters is \$11.2 billion. That is the surplus as advertised by the finance department on the web. Members can look it up themselves. Yet they are projecting that the surplus this year will be around \$3 billion. What are they doing? They are forward loading and back loading. They are not dealing with the present reality. As a result our debt will continue.

I remember hearing an economist, I think it was at committee, say that the most positive economic signal that can be sent to our investors and our businesses would be a tangible, manageable plan for reducing the debt, which would reduce interest payments.

Public debt charges are projected to go up. Even though they are keeping the debt the same in their planning, every year the public debt charges go up. It is in the document. All members need to do is to look at the budget that was tabled in the House two days ago and there it is: \$40.9 billion, \$41.4 billion, \$42.5 billion and \$43.3 billion. That is what we will be paying in interest on our debt. That is what is killing our economy. That is the missed opportunity.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I do not know where to start. Maybe I should focus on one aspect, and that is the debt. The member seems to want to talk about the debt. He started off by dealing with the growth of the debt.

• (1725 )

The member will well know that when the government was formed in 1993 it inherited a deficit scenario of some \$42 billion. That deficit had to be dealt with each and every year. The annual deficits are added to the national debt. Yes, it went up. Yes, interest charges went up, but we had to deal with the deficit to stop the leakage. Now we are getting surpluses.

The member said that a particular economic publication indicated the surplus would be something like \$7 billion. That may very well be. The member will well know there was a one time transfer on behalf of health of \$3.5 billion which, based on consultations with the auditor general, will be expensed in the current year. That takes the projected \$7 billion down to \$3.5 billion, which is precisely what the government is projecting.

If the member uses numbers from a month ago to somehow compare to the forecast as was outlined in the budget, does he not think that he should also take into account other charges against that surplus spending of the fiscal dividend which will be charged against the current year so that in fact what has happened is exactly what should have happened?

**Mr. Ken Epp:** Madam Speaker, I agree that the numbers should accurately reflect the reality. This is where the rub comes in. What does the budget say? What is the number that is being communicated by the Liberals? What number are they using in terms of what they are putting into health care?

The number is \$11.5 billion. We hear it all the time. That is because the little number of \$2 billion which they are actually putting in, in the coming year, is so small. After cutting \$20 billion out of health care, how would the Canadian people accept that they would only put \$2 billion in? They got into their little corner and asked what they could do with this number. Like my leader said the other day, they just came up with a magic number to multiply it by. They multiplied the number by five for the next five years.

This is an annual budget. I do not mind them giving projections, but I think it is downright dishonest to say they are putting \$11.5 billion into health care when in fact this year \$3.5 billion is being put into the year before and \$2 billion into the planned year. Those are the actual numbers. To say \$11.5 billion in the face of that is just not accurately communicating to Canadians what the facts are.

**Mr. Eric Lowther (Calgary Centre, Ref.):** Madam Speaker, I appreciated a comment of the hon. member and I wanted to touch on a similar theme. He just alluded to the way the government announced the health care spending but did not mention very strongly that it was over five years.

I am concerned that Canadians are aware of the taxes they are paying. With GST and EI and CPP there is some way for the public

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to be very much aware of that. The one area I was hoping to see—and we actually discussed it in the prebudget debate in the House—was the fact that income tax brackets were not indexed to inflation.

I know the hon. member is a man of high integrity and when he speaks it is from his heart. The issue is that because they were not indexed Canadians are actually paying \$10 billion more since they stopped indexing the personal income tax system or \$692 per taxpayer. This is a hidden tax.

It is one thing when people know the taxes they are paying and can react, but when they are hidden and buried in bracket creep that is particularly offensive to me. It must be to Canadians when they find out about it. How could they believe anything when they find out there is a hidden tax that is not up front, that is a big revenue increase for the government which they hear nothing about?

• (1730)

**The Acting Speaker (Ms. Thibeault):** I must interrupt the member. The time has expired. The hon. member for Elk Island on a very brief comment.

**Mr. Ken Epp:** Very briefly, Madam Speaker, that is the point exactly. Originally it was set up in such a way that people paid a certain proportion of their income in taxes. But that proportion has gone up because of inflation, yet it does not reflect it accurately.

What this government is giving is mediocre. Again, it is using the figure \$675 as an increase in the basic exemption, which actually is not used any more but that is what the government is calling it, when as a matter of fact \$500 of that for most taxpayers was announced last year. It is \$175 this year. The government makes it look good when in fact it is pretty mediocre.

**Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.):** Madam Speaker, it is great to rise today on behalf of my constituents and speak to the budget that was brought down on Tuesday. For most of my constituents they are finding it a very muddled document that is not really quite sure what it wants to do.

It is touted as the health care budget and we are waiting to see the proof of the pudding. This document claims to restore health care funding but in fact it hardly starts the process of putting back into place what existed before members opposite came to this place in 1993.

While Canadians were piling extra billions of dollars into government coffers, waiting lines for health services went up by 28%. Members opposite like to blame the provincial governments. If the provincial governments were solely to blame, it still would not explain why federal expenditures on health have fallen from the promised 50% base line as outlined in the original Canada Health

Act to the measly 11% that exists today. It does not explain why the much talked about five principles are in a shambles while this government did nothing but download to its provincial counterparts.

Where is the portability when we see one government failing to fully reimburse another for treating its residents? Where is the universality when the wealthy are put at the front of the queue or skip off to the United States to get their service, leaving 180,000 Canadians waiting weeks and months for operations here in Canada?

Members of this party find it ironic that Liberals have attempted to frighten Canadians with that bogeyman of a two tiered American style health system when in fact they have encouraged through their action or inaction the creation of this very thing.

The problem began in the first days of this government. The present Prime Minister was elected in October 1993 and his finance minister brought down his first budget in 1994. Since this was greeted with roaring disapproval, the Liberals decided on a new tack for 1995. They would make the appearance of cutting the deficit their central theme. What a good idea, one near and dear to everyone's heart, but not the way we would have pursued it.

The government started to see the economic recovery and decided to do two things: rake in the maximum amount Canadians could stand to give and download the responsibility of paying bills on to provincial governments. That is a reality. The numbers are there for anybody to see. I am gratified to see many commentators starting to say the things we have been saying for the past few years.

This government has never got its wild spending habits under control. It has never admitted to the anchor that its high tax regime imposes on all Canadians. It cannot get it through its collective head that Canadians want to be in charge of their own destiny. Leave the money with them and let them decide.

This government lays claim to a balanced budget because it pulls \$42 billion more in revenues from the economy than it did in 1993. We are paying more while provinces, individuals and institutions are getting less. Members opposite will say to look at the tax cuts.

The 3% surtax will be cut in half this year and eliminated in the year 2000. Average taxpayers will see a few dollars per week from that one. The basic personal credit is up \$340 over 1998 and will go up another \$240 next year. This translates into another couple of dollars per week for hardworking Canadians and that sounds really good. It works out to about a cup of coffee a week. The reality of this cut is on average \$79 a year. We know the EI rate is going down a whopping 5%, from \$2.70 per hundred dollars to \$2.55. The CPP is certainly going to offset that with the increases we are seeing there.



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Everyone was saying the EI rate should have gone down even more. Business is calling for it. It is a tax on jobs. But the finance minister has been banking that \$7 billion a year surplus and the Liberals will have us believe that these nickel and dime returns should have us all thanking our lucky stars to get anything at all. That is the reality again. This government would have us believe that their tuna fish ideas are seen as caviar by the peasants out there.

If we add all this up, what do we get? As it turns out Canadians will pay \$2 billion more in taxes while these little tidbits of so-called tax relief are phased in. We pay more, we get less. We pay more CPP premiums with no guarantee that anything will exist in 20 years. We still have bracket creep working its magic on our incomes while this government ignores outdated brackets and disincentives that have existed in our tax code for decades, especially for small business.

• (1735)

What do we get for this? Do we get more health care? Do we get more economic activity? Do we get more national wealth? No, we get more politics, the last thing we really need.

Two weeks ago were treated to the spectacle of our government leaders trumpeting the creation of a social union deal. Did this amazing document re-establish the primacy of the two levels of government in their respective spheres of jurisdiction as set out in our Constitution? No. It put on display the arrogance of the Liberal government and the desperation that provincial politicians feel when they see billions of dollars up for grabs. They need it. They have programs to run.

There was no thought to leaving that money in the hands of the taxpayers, or to giving it back from where it originally came. These politicians traded away the right to spend the money and take the credit as if there were two kinds of taxpayers and government was all about the size of the program and not how good it is. He who has the money makes the rules.

Why does the federal government not concentrate on what it is supposed to do? The budget just released puts \$175 million into DND. That does not rebuild a single soldier's house, add a single soldier, sailor or pilot to the forces, nor does it buy a single piece of equipment. The Canadian forces as we see them now are overcommitted. They cannot train up to the proper standard without the proper equipment. They cannot replace worn out equipment. They have lost \$7 billion from what previous governments told them to expect, and this administration has the nerve to give them this pitiful increase.

Members opposite will say to look at the wonderful job they do. That is the whole point. Despite broken promises by this government and unfulfilled commitments, despite the downloading of responsibility, despite the fact this government does nothing but

take while it asks for the moon, these hardworking Canadians get the job done.

The Canadian taxpayer is in the same leaky boat. We are so used to high taxes, hidden costs and government programs that are supposed to alleviate every problem under the sun, that I am afraid we are complacent about the antics of this government in this budget. This budget repeats what we have seen in the last three. The minister's projections are wrong. He finds himself with more of Canadians' money than he even thought possible so he pumps up government spending. The debt continues to fester, taxes continue to suppress our potential, a key element, and the Liberals continue to claim that they are being prudent, generous and compassionate. They are none of these things.

In the past, Canadians slowly became outraged as they saw finance minister after finance minister miss the mark on the deficit and charge them for it in increased taxes. Now they are slowly becoming outraged that this finance minister misses the mark on spending and charges them for it. It is not their imagination. It is being exposed everywhere. The numbers are there. They are documented very well.

Think tanks, research institutions and economists are all asking where the surplus went. They are all answering that the finance minister is hiding it from the Canadian people so he can pursue a political agenda of his own. For how long are Canadians going to accept this outrage? For how long does this minister think he can make taxpayers pay more and receive less?

This Liberal government has failed on health care. It has taken out far more than it intends to put in. It has failed to perform the federal role it is supposed to focus on. And it is losing the trust of Canadians by manipulating the national books.

Over the last few months we have heard a great deal about productivity but I do not see much about that from the Liberal spin doctors. I do not suppose that is because it is another missed opportunity by this government. The Canadian Federation of Independent Business classed this budget as a missed opportunity. We have been losing ground on these issues for years. This finance minister trots out the typical line that things are looking up and that adding a few dollars will address the situation. Everything looks better after you have hit rock bottom which is where we seem to be headed.

The Organisation for Economic Co-operation and Development has warned this government that Canada is failing, not rising upward on the issue of productivity. These studies indicate that our tax burden is just too great. The window dressing in this budget does nothing to solve that. Again nothing for business, the engine of the economy, the job creator. It says that the United States is surging ahead in this area with half the unemployment rate, but here we have the finance minister bragging about job creation.

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Eighty per cent of those jobs are created by the small business sector, not by government programs.

Our unemployment rate is twice that of the U.S. Is that good enough? Our standard of living is falling; disposable income continues to fall. Why is this acceptable? Why is being 17th in the world good enough? It is not. There is so much more that has to be done.

What did the minister do about the small business deduction? Nothing. It is still mired in 1980 values. What has he done about corporate taxes, payroll taxes, user fees? Nothing in this budget. Where is the burden of personal income tax? Among the highest in the world, and this budget does a little tinkering with it. We pay more and get less.

We need a government in this country that is committed to openness, accountability, freedom and wealth creation for everybody. Instead we are stuck with a government that is obsessed with manipulation, social engineering and bureaucracy. I do not see anything productive about that.

• (1740)

**Mr. Alex Shepherd (Durham, Lib.):** Madam Speaker, I know the opposition is on a great theme here. I presume they cannot get too many ideas in their heads at one time as they keep repeating the same phraseology which is basically pay more, get less. There are two aspects of this, paying and getting. In other words they believe that one simply pays for services and that is what one gets.

When they came to the House years ago they were concerned about the debt. What they have said during the last two days is that we should forget about the debt, forget about the obligation to pay the debt. They are happy to leave it for another generation of Canadians so let us just forget about it. We want to get every dollar into this that we put into it. It is services for every dollar that we put into it.

People watching this debate know if they have a mortgage on their house that some of that money and hopefully a lot of it every month is going to make principal payments on their debt. These payments meet their obligations. Therefore their children will not have to live in that house and pay the mortgage which the parents have enjoyed. Those members are showing total irresponsibility by ignoring that aspect.

The member also talked about small business. Does he realize that Canada taxes small businesses at the lowest rate of the G-7 countries? I guess he is not very happy to know this as well.

One of the other members mentioned the CPP and called it a tax even though we all know it is a pension. The federal government does not have its hands in it one way or the other. It is money

contributed by employers and employees for their pensions. Once again those members would be happy to run away from, shirk their responsibilities, transfer that liability on to another generation and walk off with the gravy.

Do those members think they could get beyond the two little things in their minds, that is pay more, get less? Could they deal with some of the substantive problems in the country?

**Mr. Gerry Ritz:** Madam Speaker, there was a lot verbiage but I am not sure there was too much meat. I remember an ad years ago with a little lady standing at a hamburger counter saying "Where is the beef?" I guess that points to what the member was talking about.

The biggest problem we have in the country is underperformance. People are penalized to get out and make things happen. We have a tremendous problem with brain drain. There is a little bit of money in the budget to address that issue, but it is a significant problem. Taxes are driving people out of this country. We cannot bribe them to stay here. They will gradually migrate to where there is more tax incentives and work incentives.

We have a burgeoning underground economy. It is created by overtaxation. People have to make a living, put bread and butter on the table for their families and they do it in any way they can. If it means cheating Uncle Sam a little bit they are more than willing and prepared to do that. Many people said it was the GST that created the underground economy. It is not.

My background is in construction and the whole premise of the underground economy is not the GST. It is 7%. As a contractor I can pass that on and claim it back. That is not the problem. It is the income tax that I pay. It is the income tax that the plumbers, electricians, concrete finishers, carpet layers pay. It is the heavy tax load on everything. The not profit sensitive tax, a lot of them have become user fees and programs and things like that, drive the burgeoning underground economy. That is not being addressed. There must be fairness in the taxation system.

The member also talked about the debt and the deficit. We are paying \$41 billion or \$42 billion a year in interest on what has been a runaway debt. The prudent approach has added another \$130 billion to that debt in the last number of years. Thank God we finally got our deficit under control, but it has been done by taxpayers; 70% of the deficit control was done on the backs of taxpayers. They are looking for some sort of relief from this overburden. They are looking to the government for some direction and leadership.

This budget is a small step in the right direction. We need to take large strides. We are going into a worldwide economy. Canada can be a leader. We do not have to settle for 17th place.

*The Budget*

**Mr. Alex Shepherd (Durham, Lib.):** Madam Speaker, just to conclude, paying Uncle Sam? I do not think the member knows what country he is in, let alone much about our tax policy.

I am very happy to engage in the debate and talk about what I think is maybe an unsung part of the budget which has to do with productivity. Some of the members across the way have touched on this issue.

• (1745)

Madam Speaker, I will be sharing my time as well.

Usually when we start talking about productivity a lot of people go to sleep, not least of which is the opposition. But productivity basically means how efficiently we use inputs of production. I am trying not to sound like an economist but what I mean by that is labour and labour components either to make manufactured goods or to provide services. We use labour, technology, capital, equipment and so forth.

The object of the exercise is to utilize those things more effectively and more efficiently. That is to say how can we use less of a component of these goods to produce more and more services? That is often what we call productivity.

People in the labour movement often hear business people talking about productivity and they feel a bit threatened about losing their jobs. But that is not what I am talking about at all. How can labour, as one of those component factors, utilize its time more effectively and more efficiently?

Why is this important? It is important because Canada is definitely falling behind many of our major competitors, not the least of which is the United States. I believe the Conference Board of Canada's recent report claimed that Canada's productivity lags behind our American counterparts by as much as 20%.

This is important because it impacts our standard of living. The televisions we have, the furniture we use, the cars we drive are all factors of productivity statistics. A lot of people believe that Canada is hiding its poor productivity rating behind its lower valued dollar vis-a-vis the United States. In other words, if our dollar suddenly increased in value we would have some significant job losses and losses to our effective competitiveness in the world markets because this productivity number would suddenly become very important and very glaring to a lot of people as to how we have not been keeping up with some of our competitors.

This budget addresses that issue. It addresses that issue in some very fundamental ways. It does that by increasing our funding by about \$1.8 billion. These are some of the areas in which that money has gone, \$200 million to the Canadian opportunities strategy and \$55 million a year for biotechnology research and development. I do not have to tell a lot of people out there how important biological research is. Canada has developed many products and

we have done that, and I would not use the word assistance, but by governments and businesses working together to find common solutions to find new technologies where Canada can be very competitive.

We have increased funding of \$75 million for what we call the granting councils, the National Research Council and the Medical Research Council. We talk about medicare and funding. Members have been talking about giving the money back to the provinces, but this is another fundamental way in which the government is assisting with finding new technologies to solve some of our medical problems.

Canada has been a major leader in the world in discovering new technologies to find new drugs and other medical cures. I do not have to tell members we are well asserted as an incubation tank for that because our population is getting older, possibly more rapidly than in any of the G-7 countries. We are very concerned about finding cures for some of our medical problems.

We have put \$60 million into a three year program to develop smart demonstration projects. This allows communities to find ways to use the information highway to more effectively utilize the resources they have.

In my community I think of all the hospitals being wired together which would enable a resident in one hospital being able to wire information back and forth to another hospital some miles away so that a patient in one location could have access to the expert care they need.

• (1750)

These are the kinds of technologies that will make Canada a better place to live and help keep our brain power. Some people say that Canada is a country full of great resources but our greatest resource is still the resource we have between our ears.

I am very proud to be a part of a government that has provided some additional funding for these areas. It provided \$60 million for GeoConnections. This is a mapping system to allow our communities to plug into each other and to understand their regions. I do not have to tell the House that Canada is the second largest country in the world. The knowledge of who we are and where we are is very important for us to be successful.

I will speak a bit about some of the additional funding that has gone into the technologies partnership program. There is an additional \$150 million that has gone into the technologies partnership program. Some of that money went into a company close to my riding called Cametoid. This is a company that makes paint for the Challenger rockets that the United States is sending up. This is a unique technology that was made possible by this government's providing the additional funding. These are not grants. They are not give away programs. It leverages some of the risk capital that the company needs to take on some of these projects. Some banks ask what they are going to give them for collateral. Here we are selling

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products to the United States. The company has about 20 direct jobs and 17 indirect jobs.

I was on the floor of the De Havilland plant when the minister was there to give the technology partnerships grant. That is money that is coming back to us. It is paid back to us through a royalty payment system. I talked to those workers and they said that manoeuvre saved 2,000 jobs in the city of Toronto. That is a very positive way that we are increasing the knowledge base that exists in our country. We are keeping Canadians employed and we are keeping them at home.

Why is this a problem? As I mentioned, the OECD has stated that even with solid improvements in Canada, it is likely that our country will slip below the average in the standard of living of the OECD countries by 2015.

From 1973 to 1995 the average annual rate of real domestic gross product increased in Canada. It went up 2.6%. Productivity went up 1%. Canada's score sheet in some of these areas has not been as good as some of our neighbours. Labour productivity and growth averaged about 1% per year during the 1990s. The average of the OECD countries is 4%. Why is that? Frankly, I do not know. Some of my colleagues will say it is because of our tax laws. That is not quite the case. The business sector is somewhat responsible for this.

In the United States the business community supports its university systems in the area of research and development. That is not the case in Canada. I am not saying we do not do any of that but our businesses only marginally support our university environments. As a consequence, Canada's funding is heavily reliant on government grants to granting councils. Another positive way which governments could make a contribution is to the networks of centres of excellence across the country which allow our scientists to communicate with one another, not in the lifestyles today but the lifestyles five or ten years down the road.

It takes a long time for that kind of technology to seep through and be effective. We have to find better ways for Canadians to use the technology that is available. I am very proud to be a part of a government that has made a significant down payment on that reality.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Madam Speaker, I thank my hon. colleague from the Liberal Party for his speech.

I want to ask him some questions. I do not think that some of the members across the way get it. If the member is listening to the assertions put forth by independent think tanks not only within Canada but from around the world, they send one clear message. Canada is not competitive because our tax structure is choking the life blood out of our private sector.

• (1755)

As an example, a family of two earners in the United States earns 42% more than the equivalent family in Canada. That can be extrapolated to private sector companies. How can companies compete in Canada with their counterparts in the United States if they are saddled with a tax structure that is at least a third higher than what they have to compete with south of the border?

The central failure our party is trying to impress on the government in this budget is that the government's budget has failed to address the issue of productivity because it has failed to address the issue of high taxes. The member from Vancouver mentioned we want to be productive and therefore the government is investing in research and development.

That is not the issue. If the private sector is given the money to invest in its companies it will invest in research and development. The fact is it cannot because the tax structure is too high.

Again I ask the member from the Liberal government will he go to the finance minister and ask him to lower taxes substantially and do it as soon as possible. Then our private sector would have a fighting chance to compete in the global economy.

**Mr. Alex Shepherd:** Madam Speaker, I am sure the member was here during the budget speech but he seems to have missed the fact that there have been substantial tax reductions in the budget in some of the low income areas. Also we have removed the 3% surtax. Why he does not understand this is beyond me.

I will address the great model they always want to use, the United States. That seems to be the only comparison. It seems to be the whole world actually when they get into comparative economics.

The reality is that in the numbers quoted some of those people in the United States pay the highest per capita rate for health care. Often it is not funded through their governmental system. They have higher crime rates and so forth too. We do not quote those things. We quote the taxation system.

Through the judicious hands on the lever of this government interest rates are lower. Interest rates are lower in Canada than in the United States. I do not know where the member has been if he does not think a major factor of productivity in any business is interest. The reality is that Canada is still and continues to be an attractive place in which to do business.

**An hon. member:** What about personal tax?

**Mr. Alex Shepherd:** We are on the track of lowering personal income taxes and we have had a major down payment on that in this budget.

A combination of lower taxes and greater investment in research and technology is part of this program and I think that will do the job.

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[Translation]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Madam Speaker, I was surprised to hear the member for Durham say that the budget contained all sorts of tax breaks.

Who gets the biggest tax breaks? I will tell you, Madam Speaker. Those earning \$250,000 and over. Their tax bill will be reduced by \$3,800. As for those earning \$30,000 to \$70,000, the middle-income earners who have footed most of the bill for cleaning up the nation's finances, their tax break is between \$50 and \$300 a year.

This is an insult. I would suggest that the member for Durham really read the budget documents and quit being a doormat like his colleagues.

[English]

**Mr. Alex Shepherd:** Madam Speaker, I have taken a close look at the budget. I know we have increased personal exemptions for all taxpayers.

All taxpayers have shared in this tax reduction package and the 3% starts at \$65,000. The hon. member talks about \$200,000. I suggest he check the tax rates. If he does not have any constituents in all of Quebec who do not make over \$65,000 I would be shocked.

There have been across the board tax cuts and I am sorry he does not understand that.

**Mr. Joseph Volpe (Eglinton—Lawrence, Lib.):** Madam Speaker, I paid careful attention to the budget debate on the monitor in my office and when I was in the House.

I do not mean to make light of interventions that colleagues make. I know they are studied and I know they are very sincere but I often think of dark clouds looking for that silver lining so that they can avoid it.

• (1800)

That in essence is the substance of the debates that I have heard from the opposition side so far.

I am especially struck by the desire to manipulate two contrary views, especially by one party opposite. On the one hand, the critic for health turns around and says that there are two words to describe what the contributions are and they are "not enough". Then his colleague over to his right—and I mean that figuratively as well as geographically—turns around and says that we did not cut enough taxes and we did not take out more from that spending.

I do not know what it is that they want to do, but I want to remind colleagues that the Canadian public has been telling all members of parliament on that side as well as on this side that its priorities for government spending, government activity and government involvement in the life of all Canadians has had to be involvement in a health care system, a health care system that is at least from the

federal government's perspective, constrained by what it can do jurisdictionally.

Canadians have asked all of us parliamentarians to look for solutions to ensure that the priorities of all Canadians, and again health is the number one priority of every man, woman and child in this country, be given the same status when we fulfil the most basic, the most important and the most significant functions of all parliamentarians in this House and that is to set a budget that establishes those priorities.

What do we have? People are whining that we are spending too much and doing too much to meet the demands and needs of Canadians everywhere. People have been saying that we have problems with our health system, notwithstanding the fact that in agreements with the provinces in the past we provided sustainable, predictable continuous funding. We gave the provinces the authority to go ahead and do what they would in establishing health priorities through their administrations. We moved back.

Notwithstanding that, the Canadian government recognized that it had to do something more directly for Canadians. In collaboration with the provinces, it struck a deal a couple of weeks ago, a social union. It is a reflection of the ability to work together with other jurisdictions. To do what? To meet the priorities of Canadians. In what area? In health. What were they looking for? Some said \$2 billion would be more than enough to meet all the immediate needs. But no, the Government of Canada and the finance minister said we would give \$3.5 billion today to meet the urgent and critical needs in health care.

What does the opposition say? "Not enough. It didn't go to my province. My province didn't get what it wanted". Guess what? Wake up. The Canadian public got what it wanted, in fact it got more. Not only did it take the \$3.5 billion—

**Mr. Dick Harris:** Madam Speaker, I rise on a point of order. I would like you to inform the member that raising his voice does not make his story any more believable.

**The Acting Speaker (Ms. Thibeault):** That is not a point of order.

**Mr. Joseph Volpe:** The hon. member is absolutely correct. He has just proven that in politics one has to raise one's voice enough to wake the dead. Stones must hear the good message. I am glad that the stones opposite have also heard that the number is \$3.5 billion today. It is an additional \$8 billion over the next five years. That is much more than anybody had anticipated.

Yet what have we heard? The opposition said we took out \$20 billion. That number was only \$16 billion two weeks ago, and two weeks before that, it was only \$6 billion. The amount of money that has been withdrawn has been growing exponentially as the opposition has seen the government meet the priorities of Canadians head on.

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• (1805)

The Canadian government, through its finance minister, through its health minister, through the other cabinet colleagues, in co-operation with the provincial premiers of this vast nation has struck an agreement that would also ensure that those moneys would go directly to the citizenry. None of this bureaucratic in between let us manipulate this ministry hideaway. None of that sort of business. The business of the health of Canadians was going to be met by every single province.

Not only that, they agreed that the federal government ought to spend and in fact is spending an additional \$1.4 billion. I cannot count that high but I can spell the number. It is a lot more than a million, \$1.4 billion directly in health outcomes. What are they? This is what the opposition is lamenting. That is why I say it seems like this dark cloud is avoiding the silver lining. For health, research and development in the basic sciences, \$550 million. Whether they choose to appreciate that or not, there is not a person in the basic science research and development community who does not think that this exceeds their wildest dreams.

**An hon. member:** We are losing them because of high taxes.

**Mr. Joseph Volpe:** It exceeds their wildest dreams. Wake up. Look at the numbers. Call the universities. Call the doctors.

Members opposite should ask their own physicians face to face if they are doing something with \$550 million additional moneys for health and they will tell them yes. Ask them if this is money well spent and they will tell them yes. And if they then ask them shall we cut more taxes, they will say no. Why? Because the money that we spend this way collectively brings us greater results. Greater results where? In meeting the priorities of all Canadians, all men, women and children of all ages from all provinces.

If we are going to meet the priorities of Canadians everywhere, not only do we do this, but we take a look at the information system. That is at the base of making evidence based decisions which will lead to better administrative systems in health, which will lead to better outcomes, which will lead to more research, which will lead to services that will produce the healthy society Canadians demand, need and want.

We are going to spend \$328 million in that area, and the opposition asks "Why? It might infringe on somebody else's jurisdiction". Wake up. The people in the other jurisdiction found out two weeks ago and said they wanted us to do this, they needed us to do this and in fact they demanded that we do it. Did we meet their demands? Of course we met their demands.

First nations everywhere have been at a disadvantage. All members on this side of the House recognize that. Some members on the other side are willing to admit that maybe a problem exists.

But our cabinet reacted to reality and said yes there are problems, let us address them. How can we do it? We have already put a mechanism in place. Can we put the money there? Shall we find it? How much do we find? How much did the Prime Minister and cabinet find? What did the health minister look for? He looked for and saw \$190 million over three years to ensure that we meet the health needs of all aboriginal communities. The opposition said no, we should not do that.

I do not understand those people any more, I really do not. They say that there are other issues. There are other issues and the government has been looking, it has been researching and it has been listening. That is a good word. Some hon. members might look up. It has been listening to the Canadian public. It says we need to spend an additional \$287 million for prenatal nutrition programs, for food safety, for environmental safety, for rural health and for diabetes.

I ask all colleagues in this place, is that money well spent or not?

• (1810)

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** I really hesitate to ask a question, Madam Speaker. I do not want the member to get too worked up in the House.

It is the member's party that had the biggest cutback in the history of this country in terms of health care in February 1995. Even with the additions in this budget, it will be 2004 before the same expenditure is made that was made in 1995 in terms of transfers to the provinces for health care. Nine years later we get back to 1995.

Is the member not ashamed and embarrassed to sit in a government that was so conservative that it had the biggest cutback in terms of social transfers in the history of this country? Is he not ashamed of that?

I know the member from Scarborough who sits behind him, the fellow with the beard, hangs his head in shame when I talk about that issue. Does the hon. member share the same opinion as the member from Scarborough?

**Mr. Joseph Volpe:** Madam Speaker, what the hon. member really meant was, do I take any pride at all in the fact that a Liberal government could get the provinces together, including the NDP provinces of British Columbia and Saskatchewan, and at the same time Ontario, and get them to agree that we needed to establish fiscal responsibility and give them in return complete control over a budget that involved health and give them the opportunity to administer those funds as they see fit? Should I take pride in the fact that my government is capable of meeting the priorities of Canadians by working with provincial governments of all political stripes? The member might be surprised. My answer is yes.

*The Budget*

[Translation]

**Mr. Richard Marceau (Charlesbourg, BQ):** Madam Speaker, I listened with great interest to the remarks made by my hon. colleague.

The reason he sounded so enthusiastic is because his native province got the biggest share of the budget pie last week.

**An hon. member:** They won the jackpot.

**Mr. Richard Marceau:** I have been conducting a little survey throughout this debate. I am looking for ministers and members from Quebec. I am wondering where the Liberal members from Quebec were when the decision was made to give Ontario approximately 50% of all new funding, and Quebec less than 10%? Where were the Liberal ministers from Quebec? Where were the Liberal members from Quebec?

**Mr. Michel Gauthier:** They are nothing but doormats.

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

**Mr. Richard Marceau:** I am also wondering where the Liberal members from Quebec were when the decision was made to give \$950 million to Ontario and \$150 million to Quebec. Where were the Liberal members from Quebec?

**Mr. Joseph Volpe:** Madam Speaker, I am really surprised. I am almost upset that the Quebec members are not prepared to admit that we are going to give Quebec \$1.4 billion today—

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

**Mr. Joseph Volpe:** So where were our colleagues from Quebec? They were there in cabinet, still asking for a lot of money for Quebec, as Canadians. That is where they were.

[English]

**Mr. Charlie Penson:** Madam Speaker, I rise on a point of order. It seems to me that the member who has just spoken is so worked up that he is going to have to check his blood pressure. Otherwise he might be a victim of—

**The Acting Speaker (Ms. Thibeault):** This is not a point of order. It is debate and there is no time left.

[Translation]

It being 6.15 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the amendment to the amendment now before the House.

● (1815)

[English]

The question is on the amendment to the amendment. Is it the pleasure of the House to adopt the amendment to the amendment?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Thibeault):** All those in favour of the amendment to the amendment will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Ms. Thibeault):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Ms. Thibeault):** In my opinion the nays have it.

*And more than five members having risen:*

**The Acting Speaker (Ms. Thibeault):** Call in the members.

● (1850)

(The House divided on the amendment to the amendment, which was negatived on the following division:)

(Division No. 318)

## YEAS

## Members

Alarie	Bachand (Richmond—Arthabaska)
Bachand (Saint-Jean)	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	Borotsik
Bigras	Brisson
Brien	Cardin
Canuel	Dalphond-Guiral
Crête	Debien
de Savoye	Duceppe
Desrochers	Fournier
Dumas	Gauthier
Gagnon	Godin (Châteauguay)
Girard-Bujold	Guimond
Guay	Lalonde
Keddy (South Shore)	Lebel
Laurin	MacKay (Pictou—Antigonish—Guysborough)
Loubier	Ménard
Marceau	Perron
Mercier	Power
Picard (Drummond)	Rocheleau
Price	St-Jacques
St-Hilaire	Tremblay (Lac-Saint-Jean)
Thompson (New Brunswick Southwest)	Venne —45
Turp	

*Adjournment Debate***NAYS**

## Members

Abbott  
Adams  
Anders  
Assad  
Augustine  
Baker  
Barnes  
Bélair  
Bellemare  
Benoit  
Bevilacqua  
Blondin-Andrew  
Bonwick  
Bradshaw  
Breitkreuz (Yorkton—Melville)  
Bryden  
Caccia  
Calder  
Caplan  
Catterall  
Chamberlain  
Charbonneau  
Chrétien (Saint-Maurice)  
Coderre  
Comuzzi  
Cullen  
DeVillers  
Dion  
Dockrill  
Drouin  
Duncan  
Easter  
Elley  
Finestone  
Folco  
Forsyth  
Gagliano  
Godfrey  
Goldring  
Graham  
Grewal  
Guarnieri  
Hardy  
Harvard  
Hubbard  
Iftody  
Jaffer  
Jordan  
Karygiannis  
Kilger (Stormont—Dundas)  
Knutson  
Kraft Sloan  
Lavigne  
Leung  
Lincoln  
Lunn  
Mahoney  
Maloney  
Manley  
Mark  
Martin (LaSalle—Émard)  
McCormick  
McGuire  
McLellan (Edmonton West)  
McWhinney  
Mifflin  
Mills (Broadview—Greenwood)  
Minna  
Murray  
Nault  
Nystrom  
O'Brien (London—Fanshawe)  
Pagtakhan  
Parrish  
Penson  
Peterson  
Pickard (Chatham—Kent Essex)  
Pratt  
Proud  
Redman  
Reynolds  
Riis  
Robillard

Ablonczy  
Alcock  
Anderson  
Assadourian  
Axworthy (Winnipeg South Centre)  
Bakopanos  
Beaumier  
Bélangier  
Bennett  
Bertrand  
Blaikie  
Bonin  
Boudria  
Breitkreuz (Yellowhead)  
Brown  
Byrne  
Cadman  
Cannis  
Casson  
Cauchon  
Chan  
Chatters  
Clouthier  
Collenette  
Copps  
Cummins  
Dhaliwal  
Discepola  
Dromisky  
Duhamel  
Earle  
Eggleton  
Epp  
Finlay  
Fontana  
Fry  
Galloway  
Godin (Acadie—Bathurst)  
Goodale  
Gray (Windsor West)  
Grose  
Harb  
Harris  
Hilstrom  
Ianno  
Jackson  
Jennings  
Karetak-Lindell  
Keyes  
Kilgour (Edmonton Southeast)  
Konrad  
Lastewka  
Lee  
Lill  
Lowther  
MacAulay  
Malhi  
Mancini  
Marchi  
Martin (Esquimalt—Juan de Fuca)  
Massé  
McDonough  
McKay (Scarborough East)  
McTeague  
Meredith  
Milliken  
Mills (Red Deer)  
Mitchell  
Myers  
Normand  
O'Brien (Labrador)  
O'Reilly  
Paradis  
Patry  
Peric  
Pettigrew  
Pillitteri  
Proctor  
Provenzano  
Reed  
Richardson  
Ritz  
Rock

Saada  
Scott (Fredericton)  
Sekora  
Shepherd  
Solomon  
St. Denis  
Stewart (Brant)  
Stinson  
Stoffer  
Szabo  
Thibeault  
Torsney  
Valeri  
Vautour  
Volpe  
Wasylycia-Leis  
White (Langley—Abbotsford)  
Wilfert

Schmidt  
Scott (Skeena)  
Serré  
Solberg  
Speller  
Steckle  
Stewart (Northumberland)  
St-Julien  
Strahl  
Telegdi  
Thompson (Wild Rose)  
Ur  
Vanclief  
Vellacott  
Wappel  
Whelan  
White (North Vancouver)  
Wood —202

**PAIRED MEMBERS**

Bellehumeur  
Carroll  
Dubé (Lévis-et-Chutes-de-la-Chaudière)  
Marleau  
Plamondon

Bulte  
Chrétien (Frontenac—Mégantic)  
Longfield  
Phinney  
Tremblay (Rimouski—Mitis)

**The Speaker:** I declare the amendment to the amendment defeated.

**ADJOURNMENT PROCEEDINGS**

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

DEVCO

**Mrs. Michelle Dockrill (Bras d'Or—Cape Breton, NDP):** Madam Speaker, in January the Cape Breton Development Corporation was abandoned by the federal government after three decades of lives lost, lives invested and communities dedicated to doing what Cape Bretoners have done for centuries, mine the rich coal beds that reach beneath our island.

In war and peace coal fed our nation and it was recognized when Devco was created by a Liberal government that the nation owed something to these people who had given their lives. It was recognized that they deserved dignity and a graceful transition from an industry that was gradually and inevitably declining.

Only a Liberal government could dedicate 30 years to closing an industry and still, at the end of those three decades, find itself in the same position as when it started.

In 1999 we still see dependent communities, massive liabilities and a new generation that was promised it had a future underground.



*Adjournment Debate*

What happened in those 30 years? What happened to the billions of dollars the Liberals talk about when they say why Devco must be sold? It went to their friends. Instead of trading miners for new jobs, instead of helping the economy adjust to new challenges, the government helped its friends get rich.

Some examples. Devco, a mining company, imported sheep. Cape Bretoners joked that maybe Devco would now start to make steel wool with the help of scrap from the Sydney steel plant. This is economic development Liberal style, \$250,000 into Liberal pockets. A cabinet minister built a pile of rocks three feet high around the University College of Cape Breton; \$400,000 into Liberal pockets. Economic development Liberal style.

• (1855)

Just last year, weeks before Devco's sale was announced and when it was clear that the end was near, Devco's management bought \$11 million worth of new equipment, new equipment needed for long term development that management knew would never happen. That money came from the \$41 million given the corporation so it could meet payroll until the end of March of this year.

Does a corporation that cannot pay its workers buy new and unnecessary equipment? Only a corporation being run into the ground by those paid to preserve it. Hundreds of miners were laid off in 1998 while dozens of managers were hired.

This is the reality that Cape Bretoners have lived with for decades, the impression of incompetence that reflects on all of us but which is in fact a reflection of the incompetence of management, of this Liberal government, because Cape Breton coal, despite all the claims, has made money. For every dollar invested it put five back. If we look at Devco's mining operations and remove the workers compensation and environmental liabilities, we see a profitable business, a business that will now be passed to a private firm to extract private profit. Managed mismanagement.

When a company sells off the part of its business that makes money and keeps the part that loses money that is economic development Liberal style.

Of course there is money to be made in Cape Breton. On December 17 a prominent Liberal registered an environmental cleaning company and has hired a lobbyist, a gentleman well known to the government and to the people of Cape Breton. Of course it would be unfair for me to begrudge the former minister of health some work. God knows we need jobs in Cape Breton.

With these examples I am sure members can appreciate the frustration Cape Bretoners feel about the way Devco has been run and now the way it is being closed.

I was not thrilled after more than a year of extending invitations that the Minister of Natural Resources decided to make two trips to Cape Breton in January, two trips a few hours each. That is all he felt Cape Breton was worth. That is what he thinks about nearly 2,000 jobs.

Now, in the weeks since the announcement, we see the latest chapter in the Liberals' attempt to blame anyone but themselves for this economic nightmare.

Is the government telling Cape Bretoners that it does not make decisions based on economics?

**Mr. Gerry Byrne (Parliamentary Secretary to Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.):** Madam Speaker, in response to this question I would like to input the following additional information the member may not necessarily be aware of.

Last October the chairman of the Cape Breton Development Corporation came to Ottawa to inform the Minister of Natural Resources that Devco would indeed require \$41 million in additional funding to operate just until March 31, 1999.

However, at that time it was also apparent that this new injection of funds into the corporation would not necessarily resolve all its difficulties. It was clear that the government's goal of commercial viability, set for Devco in 1996, was out of reach.

This meant that the federal government had to review its long term position on Devco and set a new direction. As part of that review the Minister of Natural Resources asked Devco to look at different options for its mining operations and discussions were undertaken with the stakeholders to obtain their views on a new direction for the corporation.

Many community leaders, Nova Scotia Power Inc., Devco's senior management and board, the Premier of Nova Scotia and Devco's unions provided input into the process.

On January 11, 1999 the minister accompanied by Senator Al Graham and Senator Sister Peggy Butts visited Cape Breton and had a day long meeting with the community and unions. These meetings were very important to discuss a process for determining a new direction for Devco and I understand that the hon. members from Bras D'Or and Sydney—Victoria also participated.

Again on January 28, 1999 the minister went to Cape Breton and personally addressed the miners and the community to announce the government's final decision. The Minister of Natural Resources believed it was important that he make the announcement directly to those affected.

*Adjournment Debate*

The government has approved \$111 million in funding for the human resources strategy which includes \$60 million in pensions, \$46 million in severances, \$5 million—

**The Acting Speaker (Ms. Thibeault):** I must interrupt. The time has expired.

## NATIONAL REVENUE

**Mr. Mike Scott (Skeena, Ref.):** Madam Speaker, last week I rose in the House on several occasions. I provided the Minister of National Revenue with information with respect to a consortium of environmentalists in British Columbia. I provided him with a document and I asked him why these organizations were continuing to receive charitable status, in other words a tax holiday, particularly in light of the document that had come into our hands.

• (1900)

Essentially the document outlines about a dozen environmental groups, many of them Canadian, that are involved in a strategy which amounts to nothing more than an attack on mining in British Columbia, and more specifically mining in my riding of Skeena.

The minister is aware of the participants. Some of them are the Sierra Club, the Sierra Legal Defence Fund and the Suzuki Foundation. There is a list of them. At least some of these organizations are getting charitable tax status.

At the same time, and this is outlined in the document of which I have a copy here, they are accepting huge contributions from wealthy American corporate trusts and family trusts, hundreds of thousands of dollars from American corporate and families trusts in a paid campaign to attack a mine proposal in northwest British Columbia.

Redfern Resources has a proposal called the Tulsequah Chief Mine. It was actually an operating mine many years ago. It has been dormant and the company wants to reopen it. It went through a 3.5 year rigorous environmental review in which the federal and provincial governments and all their various appropriate line ministries participated. The state of Alaska participated in it. Last year, at the end of that process, the Premier of British Columbia publicly stated that the mine was to get approval to go ahead.

The environmentalists have shifted gears. They do not want the project approved. They do not care about the facts. They do not care about the fact that there was an environmental review done. They do not care about the science. They do not care about truth. They do not care about balance. Above all, they do not care about people, particularly the people in my riding who are counting on that mine as an economic development opportunity.

They have joined forces with Alaska Governor Tony Knowles in pressing for this project to be reviewed at the International Joint

Commission. Furthermore, the same Alaska Governor Tony Knowles is an environmentalist and wants the project halted.

He is the same governor whose rapacious actions on Pacific salmon have devastated many coastal communities in my riding and have hurt recreational and commercial fishermen. Commercial fisherman on the north coast are devastated as are commercial sport fishing operations. Virtually all commercial sport fishing operations were shut down last year. Aboriginal fishermen, aboriginal people who are fishing for food, ceremonial and commercial purposes, have been dramatically prejudiced by the actions of the same governor whom the environmentalists want to join in lock-step to shut down this mining opportunity in northwest British Columbia.

It is clear these organizations may be getting charitable tax status. I have given the minister the names of all the organizations and asked him to provide me with that information, but I am aware that some of them are getting charitable tax status.

**Mr. David Iftody (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.):** Madam Speaker, it is my pleasure to respond on behalf of the Minister of National Revenue this evening to this question.

The member for Skeena is requesting that the charitable status of the Sierra Legal Defence Fund Society, the David Suzuki Foundation and the B.C. Spaces for Nature Society be revoked.

The member has stated that a leaked document reveals that a number of Canadian environmental organizations including these three registered charities are accepting contributions from American corporate and family trusts.

He also stated the documents show that these charities are counting on these funds to finance a smear campaign and manipulate share prices of a Canadian company, Redfern Resources Ltd., to scare off investors and kill a mining project, as he has alluded to, in northern British Columbia, resulting in lost jobs and investments in Canada.

These are indeed very serious allegations that could result in severe consequences for these charities, even though it has not yet been conclusively established that these charities have done anything wrong.

The member has provided, as he said, the documents to Revenue Canada. I can confirm that the Sierra Legal Defence Fund Society, the David Suzuki Foundation and the B.C. Spaces for Nature Society are indeed registered charities under the Income Tax Act.

However, under the confidentiality provisions of the same Income Tax Act, I cannot discuss the affairs of these charities or indeed any actions the department may take in dealing with them.

*Adjournment Debate*

The charitable sector should be an asset for all Canadians, and parliament has recognized this by providing through our tax system important financial support. To be registered as charities they must have charitable purposes and we will ensure that these are carried out properly in the country.

**The Acting Speaker (Ms. Thibeault):** The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 7.05 p.m.)

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