



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Thursday, March 18, 1999**

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**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Thursday, March 18, 1999

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1005)

[*Translation*]

### EMPLOYMENT INSURANCE PROGRAM

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, pursuant to section 3(3) of the Employment Insurance Act, I have the honour to table, in both official languages, two copies of the second monitoring and assessment report on the employment insurance program, the 1998 report.

\* \* \*

### GOVERNMENT RESPONSE TO PETITIONS

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

\* \* \*

[*English*]

### CANADIAN TOURISM COMMISSION ACT

**Hon. Paul Martin (for the Minister of Industry, Lib.)** moved for leave to introduce Bill C-75, an act to establish the Canadian Tourism Commission.

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

\* \* \*

• (1010)

### CRIMINAL CODE

**Mr. Rick Casson (Lethbridge, Ref.)** moved for leave to introduce Bill C-489, an act to amend the Criminal Code (forfeiture).

He said: Mr. Speaker, it is a pleasure to rise today to introduce my first private member's bill on behalf of the citizens of Lethbridge and indeed of the children of Canada.

My bill is an amendment to the Criminal Code that would allow courts that convict a person of an offence under the child pornography provisions of the Criminal Code to order the forfeiture of anything used in the commission of an offence under this provision.

This amendment, once passed, would give courts and law enforcement officials one more tool to use in their fight against child pornography.

It is my hope that my colleagues on all sides of the House will join with me in supporting the bill. The bill gives courts the same authority to deal with child pornographers that they have under 55 other federal statutes, giving children protection that is long overdue.

I want to close by recognizing the efforts of our law enforcement officials who fight the spread of child pornography and who have been instrumental in developing the bill. I would especially like to recognize Detective Inspector Robert Matthews of the Ontario Provincial Police, Project P, the OPP Child Pornography Unit, and to all those who continue the fight against child pornography I say keep up the good work.

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

\* \* \*

### CARRIAGE BY AIR ACT

**Hon. Jane Stewart (for the Minister of Transport, Lib.)** moved that Bill S-23, an act to amend the Carriage by Air Act to give effect to a protocol to amend the convention for the unification of certain rules relating to international carriage by air and to give effect to the convention, supplementary to the Warsaw convention, for the unification of certain rules relating to international carriage by air performed by a person other than the contracting carrier, be read the first time.

(Motion agreed to and bill read the first time)

\* \* \*

### PETITIONS

#### HUMAN RIGHTS

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

*Routine Proceedings*

The petitioners would like to draw to the attention of the House that human rights abuses continue to be rampant around the world in countries such as Indonesia. They also point out that Canada continues to be internationally recognized as the champion of human rights.

Therefore the petitioners ask parliament to continue to speak out against human rights abuses around the world and to seek to bring to justice those responsible for such abuses.

## RIGHTS OF GRANDPARENTS

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, I have a petition signed by many constituents asking parliament to amend the Divorce Act to include a provision, as supported in Bill C-340, regarding the right of spouses' parents or grandparents to have access to or custody of the children or the child.

## KIDNEY DISEASE

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I rise to present another petition on behalf of the citizens of Peterborough who signed the petition on behalf of the 18,000 Canadians who suffer from end stage kidney disease.

The petitioners support research into the bioartificial kidney. They point out that kidney dialysis and transplantation are important lifesaving treatments, but there is difficulty in providing adequate dialysis service and the rates of organ donation are not sufficient to meet the need.

The petitioners therefore call upon parliament to work in support of the bioartificial kidney which will eventually eliminate the need for both dialysis or transplantation for those suffering from kidney disease.

## JUSTICE

**Mr. Svend J. Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I have the honour to present a petition this morning which is signed by over 100 residents of my constituency of Burnaby—Douglas. It draws to the attention of the House that volume discounts for rapists and murderers, which is the law in Canada today, cheapen life, that an average one murder per month in Canada is committed by a released person on parole, that the lives of individual victims are erased from the sentencing equation and that the suffering, the pain and the death of the second, third or eleventh victim is of no consequence to the courts.

• (1015)

Therefore the petitioners call on parliament to enact legislation to reduce the inhumanity to families of victims, restore truth in sentencing and to enact Bill C-251 to prevent multiple murderers and rapists from getting one sentence for multiple offences and to narrow the gap between justice and our justice system.

[Translation]

## QUESTIONS ON THE ORDER PAPER

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, Question No. 135 will be answered today.

[Text]

Question No. 135—**Mr. Jean-Guy Chrétien:**

With respect to the Thetford Mines regional industrial development fund incorporated: (a) on what date the fund was created; (b) how much money has the federal government put into it; and (c) how are its directors appointed?

**Hon. Martin Cauchon (Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.):** (a) April 15, 1988.

(b) Grants of \$1 million in April 1988 and \$504,805 in April 1993.

(c) At the time the fund was created, all the directors, six, were to be appointed by the minister of industry, science and technology of the Government of Canada. However, the fund was released from this obligation in the year following its creation once it had complied with the conditions of incorporation and only once the grant had been paid. In April 1993, as the \$504,805 granting conditions, the minister had to appoint two directors. The other directors, for a total of nine, are appointed through the usual nomination and election procedure. The link between the fund and the agency ceased on September 30, 1998.

[Translation]

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

[English]

**Mr. Rick Casson (Lethbridge, Ref.):** Mr. Speaker, I rise on a point of order.

I have three questions on the order paper, Question No. 166 and Question No. 167, which have been in for 120 days. Question No. 183 has been in for 100 days today. They deal with asking the government for information on the clean-up of the contaminated DEW line site in northern Canada and also deal with distribution of funds by the environment minister.

I would like these questions answered. I do not know why it has been taking so long.

**Mr. Peter Adams:** Mr. Speaker, I note again the member's interest in Questions Nos. 166, 167 and 183.

I know it is difficult for members who are very interested in topics like this, but I have pointed out on a number of occasions that some questions involve many of our ministries and the

question has to go from one to the other. Sometimes after it has been to one it then has to go back to one of the others.

In this case there are a number of jurisdictions involved, but I assure the member I will look into this very important matter.

**The Speaker:** Is it agreed that the remaining questions stand?

**Some hon. members:** Agreed.

\* \* \*

### REQUEST FOR EMERGENCY DEBATE

#### AGRICULTURE

**The Speaker:** I have an application for an emergency debate from the hon. member for Selkirk—Interlake.

I understand that a similar motion was brought up the other day. I would ask him to be very succinct in his explanation.

**Mr. Howard Hilstrom (Selkirk—Interlake, Ref.):** Mr. Speaker, precisely what is happening is nothing. There has been an impasse in the negotiations and the government has given us no indication of how it will move this forward.

The union and the government are at loggerheads. I think the financial harm, the loss of productivity, the drastic economic conditions in agriculture all make it incumbent on us as elected members in the House of Commons to debate this issue and show a consensus or a full airing of all the issues involved in this strike action and the repercussions on Canada as a whole.

I believe that would be very beneficial in moving this strike along. The government and the unions have known since 1993 that the wage freeze that was in place was to end and that it has ended. Why there could not have been something in place I do not know.

I am not here asking for this emergency debate to determine why things happened or why things are not moving ahead so much as reinforcing that this is an emergency to the Canadian economy. It is an emergency to farmers and their families, to the union people and their families. It is the duty of the House of Commons to do everything possible. I believe this is an emergency.

**The Speaker:** The request for an emergency debate was received yesterday at 3 p.m. I have instructed my officials to get further information to me and I will make this decision some time before question period. I will return to the House.

#### Government Orders

### GOVERNMENT ORDERS

• (1020)

[English]

#### INCOME TAX AMENDMENTS ACT, 1998

**Hon. Jane Stewart (for the Minister of Finance, Lib.)** moved that Bill C-72, an act to amend the Income Tax Act, to implement measures that are consequential on changes to the Canada-U.S. Tax Convention (1980) and to amend the Income Tax Conventions Interpretation Act, the Old Age Security Act, the War Veterans Allowance Act and certain acts related to the Income Tax Act, be read the second time and referred to a committee.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, members opposite should be keen to support Bill C-72, an act to amend the Income Tax Act, the 1998 budget and technical measures. In doing so they will support broad based and fair tax relief for low and middle income Canadians and their families as well as targeted relief for those Canadians who need it most.

I suspect that, as in the past, they will deny Canadians once again and go on to criticize and make wild projections to achieve objectives that would put Canadians' recent success in eliminating the deficit in jeopardy. A vote for Bill C-72 amounts to support for reducing taxes for 14 million Canadians, support for removal of 400,000 Canadians from the tax rolls, support for providing tax credits for interest payments on Canada and provincial student loans, support for allowing Canadians to make tax free withdrawals from their RRSPs to fund full time education and training, support for extending the education credit to part time students, and support for providing a tax credit to individuals providing in home care for an adult relative, and certainly much more.

However, as I have said, I have grave doubts about my colleagues' tax cutting credentials. My memory may be faulty but I cannot recall their supporting a single tax cutting measure we have brought forward during the last two parliaments.

Clearly with Bill C-72 my friends opposite can tangibly demonstrate they truly want to reduce taxes in a sustainable fashion.

I ask the hon. members opposite that when the division is recorded for Bill C-72 they can vote yea for tax relief for Canadian taxpayers and their families or they can vote nay. It is really that simple.

As the finance minister noted when presenting the 1998 budget, the measures in Bill C-72 represent the first steps toward general

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income tax relief, the first steps on which this government has already built with the 1999 budget. Together, the two budgets provide \$16.5 billion of tax relief over the next three years. Moreover, as the minister recently noted, this is only the beginning.

With the federal deficit behind us Canadians can now look forward to tax relief in budget after budget in the foreseeable future. Of course at the outset, given that the financial dividend that allows broad based tax relief is modest, so too must be the initial relief itself.

We must not provide unaffordable relief that would jeopardize our regained financial health and impinge on Canadian priorities such as health care and education. Accordingly and in keeping with the nation's priorities, the measures in Bill C-72 act first to reduce taxes for those who can least afford to pay them, low and middle income Canadians.

The legislation before us contains two measures providing general tax relief. The first is a proposal to increase the amount of income that low income Canadians can earn on a tax free basis. As my colleagues know, personal tax credits ensure no tax is paid on the basic amount of income. This helps to make Canada's tax system fair.

• (1025)

Prior to the 1998 budget the basic personal amount that Canadians could earn tax free was set at \$6,456 while the spousal and equivalent to spouse amounts were a maximum of \$5,380. Effective July 1, 1998, Bill C-72 proposed to increase these amounts by \$500 for low income Canadians. This will effectively increase the amount of tax free income by a maximum of \$500 for single taxpayers with income under \$20,000 and by \$1,000 for a family with income under \$40,000. As a result of this measure some 400,000 low income individuals will be removed from the tax rolls and another 4.6 million taxpayers will pay less income tax.

The House will also know that the 1999 budget proposes to build on this measure by extending the \$500 increase in the basic amount to all Canadian taxpayers and increasing it by a further \$175 for a total increase in the basic amount of \$675. This would mean that effective July 1, 1999 the basic amount of income that all Canadians can earn annually on a tax free basis would rise to \$7,131. Effective the same date, the maximum spousal and equivalent to spouse amounts will increase to \$6,055. This will more than offset the effects of inflation on these amounts since 1992.

In the interest of fairness the largest proportionate benefit of these measures will accrue to low income Canadians. On top of the 400,000 lower income Canadians who will no longer pay any federal income taxes due to the measures in Bill C-72, the 1999 budget would remove 200,000 more Canadians from the tax rolls for a total of 600,000.

To continue with the measures to provide broad based relief, Bill C-72 proposes to eliminate the 3% general surtax for those with

incomes up to about \$50,000 and to reduce it for those with incomes between \$50,000 and \$65,000. As my colleagues will recall, the previous government introduced the general surtax as a measure to help fight the deficit. Accordingly, having eliminated the deficit, it is time for us to eliminate the surtax. This measure eliminates the 3% surtax for almost 13 million tax filers and another 1 million taxpayers will pay significantly less surtax.

Having begun the process of eliminating the 3% surtax in the 1998 budget, the 1999 budget proposes to complete the process and eliminate the general surtax for each and every Canadian taxpayer. This action will bring an end to this surtax for the 2.7 million Canadian taxpayers who continued to pay it in whole or in part following the 1998 budget. As a result, effective July 1, 1999 the 3% surtax will have been eliminated for all 15.1 million Canadian taxpayers.

Before I turn to some of the targeted measures included in the legislation I underline that these two measures in Bill C-72 provide very progressive tax relief. That is because as a percentage of current tax, the tax reductions are highest at lower incomes.

In each budget since we have taken office, including the 1998 budget, our government has provided targeted tax relief where the need was greatest and the benefits were substantial. Reflecting this fact, Bill C-72 contains several targeted measures, particularly those related to the Canadian opportunities strategy. Canada operates in a fast changing, competitive and interdependent world economy, an economy that is increasingly knowledge based.

The facts speak for themselves. Since 1981 the number of available jobs for Canadians with a high school education or less dropped by some two million while more than five million jobs were created for those with higher qualifications.

• (1030)

Unfortunately, as all members in this House realize, not all Canadians are in a position to access the knowledge and skills they will need throughout their lifetime to find and keep good jobs in a changing labour market.

Barriers, most often financial barriers, reduce access to post-secondary education for many. Accordingly, the 1998 budget and Bill C-72 propose several tax measures to provide financial assistance for students.

Student debt has become a heavy burden for many Canadians. In 1990 a graduate completing four years of post-secondary education paid an average student debt load of about \$13,000. This year the same graduate's average debt will almost double to about \$25,000. Moreover at the beginning of the decade, fewer than 8% of student borrowers had debts larger than \$15,000. Now almost 40% are in that boat.

The financial burden on students must and will be reduced. To that end, Bill C-72 contains measures to provide all students with

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tax relief for interest paid on their Canada and provincial student loans. This will take the form of a 17% federal tax credit that will apply to both federal and provincial student loan programs.

In terms of dollars and cents, for a student with a loan of \$25,000, it will mean a reduction in federal and provincial taxes of \$530 in the first year alone. Over a 10 year paydown of a student loan, the new tax credit could mean as much as \$3,200 in tax relief. This measure will benefit about one million Canadians.

The 1998 budget contains several other measures to help manage student debt. While they are not included in this piece of legislation, I will take a brief moment to remind my colleagues of these important measures.

For example, besides the tax credit, we increased the income threshold used to qualify for interest relief on Canada student loans by 9%. We introduced graduated interest relief which will extend assistance to more graduates farther up the income scale.

We have asked that lending institutions extend the loan repayment period to 15 years for individuals who have used the 30 months of interest relief. Moreover if after extending that repayment period to 15 years a borrower remains in financial difficulty, there will be an extended interest relief period. For the minority of graduates who still remain in financial difficulties after taking advantage of these relief measures, we will reduce their student loan principal by as much as half.

Together, these new interest relief measures will help up to 100,000 more borrowers.

To keep a job or to get a new one, many Canadians who are already in the workforce want to take time from work to upgrade their skills through full time study. There are many of them and we hear from them in our constituencies.

Individuals are looking to upgrade their skills and need the time away from work to do so. They often lack the resources to pay for these types of programs and courses. The legislation before the House includes several new measures to improve Canadians' access to learning throughout their lives.

The first of these measures is the proposed tax free registered retirement savings plan withdrawals for lifelong learning. An individual who has an RRSP and is enrolled in full time training or higher education for at least three months during the year will be eligible to withdraw up to \$10,000 from their RRSPs, up to a maximum of \$20,000 in furtherance of their education.

Of course to preserve the role of RRSPs in providing retirement income, the amounts withdrawn will have to be repaid over a 10 year period. In many respects, what we are proposing in Bill C-72

resembles the very successful home buyer's plan where Canadians can access their RRSPs when they are purchasing a home.

There is no doubt that every member in this House and all Canadians would agree that there is a need to continually upgrade knowledge and skills. That can be particularly hard for the growing number of Canadians studying part time while trying to manage the difficult balance of work and family. Therefore, we are proposing to extend the education credit to part time students.

• (1035 )

Under the proposal, part time students will be able to claim an amount of \$60 for each month they are enrolled in a qualified course lasting at least three weeks and including a minimum of 12 hours of course work per month. This measure will lessen the expense of education and facilitate lifelong learning for over 250,000 part time students.

As well, members will recall that to help parents save for their children's future, the 1998 budget introduced the Canada education savings grant to make registered education savings plans even more attractive. The government will provide a 20% grant on the first \$2,000 deposited in annual RESP contributions for children up to age 18, up to a maximum annual grant of \$400 per child. This truly makes RESPs among the most attractive savings vehicles available to Canadians for their children's education.

Over the past year we have already seen the impact of this particular initiative with the success that RESPs are having by increasing the pool from what was \$2.5 billion before this initiative to approximately \$4 billion just over this past short while.

Educational assistance payments are for students enrolled in full time education. However, taking into consideration the special needs of disabled individuals, Bill C-72 proposes to allow disabled part time students to qualify to receive educational assistance payments.

As well, the bill proposes to assist income constrained families by increasing the amounts they can transfer out of their RESPs into their RRSPs in the event their children do not pursue higher education. Specifically, the amount will be increased to \$50,000 from \$40,000.

Bill C-72 also contains several other targeted measures that are worthy of support by the House. Among them is the proposed new caregiver credit. The credit would reduce the combined federal-provincial tax by up to \$600 for those Canadians caring for an elderly parent or disabled family member. It would provide assistance to about 450,000 caregivers that normally would not qualify for the infirm dependant credit.

To improve equity in the treatment of self-employed and incorporated businesses—and I know hon. members across the way

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would want to support this measure—Bill C-72 proposes that self-employed Canadians be able to deduct health and dental insurance premiums from their business income.

I am sure hon. members would also want to support this initiative. To support communities and the thousands of Canadian volunteers who provide essential emergency services, the legislation before us proposes that the tax free amount for volunteer firefighters be doubled from \$500 to \$1,000. This measure will also be extended to other emergency service volunteers.

Time constraints preclude me from addressing at length the many other contents of the bill. I trust that my colleagues will address these matters either in debate or at committee.

While the view from this side and the view from the other side do not always mesh, I trust on this occasion we will see eye to eye, given that Bill C-72 contains tax relief measures for Canadians, tax relief upon which the government built in the 1999 budget.

I trust members opposite can put aside the usual rhetoric and support the beginnings of what we on this side of the House see as a plan to continue to provide broad based tax relief in each and every budget, year after year. I call upon the members in the opposition parties to support Bill C-72.

• (1040)

**Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.):** Madam Speaker, it is an honour to rise today and speak to Bill C-72. I would like at this time to seek unanimous consent to split my time with the member for Lakeland.

**The Acting Speaker (Ms. Thibeault):** Is it agreed?

**Some hon. members:** Agreed.

**Mr. Gerry Ritz:** Madam Speaker, I thank the members of the House for that consideration.

Today we are studying Bill C-72, an act to amend the Income Tax Act, to implement measures that are consequential on changes to the Canada-U.S. tax convention, and its full title is quite a mouthful. Quite frankly this bill has a loaded title to go along with all the clauses and subclauses which make it up, a lot of rhetoric and a lot of grey areas. This government should be ashamed of itself.

This is the same government that is in such a rush to get through its legislative agenda that it has invoked closure 49 times to date. It is so worried about shutting down the opposition that it has cut off debate on bill after bill, but for what?

**Mr. Peter Adams:** Madam Speaker, I rise on a point of order. I have been listening now for a couple of minutes and I hear discussion of closure and various things—

**The Acting Speaker (Ms. Thibeault):** The hon. member has just started his speech. I am sure he is just about to make his comments relevant.

**Mr. Gerry Ritz:** Madam Speaker, I am just getting warmed up here. All of this is relevant because now we can send it to a Liberal controlled committee where debate is also curtailed by the heavy-handed democracy there.

Our day is so filled with crucial legislation that everyone awaits with eager anticipation to see what new pearl of wisdom will come out of this administration. My constituents tell me day after day that they would meet the suggestion with a few rude comments which I really cannot explain here.

It seems our days are going to be filled with sloppy bills that are badly designed and which go mere inches toward what the Canadian people are most in need of: real tax relief. Canada has miles to go to make up for decades of neglect and mismanagement. We can still vaguely remember the days when the dollar was at par or even above the U.S. dollar and when it was a real tragedy when unemployment rose above 5% or 6%.

The Liberals become masters at taking the proposals made by other parties, watering them down and offering the struggles of average Canadians as proof that their administrations were good for this country. That is not so. We have never had more proof than now in that Canadians are struggling to overcome the suffocating, self-righteous intrusions of this government. What success we enjoy as individuals or as small businesses is in spite of this government, not because of its misguided programs.

That is not to say the government cannot have a good idea once in a while. Bill C-72 has a clause that restores the previous \$5,000 credit for investment in labour sponsored venture capital funds. Some of these funds are quite active and really serve a need.

Quite a few people lobbied hard for that inclusion last year and now we see it takes the finance minister only 12 months to get on board with the idea. This gives us hope that perhaps he will wise up to other proposals that interest Canadians.

The child care expense deduction has been raised to \$7,000. That is a good start. We are always in favour of allowing Canadians to keep their own money. But this deduction is not available to all parents and that is a tragedy.

We have heard ministers opposite plant their Florsheims in their dental work time after time and spend precious days in this House arguing over what they really meant and who they meant to offend or not offend. We have wasted time arguing over who cares and does not care in this House. I suspect we have succeeded in showing the majority of Canadians that this place is more about playing politics than shaping public policy. That is a travesty.



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The truth of the matter is that there are clauses in this bill that can be commended in principle. The life learning plan allows Canadian residents to take money out of their RRSPs, if they can afford to have any, to pay for full time training for themselves or their spouses. That is a great idea. I do not know if everyone in that situation can afford full time training as opposed to something a little more flexible, but the intent is a noble effort.

We are aware that RRSP contributions have fallen off in the last two years as well. There is something like \$126 billion in unused contribution room outstanding. As I said, it is a noble effort and let us hope there are a few Canadians out there who can actually afford to get retrained and plan on using that retraining here in Canada rather than being forced to go to other countries by our high taxes.

I suggest the same analysis applies to another program concerning part time education. Eligible part time students can use education tax credits and child care expense deductions to go back to school. I presume that helps young single mothers in particular. There is a lot of merit in doing that.

I wish I could be more specific with these measures but the fact is that this government has pulled a fast one on all of us. The Library of Parliament was caught flat footed with this bill and it expressed extreme frustration that there was no time to properly analyze the clauses in this bill.

Even though Bill C-72 was supposedly printed on March 9, the date on the folder, the library had no access to a copy of it until March 17. The researcher complained that this omnibus bill was just too thick to get through and really understand it in less than a week. Yet we are expected to speak to it with two days' notice. What on earth is this government up to? Are we on a fast track again? The calendar is not crowded enough with significant legislation to justify this kind of bullying and arm twisting.

• (1045 )

On top of that we are dealing with the tax code, probably the most thick-headed and misguided document in the English language. It is convoluted, complex, and all of those great terminologies. Lawyers have written in their own secret codes, 1,600 pages of every possible definition of every possible object, and they still have to take people to court to apply the statutes. It seems that Quebec can have plain language legislation to make legal documents truly available to the people they apply to, but this government shows no interest in that.

In thousands of cases every year, thousands of Canadians citizens and businesses are put through a wringer to get them to conform to an incomprehensible juggernaut of legalise and secret passwords that even Revenue Canada has to admit it gets wrong on occasion. However, it does not do that often because in the way of

this government it has taken on the corporate culture of self-righteousness and the attitude that big government knows best.

What we do not see in Bill C-72 is any admission by the finance minister, his bureaucrats or any of the Liberal members on the finance committee that this system is out of control. We cannot afford it. We see a clause that reduces the individual surtax by a few more dollars. That is a good idea, but who on the government side would dare to stand to defend putting taxes on taxes in the first place? Yet this goes on year after year. Canadians are still waiting for this government and the previous government to wake up and straighten out the mess they have made.

The 5% surcharge which remains untouched for now falls on incomes as low as \$60,000. There are thousands of workers in high tech industries or specialized manufacturing who can make that much. What do they do? They take their skills and their incomes and they maximize them south of the border. Brain drain is a common phenomenon. The Liberals maintain their punitive tax structures and wonder why Canadian artists, entrepreneurs, doctors and scientists head for a friendly climate. We could add hockey players to that list too.

It is not like they cannot see it coming. My home province of Saskatchewan started driving out opportunity and entrepreneurship years ago. It has been rewarded as being a have not province by the government in Ottawa. No wonder Roy Romanow and the Prime Minister get along so well. They have the same tax philosophy. We have a government that sees nothing wrong with discriminating against single income families and that perpetuates applying taxes on taxes, punishing the very people it relies on to pay the bills through taxes.

This government really has nothing important to contribute so it keeps its head down, trying really hard not to upset anybody, while it rushes half-baked legislation through the House. It hides behind self-fulfilling opinion polls and paid for studies that tell it what it wants to think. It only adds to the pile that makes up the tax code, never thinking that there might be something worthwhile underneath or another way to approach the subject.

It has been proven that lower taxation leads to higher revenues. Alberta and Ontario are certain proof of that. Ireland has just reduced its tax regime and it is booming. Why can we not catch on to that ideology?

Worst of all, it tables bills like this which announce all over again what Canadians have already heard and paid for in the previous budget.

The government is hungry for any positive PR spin. We heard the finance minister claim that the country can only afford his style of nickel and dime tax adjustments and that it costs the government to give people their money back. What a ludicrous idea. We have a

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new program to help farmers in the prairies; \$85 million to top up their NISA accounts. The unfortunate part is that it is an insult. One very seldom qualifies for NISA. It is a net income thing. So the \$85 million is really a teaser.

We know what it costs because year after year the finance minister announces that his programs will cost the treasury so many billions of dollars. He goes ahead and subtracts that amount from the nation's books. He takes it right out of the taxpayers' pockets.

I do not know if Canadians are picking up on this yet, but the day is rapidly approaching when they will finally put their finger on what bugs them about this government. The auditor general has done a great job of painting a picture of what the minister and his finance cronies are up to. Maybe Canadians view public accounting in much the same way as they do the tax code. It is very convoluted and complex. Nobody really understands it. But this practice is pretty easy to follow.

The minister makes an announcement of, say, \$2.5 billion. Then, without parliamentary approval, he charges that to the expenditure side. The government says "Look we would like to give you that tax break, but you can see that there is no money left on the bottom line". The money has taken wings and flown off to pay for a scholarship fund that nobody asked for. Few will enjoy it and it will not even come into existence for another full year. The way our Canadian dollar is shrinking the students may get 50 cents on the dollar by then. According to our tax code anyone who tried to run a business booking expenses that way would find themselves in deep trouble with Revenue Canada.

We are hiding it very well in this country, with our low productivity and so on, because of the strength of the American economy south of us, but we cannot count on that forever. We need to stand alone. The bills will come due and then everyone will see where these years of Liberal mismanagement have led us.

• (1050)

We are really lagging behind in our productivity against our American counterpart and others in the G-7. We have a low dollar, very high taxes and low productivity. The polls show us that no one really identifies with this concept of productivity. Maybe that is because it has been so long since we have had any that nobody recognizes it any more.

The Minister of Industry made several comments to that extent, which I would like to quote. He was addressing the issue of the standard of living in this country. He pointed out that since 1987, just a mere decade ago, Canada's standard of living has increased by only 7%. The standard of living of our counterpart to the south has increased by 17%. That is a 10% difference.

According to the slide that he was showing, the income gap between the U.S. and Canada is 30%, and growing at a rate of about a \$9,000 difference in income between Canada and the United States. That correlates into about \$28,000 for a family of four. Those are Statistics Canada's numbers.

With respect to the impact on Canada's productivity, the industry minister went on to say "Canada has the lowest growth rate in productivity in the G-7". We are 17th in the world, which is certainly not good enough. Why? It is because of high taxes and the low dollar. We are paying more and getting less. It is very unfortunate.

The industry minister also pointed out that we have much higher taxes in Canada than they do in the United States. Our tax rate is 130% of that of the United States. If we couple that tax rate with the low dollar, we are on a downhill slide. We see omnibus bills like this which continue to shove Canadians farther down in that sinkhole of despair.

I would like to present an amendment at this time. I move:

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

this House declines to give second reading to Bill C-72, an act to amend the Income Tax Act, to implement measures that are consequential on changes to the Canada-U.S. Tax Convention (1980) and to amend the Income Tax Conventions Interpretation Act, the Old Age Security Act, the War Veterans Allowance Act and certain acts related to the Income Tax Act since the principle of the bill fails to address the federal tax system to end discrimination against single income families with children.

**The Acting Speaker (Ms. Thibeault):** In my opinion the amendment is receivable.

**Mr. Leon E. Benoit (Lakeland, Ref.):** Madam Speaker, I am very pleased today to speak to this bill, a budget implementation bill. Many comments have been made on this bill and I am sure there will be many more.

I will speak in a very general way about what the implementation of the parts of the budget that this involves will do and the impact it will or will not have on families across the country.

In the last couple of months, since the discussion and the anticipation of the finance minister's budget really started to heat up, and even over the five years that I have been a member of parliament, I have heard more and more from people who say they feel guilty as parents or as small business people who want to pass their business on to their children because they are not saving the amount of money they should be saving in order to pass the business on or to allow them to help their children as they raise their families or as they go on to pursue further education. I have heard people express the guilt they feel because they are just not doing what they should be doing to help their children and to help pass the business on. That has really been a concern for me. The

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guilt should not be felt by most of the people that I have heard from because, clearly, the money is just not there for them to save.

• (1055 )

We have heard a lot of talk recently, talk backed up by chief bank economists and by the government's own pollsters, which indicates that productivity in Canada has been dropping steadily. If we ask most Canadians they probably will not understand in detail what productivity means. However, what they do understand is that their standard of living is getting lower and lower all the time. It is a key thing to remember that over the past 10 years and more, each year Canadians have had less to live on. Their standard of living has been dropping.

When I hear these people say they feel guilty because they are not saving what they should be saving to help their children with their education or to help pass their farms on to the next generation, I think it is important for me to tell them now that it really, in most cases, is not their fault.

I think it is important to note whose fault it is. It is clearly the fault of the government, for what it has done and has not done over the past five years. It is the fault of the Conservative Party, which was in office for nine years and which kept jacking up taxes. I cannot even remember how many tax increases there were, but dozens and dozens of times the Conservative Party raised taxes in various ways. It is the fault of the Conservative Party and it is the fault of previous Liberal governments, many members of which are still in the House today. They raised taxes and went on their spending sprees, and we are seeing that develop again. By doing that they have denied Canadian families; parents of children who have decided they want to further their education and farmers who want to pass the farm on to the next generation. It is very difficult. It is the fault of government which has denied these people through high taxation and low growth.

It is the fault of governments and I want people to know that. I want the people who have been talking to me and saying that they feel guilty to know that they should not feel guilty, because I know that most of the people who have talked to me about this have done everything they possibly could to save money. They are cautious in their businesses. They spend very little and live on very little in many cases, yet they just do not have money to save.

I hear members opposite hollering that that is not fair and not right. Look at the statistics. The fact is that the savings of Canadian families have been dropping on a regular basis. That happened again this year. It is happening right now. Savings this year will be lower than they were last year. This is a trend that has been taking place for some time. It is a real serious concern that has not been dealt with by the budget. It certainly has not been dealt with by the parts of the budget that we are talking about implementing here. For that reason I cannot possibly support this piece of legislation.

When I have people come to me and say they feel guilt because they are just not saving what they should be saving for all of these things that are so important to them, I have not thought of telling them that it is not their fault and that they should look at what has happened and the reality of how every year more and more of what they earn is not left with them, is not left in their pockets for them to spend as they see fit. Instead, it has been taken away by governments more and more and spent by governments on things that they somehow feel are more important than the issues that the families themselves have determined are most important.

• (1100 )

That attitude bothers me. I think it bothers most Canadians when a government and a finance minister feel that they somehow know better than the general Canadian population, than parents, how they should spend their money and how they want to spend their money and what is important to them.

Perhaps we could change that attitude and convince the finance minister and the Prime Minister that Canadians themselves, mothers and fathers who are desperately trying to put money together to pay for university or technical school education for their children or for something that will help them get good jobs, know best how they want to spend their money. Perhaps we could convince governments to leave more money in the pockets of the people who earn it.

I want to make clear that I am not against taxation. I am not proposing that we eliminate income tax completely. I am not proposing that we eliminate all the other taxes, although I certainly believe we should eliminate some of them. I believe the level of tax now is completely out of line. When we see about half of what we earn being taken away from us by government, we know taxes are too high.

Instead of 50% it would be far more reasonable to move the total tax package down to between 20% and 30%. I think issues like health care are important to people. People do not object to the money being spent on health care if it is spent wisely. That is part of the problem with health care. Even the money that is being spent is not being spent wisely.

Another part of the problem is that the government has cut back on transfers to the provinces by almost \$7 billion a year. These transfers are to pay for health care and advanced education and the funding has been reduced dramatically.

The member across the floor is saying that in the budget a small part of that was given back. That is so true. They have given a small part back and have said "Aren't we grand?" They have cut somewhere near \$20 billion—I forget the cumulative amount—over the past five years and now they are to put back a billion or two over the next couple of years. That is not good enough. That is

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nothing to brag about. Part of the problem is that they cut back on the amount transferred to the provinces for health care, making it extremely difficult for the provinces to deal with the health care issue.

Another part of the problem is that in many cases, partly due to unreasonable restrictions on the part of the federal government, the provinces are not allowed to do what they have to do to make the system work well.

We have seen that attitude problem in this government, in the Conservative government before it and in the Liberal government before that. It has to change. If we could change that attitude we could make some real progress. We could start leaving more dollars in the pockets of the people who earn it. If there could be a quick tax reduction right now, maybe five years from now I would hear some people saying that they are finally starting to be able to save a little more. Because they are saving a little more they will be able to help the children a little with their education.

I am from a farming community so I mention farming because it is extremely important to me. I might hear people say they can save a little more because they are not paying so much out in taxes. Over half the cost of fuel is tax, which is completely out of line. Farmers also pay a lot of income tax, although it will not be much this year. They did not earn much because there is a real mess in the industry. However over the years they have paid a lot of income tax and a lot of other taxes. They are overtaxed, no doubt.

On top of that and because of that we are seeing farm families that in many cases will not be able to help the next generation to purchase the farm business and to develop it. This is a direct result of overtaxation and the complete lack of willingness on the part of the government to do something about it.

• (1105 )

We laid out a plan before the finance minister presented his budget which would have given Canadians \$25 billion a year in tax relief. It was not an unreasonable plan. It was verified as being very viable by some of the best economists in the country. We know from the work we have done that it is a very viable plan. In our plan we would make payments on the debt every year and increase to some extent funding to health care and to other key areas. That is a very reasonable expectation.

The finance minister had his chance. I do not know his motives, but if he would have had his way maybe he would have gone further toward our plan. Probably he was not allowed to do so by others in cabinet. Do I fault the finance minister for that? Yes, I do. I absolutely fault him for that because he has to be strong enough and show enough leadership to make that happen. He has to make that happen and he did not. He failed miserably.

I do not want to impute motive. I do not know the motive of the finance minister, but this was pretty much a do-nothing budget in reality. The government is talking about next year's budget already. It is trying to forget this one. We have noticed that in question period. It is talking about next year's budget and has just gone beyond this year's budget. It is unbelievable. Clearly it knows this year's budget was a failure on the part of the finance minister and a failure on the part of the government.

I just have to ask why. Was it because the finance minister did not want to do something? It may have been. The Prime Minister will be stepping down within the next year or two. I think all Canadians expect that. The finance minister will pretty much be put in as leader of the Liberal Party. Because that leadership race will be a little over a year from now, we have to think that the finance minister will want to have a knockout budget next year.

Maybe some people would say next year is good enough. There are a couple of things wrong with that. First, Canadians who are desperately trying to save to put their kids through college, technical schools and whatever, or who are desperately trying to save so they can somehow transfer their small businesses and farms to others, just cannot do it. They need that relief now. There are families struggling just to make ends meet. I am talking about food and basic clothing. There are many families in that position. They see virtually no help until next year.

What will happen next year? We have seen how cabinet has influenced the finance minister already. He may have the best of intentions to come out next year with a budget much like what we proposed. Will cabinet allow that? All the heritage minister thinks about is spend, spend, spend, and maybe put through some dumb legislation like the split-run magazine legislation. That is another issue and I will not get into it.

There are several other ministers like her. They want to spend. They think elections are bought and won. They do not really care, I guess. I should not really say that because I do not know. I know they care about the country. They would not be here if they did not. They clearly do not understand that what is necessary is to limit spending and give Canadians money or leave it in their pockets. It should not be taken from them and given back. It should be left in their pockets as much as possible. They did not do that this year. If they do not understand that and if they are not willing to let the finance minister do that, they probably will not let him go quite as far as he would want next year.

We might get a budget next year of maybe \$15 billion in tax reduction. That is not good enough. Families need a reasonable amount that leaves room in their budgets to deal with a downturn in the economy and that type of thing. Our plan does that. The room is there. We will not start building up deficits again under any circumstances, yet we can offer in our package \$25 billion in tax relief.

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• (1110)

If the finance minister is willing to give \$15 billion in relief over the same period, it just is not good enough. He may think it will help him win the leadership race. I think he will do that anyway, but will he win the next election based on that? I think not. It just will not happen with that kind of budget.

Canadians are starting to understand what is going on. Canadians have always known they are overtaxed, but they are starting to see exactly what the possibilities are. Finally they know too much is being taken from them, that their standard of living has dropped on a regular basis, that it is difficult to make ends meet, and that they cannot save for things that are really important to them. Now they are starting to see why. This is key to what is happening right now. Canadians are looking in more depth into the issue. They understand more and more. The government could do a lot more but it has done very little with the budget. Bill C-72 implements a budget that just does not do what it should have done. That is of real concern to me.

I say to the people who have felt guilty because they cannot save that the guilt should not be on their shoulders. The guilt should be on the shoulders of government members for not acting. They are the ones who had the opportunity to act very quickly on this issue. They could have offered \$2,500 in tax relief, for example, to a family earning \$30,000. That would have meant \$2,500 more in the pockets of taxpayers.

Then some families might be able to put a bit into a registered retirement savings plan to further reduce their taxes. More families would be able to save a bit more so that their children could go on to a technical school, a college or a university after secondary school.

That is what that would mean. It would also mean the health care system could be improved so that waiting lines do not get longer and longer as they have been for many years now. The number of people waiting for health services in extremely serious areas is becoming larger and larger on a regular basis due to wrong actions taken by the government and lack of action by the government.

I am very pleased that Canadians in a much broader or much more in depth way have recognized that the government has failed miserably. I can safely say that if people from the Lakeland constituency or many others across the country were standing in my spot in the House when the vote is taken, they would be saying some of the things I am saying and would vote against the bill. The bill implements parts of a budget that is totally inadequate. It is a failure and I believe I am saying what they would say.

[*Translation*]

**Mr. Odina Desrochers (Lotbinière, BQ):** Madam Speaker, I am pleased today to speak to Bill C-72, an act to amend the Income

Tax Act and that implements certain other measures announced in the 1998 budget.

I would mention right off that it is very difficult for the Bloc Québécois to support Bill C-72, because we realize once again that the government's priorities are not in the right place.

There are certain aspects of it worth keeping, but the bill does not resolve the situation of Quebecers entirely.

Although I have been here only since June 1997, I realize that the same thing happens all the time on the other side, regardless whether the year is 1997, 1998 or 1999.

• (1115)

Yesterday, I was invited to comment on the 1999 budget. Often the agenda of the government across is hard to follow. They are trying to bring us back to 1998 provisions, when the fact of the matter is that, whether it be 1997, 1998 or 1999, it is always the same thing.

This government used the money in the employment insurance fund, cut transfers to the provinces and, through all sorts of little indirect taxes, managed to bring its deficit down to zero.

However, if this government had wanted use the surpluses at its disposal in a more logical way, not just now but also in the 1998 budget, we would find much more interesting measures for Quebecers and Canadians.

For example, last year, in 1998, the budget did not provide anything for the unemployed, the students and the sick. These people thought that this year, in 1999, the Minister of Finance would announce measures that would be much more fair and just, measures that would allow them to breathe a little more easily.

Last year, the unemployed, the sick, the young, the students and the poor realized that, perhaps, one more effort was necessary to enable this government to achieve a zero deficit.

Incidentally, it is difficult to understand how this government plans its budgets. I do not know of any Quebec or Canadian business that would remain in operation with such forecasts. It is easy to predict a zero deficit in 1998, 1999, and again in the year 2000. But then, what does the Minister of Finance do with his officials? He fiddles with the figures. To fiddle with the figures means to manipulate them on all fronts. First, the government claims there is hardly any surplus in the employment insurance fund. But this year, in 1999, surpluses will reach \$26 billion.

Last year, they were also very high and I am almost certain that, in the document tabled this morning by the Minister of Human

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Resources Development on the current status of the employment insurance program, we will find things that need to be corrected.

Since it came to power, this government has been trying to create two classes in Canadian society: the rich and the poor. The worst of it is that the money of the least well off is being used to benefit the most well off. For several years now, whenever there have been tax breaks, the Bloc Quebecois has asked that they be targeted so as to help those who have paid down the deficit recover some of their money. But this is not what has been happening. It is not what happened in 1997 and 1998 and it is certainly not what happened in 1999.

The EI fund belongs to unemployed workers and employers. This government has not put one red cent into it. What is it doing with the money in the EI fund? It is siphoning it into the consolidated revenue fund, not just to be able to hand it over to the richest members of society but also to use in its forays into areas of provincial jurisdiction.

The examples are numerous. Well we remember the September 1997 throne speech where it was already apparent that this propagandist government was prepared to interfere in provincial affairs.

• (1120)

The Minister of Intergovernmental Affairs told the House that our constitution was one of the most decentralized in the world. They are working daily to take this increasingly unitary Canada and use the constitution to centralize the government. Why? Because they are going to negotiate internationally. International law will play a role.

The people on the other side of the floor, and those in English Canada, do not understand the globalization issue. But we know very well that if they turn up at negotiations without having remedied that lack of understanding, they may be told "Put your own constitution in order; put your own affairs in order; respect your partners and then we will start negotiating".

Every day this government is involved in meddling into areas of provincial jurisdiction, so that it can show internationally that it is now a central government with a constitution that allows it to do so.

This is how all of its actions are carried out, and this is why, within the framework of a bill such as Bill C-72, we find only minor measures, mere crumbs thrown at those who need help.

Getting back to employment insurance, is there anything more distressing in life than losing one's job? With the restructuring and readjustments that are going on in many companies, people are losing their jobs and need retraining. They need a chance to catch their breath. But when they turn up at the Human Resources Development offices, they are not sure whether they will get any

EI benefits. The concerns of our unemployed are increasing. We know that only 40% of workers who pay into the plan are entitled to benefits. This is a matter of concern.

What is even more disgusting is that the little people are making sacrifices, the least well off, the unemployed, the single mothers, the students, and now they are seeing the money going instead into the Canadian government's consolidated fund, from there the Minister of Finance can distribute it anywhere and everywhere.

Bill C-72 is silent on the millennium scholarships. Yet, that program was announced in the 1998 budget. We know it will soon be implemented. What does that mean for students in Quebec and in the rest of Canada?

In Quebec, we have a very good loans and scholarships program, one of the best in North America. Now, the federal government will get involved, through this scheme, in a provincial jurisdiction. A student who will apply to the foundation will have to make a report to be eligible to the loans and scholarships program. Some young people may be penalized by this administrative ambiguity, particularly since the Quebec government already has an infrastructure, through its loans and scholarships program, that provides very good services.

Who, at the federal level, will administer the foundation? It is a private body headed by the president of Bell Canada. This is worrisome. We do not know how much it will cost. We do not know how it will work, but we do know that it will deprive Quebec students from hundreds of millions of dollars.

Members will understand that, when the government came up with its social union, when it negotiated with the other provinces, the Premier of Quebec, Lucien Bouchard, could not sign that agreement. We saw what happened with the last budget.

• (1125)

We can also see how this government is putting itself into the position of being able to distribute gifts in all provinces and especially to meddle in areas of provincial jurisdiction.

A business facing financial difficulties usually looks first within the organization to see if it can cut expenses in order to increase revenues.

I have sat on the public accounts committee, and I realized on many occasions that the departments had not yet made the effort. They did make the effort when it came to cutting personnel and services to the public. However, when it came to big salaries, managers and money that could benefit those who make significant contributions to the Liberal Party of Canada, the government has a very hard time housekeeping.

What is the government doing to eliminate its deficit? It pumps off the surpluses in employment insurance. It made draconian cuts

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to transfer payments in health care, education and social programs. In addition, this government has become expert at adding little taxes to public services, such as passports, national parks and so on.

Today the government has stopped providing services free of charge. However, in a society such as ours, the government has its share. We are having to keep paying for services paid for by taxes that come out of the pockets of taxpayers and, moreover, we are overtaxed.

I will not get back to Bill C-72. Another ploy the federal government used to get more money into its coffers was to harmonize the GST. In New Brunswick, it was smooth sailing, but not in Quebec. Figures and statistics were trotted out.

The current Minister of Finance is a creative bookkeeping artist. He is tops in his class. For the 1998 budget, the difference between forecasts and the actual figures varied from 40% to 50%. How can we believe such a Minister of Finance? An entire country does not know what to think.

The most important minister after the Prime Minister is the Minister of Finance. However, his actions and the fact that his forecasts are not more rigorous undermine the credibility of the entire government. We have denounced this situation countless times in the House, before the Standing Committee on Finance, and wherever we got the chance. People are clearly having trouble understanding what is going on and they are having particular difficulty figuring out what this government is really trying to do.

In September 1997 we saw that it was getting ready to interfere in provincial affairs, strengthen its Constitution and try to show the rest of Canada that the country was a unitary state, but fortunately Quebecers saw through this. In fact, the *Globe and Mail* recently published the results of a poll showing that, if a referendum were held, 49.2% of the population would vote in favour. This poll was taken before Bernard Landry, Quebec's Minister of Finance, brought down his budget.

This same government sent its ministers, senators, secretaries of state and private members to fan out through Quebec during the break and still they dropped 4% in Quebec. The Bloc Quebecois now has 46% of voting intentions in Quebec.

• (1130)

This proves that, even if the government is trying to pull the wool over the eyes of the other provinces, Quebecers can still see clearly and understand that, if they want Quebec to take its rightful place in the world market, there is but one solution: Quebec sovereignty. It is the way we will be able to continue to put forward the ideas of the great Quebecers who have, since the quiet revolution, seen things clearly and have seen that Quebec no longer had a place within the present federal system.

The Bloc Quebecois cannot, therefore, give full support today to these small amendments to the Income Tax Act, in the form of Bill C-72. Possibly we would like to see other provisions in the 1999 budget that would meet the needs of the least well off. There could be targeted tax reductions, not the general ones that were the result of taking money contributed by the unemployed and their employers from the employment insurance fund. There would have to be a general redistribution to everyone, starting with the poorest members of society, who have paid for the richest.

My fears about this government, particularly with all that is coming up to do with globalization, is that, despite all of the economic upheavals there are going to be in the years to come, this government is already taking steps to create two classes in Canada, the rich and the poor.

We in the Bloc Quebecois, a party more open to the middle class, hope that people, whether rich or poor, can be treated fairly and equitably. This is not going to happen with what the federal Liberal government is introducing this morning.

[English]

**Ms. Libby Davies (Vancouver East, NDP):** Madam Speaker, I am very pleased to have this opportunity to speak to Bill C-72, the income tax amendments act, 1998. I will be sharing my time with my colleague, the member for Kamloops, Thompson and Highland Valleys.

I begin by drawing attention to the fact that the bill we are debating today is as a result of the 1998 budget. Thinking of that budget, what it contained and the amendments now before us as a result of changes to the Income Tax Act, we remember this budget as something that came from the government side of the House being characterized as the education budget, the youth budget.

As the spokesperson for the NDP on post-secondary education I went through that budget and talked with students and student organizations. It was to take stock of whether this so-called education budget, and now the income tax amendments that flow from it, contained measures that would really assist students in Canada. Throughout 1998 as the impact of the budget began to unfold it became very clear that although this was characterized and held up by the Liberal government as the great education budget, the reality was that very little had changed in daily lives of students.

As someone who defends the interests of students, along with other members of the House who have concerns about students in Canada, I think there was one really despicable thing in that budget. While we were told it was an education budget, secretly, through the back door, there was something that was not announced in the finance minister's speech. It was changes to the Bankruptcy Act which impacted on students, changing the laws affecting bankruptcy so that students could no longer declare bankruptcy

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after having exhausted all other means. They could not declare bankruptcy after two years but had to wait ten years.

• (1135)

A couple of weeks ago I attended a press conference held by the Canadian Federation of Students where a test case was being brought forward to challenge the bankruptcy changes made by the Liberal government in 1998.

Ms. Annik Chenier is a young woman who attends Saint Paul University here in Ottawa. She had a student debt of \$63,000. After some very modest interest relief and debt remission, Ms. Chenier was still left with a debt of over \$50,000. She had left school and was now working and would be paying close to \$700 a month on her student loans. Ms. Chenier had tried to obtain a reduction and a different type of payment plan but had reached the end of the line. Because she had no other options available to her she wanted to declare bankruptcy. She could not do so because of the changes in last year's budget. I bring this up because this really portrays what students are facing.

In this bill before us today there are some minor changes, a kind of tinkering, that provide some relief to students. I will go through them. The basic inequality and crisis being created as a result of the retreat of public funding, the massive increase in tuition fees, the increase in student debt, remains.

We have students like Ms. Chenier and other students across Canada still facing very desperate circumstances and still facing collection agencies that harass students. I have had phone calls from students crying because they have been harassed by collection agencies at work or school. Canada student loans have been privatized, turned over to banks which get a premium on student loans and if students go into default, through no fault of their own, they are turned over to collection agencies.

I think it is very important to point out that with some provisions in this bill, some debt reduction, Canada education savings grants, the 17% federal tax credit, while they do provide some minor relief, unfortunately the reality is they do not fundamentally or substantially change the situation for students.

One good measure was included, assistance for students with dependants. This, which was actually a Liberal red book promise, provides grants of \$3,000 a year. That was a good measure and something I am glad to see the government acted on.

I was very disappointed, as I know students across the country and Canadians in general were, that the relief promised in the budget in terms of what was actually provided fell far short of people's expectations.

One of the changes in this bill involves personal income tax. If we look at the example of a one income family of four earning \$20,000, under these provisions that family would get a tax cut of

\$165. It is certainly better than nothing but I have to compare that to a letter I received a few days ago from a woman in British Columbia.

She described her situation to me. She works in a fast food outlet, making minimum wage. She is raising two children and pays more than 50% of her income toward rent. She was writing to me about housing because I have raised the issues of housing and homelessness. With the measures we are debating today, would that woman and her kids be better off?

• (1140)

Would she have more money substantially to pay for her rent? Would she have more money to put food on the table? Would she have any money to put into savings for RRSPs for her kids' education which is one of the provisions in this bill today? She is struggling even to pay the rent, so any hope for her to put money into an education plan is something way down on the agenda.

I came to the conclusion, as my colleagues in the NDP have, that again this budget has failed in these amendments to the Income Tax Act before us today. It has failed in terms of dealing with the growing inequalities that face us in society. I hear some of the debate from the members of the Bloc who are pointing out the same kind of situation in terms of the constituents they represent as well and their perspective on this matter.

I think we have a really serious problem in this country. We have now had a succession of budgets. We had the education budget. We had the budget this year that was a so-called health budget. There is talk about the children's budget next year. None of these budgets or the income tax amendments that flow from them serve to substantially alter or change our tax system to make it fairer and progressive and to make sure that for low income Canadians, poor Canadians who have borne the brunt of massive cutbacks and of inequalities in our tax system, it will improve life in a meaningful way for those Canadians.

I think that is a real sad day for Canada. That is why my colleagues and I in the NDP voted against the budget last year. It failed to address those issues. Certainly in terms of the income tax amendments before today us when we look at the criteria of who this budget really helps, does it really help the people who are most in need, we come up with the same answer, that this budget and the legislation before us today have failed.

I guess we cannot escape the glaring facts that after tax inequalities are increasing and that low income Canadians and students are falling further and further behind.

**Mr. Nelson Riis (Kamloops, Thompson and Highland Valleys, NDP):** Madam Speaker, I listened to my hon. colleague's comments with interest. It would be nice if all the debates in the House of Commons were as thoughtful, well researched and reflective as the one we just heard. Unfortunately that is not the



case. Too many people read from prepared texts and so on that someone else has written.

Today we are talking about income tax. I suspect that when people hear that term they get crinkly feelings up and down their spine. There are probably hundreds of thousands, maybe millions, of Canadians sitting in their offices, their homes, their factories or plants just dreading the time when they have to go home and get out all those little pieces of paper, T-4 slips and so on and start filling out that bloody form.

The Constitution says we are not allowed to impose cruel and unusual treatment on people. I suspect asking people to fill out their tax returns is a form of cruel and unusual treatment. It is a painful experience.

The other day I ran into some young people who are self-employed. They are in the consulting business. They were absolutely livid because they fill out their tax returns, work very hard for all their money and have to send off cheques and cheques, all this cash to the federal government. They felt depressed. They were so frustrated. It is almost a form of self-mutilation.

People sit down at a desk, with papers piled all over, trying to figure out what the hell that form says. They read through the explanations and that is complicated, step by step. There are computer programs now. The laugh of the century was this elderly woman came to my office in Kamloops the other day and said "I just filled out my tax return and I do not understand parts of it. I wonder if you could get me a copy of the tax act". She was thinking this was a little book, something like a little handout.

• (1145)

One would need a pickup truck to take home the tax act and all the explanatory booklets that go with it. Madam Speaker, I know how bright you are and some of my friends across the way, but I can guarantee that no one could understand it. Nobody can understand it. I will bet there is not a person in the world who understands this pickup truck full of tax law.

Let us test the crowd. We have some very intelligent people here. Let me pick up one of the little copies and I will randomly choose an item. I must admit I have not looked at this but I am going to read this and ask my friends, particularly my Liberal friends across the way, to follow carefully, then there will be a test afterward.

It goes like this. The minister may grant exemption from this application of the provisions from this act, other than the provisions set out in sections 14 to 19, or to any investment company, if the minister is satisfied that (a) the business of investment carried on by the company or a significant portion thereof is of short duration and incidental to the principle carried out by it, or (b) the company, although incorporated after January 1, 1972, primarily

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for the purpose of carrying on the business of investment and it intends to remain a company described in subparagraph 2(3), or subsequently from 5(2) to 5(17), or (c) it is not necessarily in the public interest that this act apply to the company, having regard to the purpose of the act and to any one or more of the following factors: (1) the persons to whom the company is indebted in respect of money borrowed by it, or (2) the amount of the indebtedness by the company in respect to the money borrowed by it, or (3) the nature of any security given by the company in respect of money borrowed by it, and (4) the extent of the integration of the company's activities with the activities of its subsidiaries, if any, and with the activities of any corporation of which it is a subsidiary and any other subsidiaries of that corporation.

Then we go to subsection 2. Here the minister, if he decides, may revoke an exemption granted under subsection 4. If subsection 4 does not follow subsection 2(b) and the minister ceases to be satisfied that any of the criteria referred to in that subsection are met, then when exemption from this application is granted under subsection 2 or subsection 15, following 2(b), then the corporation, after January 1, 1972 that is, if it is primarily for the purpose of carrying on the business of investment, then this exemption shall not be revoked.

**Mr. Ken Epp:** Makes sense to me.

**Mr. Nelson Riis:** It is perfectly clear. It is simple. It cannot be revoked after all of that.

A person would have to have 50 law degrees to figure out what on earth that says. Let it be perfectly clear, this is what this is all about. There is more gobbledegook in this piece of legislation. There is more muffle buffle jumble bumble than we can imagine. If one has a well paid tax lawyer or a very experienced tax adviser, one can buffalo almost anybody into saying this should be deducted, that should be deducted, and so on. It is like I am reading from some sort of tragicomedy.

I could read tens of thousands of other pages, but I would challenge every one of the bright MPs in this building to say that they understand even one page of the tax act. I know nobody here is able to. The ones who are not here today, maybe they are the intelligent ones.

Those who have to deal with this tax act will be unanimous in saying that no one knows what the hell it says.

**An hon. member:** Hire a tax lawyer.

**Mr. Mac Harb:** Come on, it is simple stuff.

**Mr. Nelson Riis:** Mr. Speaker, my Liberal friend says this is simple stuff. Maybe to a certain kind of mind this is simple stuff. But to an intelligent mind, it is gobbledegook. Look at it. I know I cannot hold up a prop, but this really is not a prop. Look at all of its

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pages. They are all grey. There is no white, because if it is grey, it is open to interpretation.

Imagine those guys who work in Revenue Canada and have to deal with this book day in and day out. It takes a special kind of personality to handle that kind of stuff. Thank God they have it because I know I do not have it.

There are no white pages, they are all grey. Everything is grey. If one has a good tax lawyer, a good tax accountant or a good tax adviser, one can probably get out of paying the kind of taxes one ought to be paying. That is what it is all about.

• (1150)

There are hits. Walk into any major bookstore today, and the best-sellers are right at the front. What are they? Ways to avoid paying taxes. Jacks tax adviser, Mary Jane's and so on, everybody has a favourite tax book and it is updated every year because these things change every year. That is what we are doing today. They are mainly designed to show how to avoid paying taxes. They are today's best-sellers. I am sure my Conservative friend would agree.

Serious players probably have them for their night time reading. People can go to seminars on how to avoid taxes altogether. It is called a tax haven, the Cayman Islands, the Bahamas or the Isle of Man, all sorts of things. For a nice fee, these seminars will lay it all out, how to avoid paying any income tax at all.

This is a depressing debate today. These provisions by and large are probably fairly decent. There is a tidbit here to help this group, a minor change to help that group, but nothing will change. It is just more gobbledegook, more complexity and more fuzziness in the tax system and people will be happy for the little bone the Minister of Finance has tossed them in this little change.

Canadians are demanding real tax reform. They want to change the system. They want to toss out the pickup truck full of books and start all over again. They want a real tax system, a progressive tax system. They want to stop the use of the tax system to achieve all these minute changes in today's society.

The Parliamentary Secretary to the Minister of Finance is here. I value his judgment. I hope he asks me a question.

Is it not time that we sat down as a finance committee or as a committee of the whole parliament and went through our tax act? Let us identify the major exemptions in our tax act and apply a cost benefit analysis to every single one. What is the cost of this tax loophole, or tax exemption, and what do we get from it? If it is not clear that we get more than it costs, then we should toss it out the window.

**An hon. member:** Are you asking him a question?

**Mr. Nelson Riis:** I am asking him a question. I ask the Parliamentary Secretary to the Minister of Finance, why not go

through our tax act, do a cost benefit analysis on every single major tax exemption and if it does not make financial sense, toss it out?

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, it is always a pleasure—

**An hon. member:** And a challenge.

**Mr. Tony Valeri:** And sometimes a challenge, I would agree, to listen to the hon. member across the way.

I do have a lot of respect for the member. He is a member of the finance committee and does contribute substantially, I might add, to the debate in the finance committee.

With respect to his suggestion about looking at the tax system, the hon. member knows that the finance committee is the master of its own destiny. If the finance committee would like to look at the tax system, who am I to stand in the way?

We are all here to help ensure that Canadians receive the best possible government services. I would engage in any sort of debate that would provide more value for tax dollars for Canadians. That is certainly why I am here.

It is sometimes ironic to hear a member from the New Democratic Party, although I sometimes feel that the member does not quite fit that mould but nonetheless he is a member of the New Democratic Party, talk about taxes and the need for tax reform and the need to ensure that Canadians' tax paying burden is alleviated. We certainly have begun to do that on this side of the House beginning with the 1998 budget and continuing in the 1999 budget.

Albeit it is a beginning and I do not think anyone here on this side of the House thinks that this is the end of the work on the tax file, but the hon. member should stand up and at least say that he can support the measures in this bill. There is the increase in the basic exemption, the elimination of the surtax, the tax credit interest on student loans, the registered education savings plan, the ability to withdraw money from registered retired savings plans to finance part time education, the child care expense deduction, the caregiver tax credit, and the increase in the emergency volunteer tax credit.

• (1155)

There are a number of issues. The hon. member is correct when he says there needs to be additional work with respect to the tax system. I grant him that. The member should acknowledge that the work this government has started to do on that file is work he should be able to support and continue to support as before.

**Mr. Nelson Riis:** Mr. Speaker, I had a vision as my friend was speaking. It was a vision from Hindu philosophy of a multi-armed goddess. She has about 15 arms. I imagined these arms going into every back pocket and every front pocket, picking our pockets.

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What my friend did not mention was the new tax collection agency, a monster tax collection agency that not only will have federal hands going into people's pockets but will also have provincial hands tied in.

Somebody said it is like a drunken sailor taking taxes. It is not like a drunken sailor spending money, because drunken sailors spend their own money. These guys spend other people's money.

Again, to say that none of this is worthwhile would be folly. Of course many of the provisions will be helpful. It is like the situation of a young boy begging on a city street, obviously living in a horrible situation. The boy stands there with a cup and asks for a dime. Someone gives him a dime and thinks the kid should be thankful, he should be happy with that. That is what we are getting here, little dimes in the beggars' cups and we are being asked to say is this not wonderful, thank you very much, Mr. Minister of Finance. These changes are a mere a pittance.

My friend from Vancouver talked about the student debt load, the horrible situation young people face trying to afford an education. We are supposed to be up here leaping for glee because they are now going to possibly deduct some interest from \$26,000 to \$50,000 student loans. It is sad.

There are minute improvements to our tax system. But when we have to back up a pickup truck for the piles and piles of this stuff, this is not the way to approach real tax reform.

I welcome my hon. friend's suggestion that we raise this at the finance committee. Perhaps one day we can initiate a real process of tax reform coming out of this House of Commons.

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, it is always with great pleasure that I listen to my hon. colleague from the New Democratic Party, the member for Kamloops, Thompson and Highland Valleys. We never know quite what we will hear about.

The last time the member spoke on the budget, he was talking about sex with bears. Today he was talking about multi-armed Hindu goddesses. He is certainly a Renaissance member of parliament who can describe things in ways which certainly can connect not just with other members of parliament but with Canadians, and probably with bears.

The hon. member described the government as a multi-armed Hindu goddess. There is another kind of Hindu goddess, a multi-breasted Hindu goddess. Sometimes the multi-armed Hindu goddess looks at the taxpayer as a multi-breasted Hindu goddess. She seeks with those arms to attach her hands to the collective teat of the Canadian taxpayer. Her grip is so fervent and so ferocious that ultimately the taxpayer and Canadians suffer.

It is important to keep abreast of tax issues both in the House of Commons and with all Canadians. Tax issues are fundamentally important.

Bill C-72, which implements some of the budget's proposed changes to the tax act further complicates an already far too complicated tax code. I think all members of the House agree that the tax code is too complicated.

My colleague from the New Democratic Party was speaking of the complicated tax code. One of the Liberal members suggested that he hire a tax lawyer. It should not be necessary for a Canadian to hire a tax lawyer to deal with his or her own government, to effectively represent themselves.

• (1200 )

Over the past 20 years the tax code has become increasingly complicated, increasingly Byzantine, to the extent now that in every budget Canadians can expect the tax code to become further complicated, more difficult to understand and to increase the need for Canadians to hire tax accountants just to read some of the books the hon. member from the New Democratic Party described. There are also clinics for people to learn how to, not evade taxes because that is illegal, but to avoid taxes or pay less taxes. Canadians, in some cases, are investing abroad in places like the Cayman Islands or looking for tax shelters in other jurisdictions.

All Canadians would benefit not just from reduced levels of taxation and more broadly based tax reduction but from a simplified tax code. This is an area that I would argue is tied in directly with productivity. One of the barriers to success, to entry for entrepreneurs and to entry to the free market is a complicated tax code. Currently the tax code is a barrier.

We need to ensure, relative to other jurisdictions, that Canadians are not paying disproportionately more because they are Canadians. Currently they are. The Mintz report on taxation, which was presented to the House of Commons finance committee I believe in early June, gave some very concrete examples of the discrepancies between Canadian business taxes and the U.S. business tax system, both in terms that we are paying more and in terms of some fundamental differences in the tax code that should be addressed so as not to disadvantage Canadian businesses and therefore Canadians.

The government speaks of the fundamentals of the Canadian economy and says the fundamentals are strong. I remind members and Canadians of what those fundamentals are. We have seen personal disposable income drop 9% in recent years. In the same period we have seen U.S. personal disposable income increase by 11%. We have the lowest productivity growth of any G-7 country. We have record high rates of personal bankruptcy.

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We have a negative savings rate. Canadians are in fact going behind a bit every year. They are not saving but falling behind. They are digging into their pockets and into their savings in order to make ends meet and stay ahead of the game.

There have been some enhancements which are laudable to RESP flexibility for people to transfer funds to RESPs. Those types of changes do not benefit Canadians if they cannot afford to contribute to an RRSP in the first place. It is a difficult challenge to invest in RRSPs. I know mutual fund sales are off conservatively this year. I expect when the numbers are tabled we will see that RRSP contributions are also down this year.

The unused portions of RRSPs is mammoth in Canada. Canadians have not been able to exercise their RRSP contributions to the full extent. Why? They are paying too much taxes.

In 1993 the total federal tax take of the government was, I believe, \$112 billion. This had risen to \$150 billion by last year. This growth of approximately 25% in federal taxes has come directly from the pockets of Canadians at a time when they have seen federal spending on health care decline dramatically by \$16 billion in round figures, although some say it is as high as \$18 billion. They also see that the provinces have received less in transfers from the federal government.

There is one taxpayer and that taxpayer has borne the brunt of deficit reduction over the last several years. They deserve, at this time, an opportunity to reap some of the rewards for those sacrifices they have made.

● (1205)

It is no good for the government to be in the black if individual taxpayers are in the red. That is currently the case. We have the highest rate ever of personal bankruptcies. We have the highest rates of personal debt ever. This is a frightening statistic if we consider the impact for instance of global deflation trends which some say are threatening.

Wealth is a relative concept. It is not really a singular criterion. One's wealth or a country's wealth is a comparative figure. We compare the wealth of a country and the wealth of individuals in that country to the wealth of individuals in other countries. We are at a time when we are telling Canadians they have to invest more to save for their retirement, they have to protect their own retirement funds because the CPP is rather dubious in terms of its ability to provide the kinds of retirement incomes Canadians will need in the future.

We are telling Canadians to invest more and to take greater responsibility for their own retirements. At the same time we are forcing Canadians to invest 80% of their RRSP investments within Canada. This is perverse. The Dow Jones, which recently cracked

the 10,000 mark, has performed extraordinarily well in recent years. Since 1993, when this government was elected, the Dow Jones has increased by 172%. The Standard and Poor's, S & P, is up by 180%, both U.S. markets of course.

The TSE is up only 60% since 1993. That may seem like a lot but in a relative sense it is not. Our domestic equities markets are grossly underperforming equities markets in the U.S. and elsewhere. Canadians in a relative sense have become poorer. This perverse policy of forcing Canadians to invest in one jurisdiction or another and denying them the opportunity to achieve geographic diversification is wrong.

At the same time we have seen the Canadian dollar decline by 16% relative to the U.S. dollar. Not only are the government's policies of reduced productivity, high taxes and disincentives for success denying Canadians growth in their own economy but its policy on RRSPs is actually denying Canadians growth for their retirement incomes anywhere. This is perversely wrong. If the government cannot get its act straight in terms of running this economy to benefit Canadians, it should not force Canadians to invest where they will not be able to maximize their returns where there are opportunities and where there are governments elsewhere that are doing a better job of creating opportunities.

The recent KPMG study commissioned by the government to study the cost of doing business in Canada has been lauded by the government and used as a tool to demonstrate its somehow good economic management of the country. The KPMG study effectively said that Canada is a cheap place to do business, that we have low real estate costs, that our labour costs in a relative sense are less. It said that basically doing business in Canada would cost less than doing business in some other jurisdictions.

If our economy were clicking on all cylinders, as the Minister of Finance has asserted in the House in recent weeks, the price of doing business in Canada would be quite a bit higher. With economic growth come economic cost increases and upward pressures. The reason the cost factors are not growing significantly in Canada is that we have not had the sustained economic growth that has been enjoyed by other jurisdictions.

The KPMG study points to a fundamental flaw of this government's policies and to the fact that we are not achieving that level of economic growth Canadians would be capable of achieving if the government were to make a significant step toward providing broad based tax relief to Canadians and toward providing Canadians with an opportunity to succeed in their own country.

● (1210)

The reason why young Canadians seeking greater opportunities are leaving Canada and going to the U.S. is that while they may recognize there may be greater costs, there are greater opportuni-

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ties. They are willing to make that choice. Perhaps members opposite should stand along the borders, waving the KPMG report in the faces of Canadians as they leave and say please do not go, it is cheaper here.

This is like the Kmart or Zellers or Wal-Mart approach to economic development. We cannot get better in this country by devaluing our way to prosperity. During the summer when our dollar was hitting record lows the Prime Minister said it was good for tourism. The logical corollary of his argument was that if we reduced our dollar to zero we could give away all our goods and become the greatest exporting nation in the world. This is insane. We cannot devalue our way to prosperity. We need to significantly invest in Canadian productivity initiatives to ensure that Canadians have an opportunity to participate in the economic growth and are not inhibited by government policies that hold them back.

The government did not address some of those fundamental issues I described. It is looking at different fundamentals than the ones I see. When the government says fundamentals of the economy are strong it reminds me of what expatriate Canadian economist John Kenneth Galbraith said, to beware of governments that say the fundamentals are strong. Galbraith had a point. Usually when governments say the fundamentals are strong they are trying to hide something.

It is like a government where the industry minister says the productivity is very bad in Canada and we have to do something about it. In the same speech the industry minister says Canadians are paying 20% higher taxes than in the U.S. Then the finance minister says that is not so bad. Productivity is not bad. Canadians are not concerned about their standard of living. Perhaps this is an intentional effort by the government to create confusion, to try to distract Canadians from the real issues.

Canadians are concerned. Canadians are increasingly concerned about productivity. Canadians are increasingly concerned about their standard of living. That the dollar hit record lows this summer is directly correlated to the fact that our productivity growth has continued to underperform that of our trading partners. The dollar is linked very closely to productivity. There has been a secular decline in the dollar over the past 30 years. We need to do something now to avert further currency crises in this country. The best way to approach that is through productivity. The best way to approach productivity is through addressing some of the impediments to productivity, the structural impediments we have in the Canadian economy. Those include the highest income taxes of the G-7 countries.

There are structural impediments like interprovincial trade barriers which deny Canadians the ability to gain a competitive or comparative advantage within their country, a regulatory burden like a toll highway which is an interprovincial barrier in New Brunswick. The hon. member for Cumberland—Colchester has raised this point in the House. His interventions have taken a toll on this government.

There are issues of regulation. We have suggested as part of our prebudget submission that the government have a regulatory budget whereby regulations are costed. We take into account several costs, not just the cost to the government of introducing and enforcing a regulation but the cost to society, the cost to Canadians for complying with those regulations. Then those costs are compared, particularly the cost of compliance which is egregiously high for Canadians, to the actual dollar value of the benefit of that regulation.

Having a regulatory budget and choosing some departments each year to be scrutinized in this way would force governments to make the same types of decisions with Canadians' money that they make with their own in a fiscal budget. That would be one step in addressing the regulatory burden we have which by all accounts is excessive and does inhibit productivity and growth.

The government has no core industrial strategy. It has no agenda on an area as important as industrial strategy at a time when we are entering the 21st century. It is at a time when change is occurring at an ever increasingly rapid pace. It is at a time when we need government to take significant action on a number of fronts and provide meaningful visionary leadership on a number of issues, including tax reform. This government is on cruise control. It is a caretaker government.

• (1215)

I said in the House before that we had a budget surplus and a leadership deficit. I think in fact that is the case. It is a perilous time for Canada to suffer from this leadership deficit.

At this time we need governments to make strong decisions. We need the types of policies the previous government engaged in, for instance, policies like free trade, policies like the elimination of the manufacturers sales tax, and policies like deregulation of financial services, transportation and industry. Those were the types of visionary policies that were necessary then and were brought into being by a legislatively active government, not a government that would even consider proroguing halfway through its term because it did not have anything to do.

In fact since that time the challenges have become greater for Canadians. Since that time it has become even more important that we have governments taking strong steps and doing the right sorts of things.

The *Economist* magazine in its January edition last year indicated that the elimination of the deficit in Canada was largely due to structural changes made to the Canadian economy by the previous government. Those were the types of visionary changes I just described, whether it is free trade or elimination of the

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manufacturers sales tax. Unfortunately these types of policies are not forthcoming.

The government has seen fit to continue its huge tax grab on the EI fund, taking \$19 billion from workers and employers. At the same time it is slashing benefits and punishing seasonal employment. The government does not consider the law of unintended consequences when it implements policies. It looked at seasonal workers and said that it would cut benefits to them. Many seasonal workers are not working at all now and are living on provincial social assistance.

It took people who were contributing, who were working, and denied them any opportunity to participate at all. Farms in the Annapolis Valley in Nova Scotia cannot find seasonal workers now because if they do seasonal work they will lose their benefits. Direct disincentives have been created for people to do what they want to do, to go out and work. The government did not replace it with a co-ordination effort to provide Canadians who were employed in seasonal work with an opportunity to work in various industry sectors.

There are serious issues. There are serious problems. A further complicated tax code is not the answer. I have not had one constituent ask me to complicate the tax code. Broad based tax relief is part of the answer as well as an industrial strategy which will make Canada a richer country, not a poorer country, in the 21st century.

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, I am a bit disappointed in my colleague's comments when he talked about leadership. If anything, the government has provided the kind of leadership that is required to move us into the next century.

We inherited a government with a very huge deficit and debt, high interest rates and a high unemployment rate. We turned it around in a matter of six years into one of the finest countries in the world. We are leading the G-7 in terms of growth and we have balanced the books.

My colleague talked about productivity. That is a very important subject, but it can also be very subjective when one gives his or her views on the question of productivity. If productivity means the net worth of a society is a positive then we are very productive. If a country is productive and the net growth is more jobs being created than being lost then we are productive. If we look at leading sectors of the economy such as high technology, transportation and others to see what we are doing on the international scene and in the regional market then we are a productive society.

• (1220 )

Certainly looking at productivity in a very subjective way, like looking at a flock of birds going after one worm, is not productivity. There is not enough food to feed every one of those birds. I

would caution my colleague not to point a finger and use labels that will create more confusion than understanding.

I am sure my colleague will agree that overall the government has provided Canadians with the necessary leadership. The government has given us a stable environment for business and for the economy to grow. Government does not create jobs. Government creates the proper environment for job creation. The private sector creates jobs. All government has to do is get out of the way of the private sector so that it can create jobs.

This gentleman, from a party that has given us the worst ever deficit in the history of the country, gives us a lecture in terms of what is good for Canadians. He should stand and reverse his speech to tell the public how good the government has been, not only to his party or what is left of it but to people as a whole.

**Mr. Scott Brison:** Mr. Speaker, I thank the hon. member for his insightful and erudite intervention.

The fact is that the previous government, the Progressive Conservative government, reduced the deficit as a percentage of GDP from 9% when it took office to a little over 5% when it left office. The PC government of Brian Mulroney inherited a \$38 billion deficit in 1984. The Liberals know a lot about deficit and debt because they built debts and deficits from the late sixties and the seventies.

The types of visionary policies that were implemented by the previous government resulted in this government's ability to reduce the deficit. Many members opposite are the same members who railed against the GST and against free trade. They then embraced those policies because they recognized that those policies would make a difference and that those were policies Canada needed at a very important time. Once they were elected they recognized those were the right policies.

Back in 1974 Trudeau threatened and scare mongered Canadians by saying that wage and price controls would be a bad thing. After the election he implemented Bob Stanfield's idea of wage and price controls. Oil was 18 cents a gallon.

Some parties are talking about corporate reimagining and new names. The Liberal Party of Canada should be called the flip-flop party of Canada because that party will stand for anything to get elected and, once elected, stand on any Canadian to implement its agenda of high taxes and cuts to areas that are important to Canadians like health care.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I want to address a couple of points raised by the member. He talked about disposable income in Canada going down by 9%, but he did not explain to Canadians why disposable income apparently went down. He did not talk about the fact that disposable income means net paycheque and how that has changed.

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Let us look at the impact of contributions to RRSPs, reduced taxable income which reduces the tax burden but also shows a lower net pay. The former child exemption was taken out of the tax act and became the child tax benefit and the national child benefit program. Taxes went up but the benefit came from outside. It was similar with the GST rebate and health spending.

If we want to compare ourselves with the U.S. we have to understand that Canadians do not pay for health care. We have a not for profit system whereas in the U.S. it is for profit. U.S. incomes have gone up simply because their cost of health care is going up astronomically relative to what it is in Canada.

The member has made a serious error. He should acknowledge it and explain to the House that he was in error. He said that in 1993 the personal income tax revenue to the federal government was \$112 billion. He then went on to refer to more recent numbers, I believe it was 1998, and say that the projection was \$150 billion. He also said that was 25% more out of the pockets of Canadians. He did not say that in 1993 the unemployment rate in Canada was 11.2%. Now it is 7.8%. There are 1.5 million more Canadians working and paying taxes. The increase that he attributes to Canadians is not the same Canadians paying more tax; it is more Canadians paying tax.

• (1225)

The member should correct the error or the impression he has left with the House. It is very important to know that personal income tax revenue has increased primarily and exclusively because more Canadians are working.

**Mr. Scott Brison:** Mr. Speaker, I made some notes during the hon. member's question. I am glad he asked me to explain why personal disposable income has dropped in Canada. Despite his assertions to the contrary, Canadians pay more taxes now than they did in 1993. They pay a higher percentage individually of their paycheques to taxes. Due to the fact that the government has not even addressed the issue of bracket creep, two million low income Canadians are paying taxes now that would not have been paying taxes otherwise.

I am glad the member mentioned the unemployment rate. He is quite right that recently the unemployment rate has decreased. Anyone who knows anything about economics recognizes that it takes approximately five years at a minimum for economic policies to have the impact of reducing unemployment. He is quite right in acknowledging that the policies of the previous government were successful after having been implemented and with the passage of time in achieving a declining unemployment rate. Policies like free trade are largely responsible for the type of economic growth enjoyed by Canada at this juncture.

I do not want to remind the hon. member again where his party stood on issues like free trade and the GST, but they stood against

the types of policies that have resulted in the growth they are now boasting about.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, the hon. member talked about costing things out. In the prebudget submission by the Conservative Party it did everything except cost out what the measures cost.

Let me help the hon. member. He referred to a whole bunch of tax initiatives. What did they cost? They cost the treasury \$17 billion. If the government were to adopt what that party would like, we would be back in deficit. I am sure it would be way above the \$42 billion where it left us.

**Mr. Scott Brison:** Mr. Speaker, I guess the parliamentary secretary decided not to read the costing at the back of our budget plan "Unlocking Canada's Potential". Over three years we would have liked to have provided Canadians with \$18 billion of tax savings. In the first year we would be looking at about \$8 billion.

The hon. member is using Liberal math in this regard. That is typical of a member and a government that utilize Liberal focus group economics. I would gladly send the hon. member a calculator and a copy of "Unlocking Canada's Potential". In the future for the next budget I suggest that he and his government take our plan very seriously because we want to unlock Canada's future for the 21st century. I hope his party starts sharing that value.

**Mr. Steve Mahoney (Mississauga West, Lib.):** Mr. Speaker, just past noon on the day after celebrating St. Patrick's Day I want to say that I made several contributions last night to the tax system along with my colleagues. I will temper my remarks with the realization that that occurred.

• (1230)

I say to the member opposite that it is really quite mind boggling to sit here and listen to a member of the Progressive Conservative caucus spend almost his entire time defending the Brian Mulroney government. I really would have thought it would be in his best interest to distance himself from that memory.

The Canadian people passed judgment and reduced that caucus in 1993 to a group large enough to fit into a phone booth. There were a few more elected in the last election, primarily from eastern Canada, and one from Ontario. Anyone would have thought that those members really would not want to revisit what happened during the Mulroney years.

Let us realize something. The 1980s were absolutely the best 10 years this country has enjoyed in terms of revenue, and yet that government managed to run overdrafts every year during times of tremendous prosperity. It is only since 1993 that the country has been put back on track. I do not know that we will see the kinds of

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increases in real estate values that local communities enjoyed in the 1980s, but we certainly have a much stronger economy today.

It is very hard to understand why a government would intentionally, at times of high revenue, spend its revenue to the point of running a \$42 billion deficit.

Let us be clear. A deficit is an overdraft. What the member neglected to mention is that the \$42 billion was not a one time thing. It was every year. That government intentionally, every year, during times of high revenue, overspent when it should not have.

During those times municipalities across Canada realized what was happening. Municipalities put their houses in order. Municipalities paid down their debt. My own city of Mississauga is debt free. Municipalities across the country realized that they had an opportunity during times of high revenue to put some money away, to pay down debt, to not run deficits.

We hear about the cuts which this government has made. What choice was there? Do we continue to spend into oblivion? Do we continue to run up the overdraft and increase the debt?

Madam Speaker, I should mention that I am splitting my time with the member for Mississauga South.

The way a government deals with its finances is to run that overdraft or deficit until it gets to the end of the budget year. Then it takes that deficit and piles it on top of the debt. That, in essence, is how we have arrived at such a large debt.

This government has made commitments. We have reduced the debt by \$20 billion. In two successive budgets we have reduced taxes. Is it enough of a reduction? Of course not. I would like to see more. My constituents would like to see more in the way of tax reductions. I believe they will. That is a commitment that our finance minister has made.

To stand and simply, in many instances, mislead people with some of these statements and accusations about our tax system does an injustice to the Canadian people. We should tell them the facts. Is our tax system complicated? You bet it is. Should we review it to see if we can smooth it out? I think we should. In fact the federal government has negotiated harmonization agreements with some provinces and attempted to do it with others.

Would harmonization mean that since there is only one taxpayer that maybe we should have one tax collector instead of the very complicated system that we have in this country?

This government would not be afraid to admit that the tax system is complicated. It has been built, layer upon layer, over the years,

which makes it extremely difficult for the average Canadian to understand or for the average member of parliament to understand.

I want to pay tribute to a group which I think is doing some very good work to help particularly low income Canadians understand the tax system. It is a group made up of volunteer chartered accountants and CA students, sponsored by the Institute of Chartered Accountants of Ontario, which runs free tax clinics to help thousands of low income Canadians fill out their tax forms and pay their taxes.

• (1235 )

Just by way of a little commercial to the taxpayers, since we are coming up to that time, the Institute of Chartered Accountants can be reached at 1-800-387-0735, extension 462. People can call them and get free advice on dealing with the very complicated matter of filing their income tax.

I want to congratulate the institute. I think it is a very positive thing and something from which the taxpayers will clearly benefit.

I want to return to the issue of harmonization. I have said in this place before that this country has a large number of taxes, and people do pay a fair amount of money, so it seems to me that there should be a way to streamline and reduce the collection process.

We have done that in some parts of the country. I think we need to continue talking about it, but the provinces tend not to want to do that. They do not want to give up their fiefdoms. I guess that is understandable, except that they know as well as we do that there is only one taxpayer.

The bill that we are dealing with will amend the Income Tax Act. Instead of talking about somebody's poor memory as to what went on in the Mulroney years and the size of the deficit, I have not heard anybody talking about the specific amendments, so I researched some of them and I want to share them. I think they are pretty good and Canadians should know about them.

This bill will introduce a new non-refundable tax credit for individuals to an annual maximum of \$500. Canadians need to know that when they are filling out their tax forms. They should ask their accountants about it. Or if they are going to the clinic sponsored by the Institute of Chartered Accountants, they should ask about it. It reduces the surtax, which is something we heard many people calling for. This bill does that.

This measure I think is very important. The homebuyers plan will be modified to allow for tax free withdrawals from RRSPs to acquire homes for disabled individuals, whether or not they are first time homebuyers. That is a very significant issue. It shows that we recognize that the disabled community needs some assistance in buying homes. Obviously, if their disability inhibits their ability to



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earn income, they need help. Therefore, not only first time homebuyers, but people who are disabled will actually be able to draw from an RRSP to buy a home. I think it is a terrific idea.

There is a tax credit for interest on student loans. We hear about the debt burden of students. The one thing that we should recognize when we do an analysis is that, if the taxes are high, what is the other side of it? We have heard Reform members say they would bring in user fees. The cost of university in this country is substantially lower, probably four times lower than the cost of a similar university program in the United States.

We know that the Reform Party believes in two tier health care. We do not. We believe that should be funded through the tax system. We are absolutely opposed to the two tier health system that these folks talk about.

I have run out of time, but there are a lot of other areas which I would like to mention. There is a tax credit for caregivers. There is recognition of part time education and single moms. There are all kinds of serious benefits for the taxpayer in this bill. It is beyond me why everybody in the House would not support it so that we could get the message out and concentrate on communicating the facts instead of misleading the Canadian public.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Madam Speaker, as usual I found the emissions from this member to be rather interesting, particularly the commercial for the CA group, when he himself, this Liberal of great high esteem, admitted very freely that to file one's income tax is a complicated matter.

• (1240)

He knows full well that this government has had opportunities to simplify the tax system since 1993 and prior to the nine-year sabbatical given to the Liberals by Brian Mulroney. Yet his government has done nothing to simplify the tax system.

I found it very gratifying to hear this member freely admit that the income tax system is so complicated that he was happy to give out the 1-800 number to give people a hand. It would be nice if he were to do his work and if the members of his party were to do their work to simplify the tax system so that people would not have to make that phone call.

I draw the attention of the House to the issue of the two tier health care system which was created by the Liberals. People who are desperate or people who have money can go to the United States, thanks to this government, thanks to its \$16.5 billion gutting of the transfer payments to the provinces.

The hon. member and his Liberal colleagues are very proud of the fact that supposedly we have a balanced budget. He fails to take into account the rip-off of working people through the so-called

employment insurance fund. That is not a premium; it is a tax. It is a tax because far more money goes into general revenue than ever goes out in benefits. It is this government that has cut back on the benefits, cut back on the benefit periods and cut back on the benefit program so that it would end up with a surplus. On the backs of employers and employees it has managed to come up with this myth of having a balanced budget.

I know the hon. member comes from Ontario, which has the excellent government of Mike Harris. That Conservative government has decreased taxes, which is something the finance minister and the Liberals do not understand. That has resulted in the most vibrant economy in the entire Dominion of Canada.

Is it not about time for us to have some truth, some truth about the fact that there is far more going into the employment insurance fund than is coming out because of the cutting, hacking and slashing of the Liberals? The fact is that they are managing to talk about a balanced budget because they are ripping off the employers and employees who are forced to pay into the employment insurance system.

**Mr. Steve Mahoney:** Madam Speaker, the member of the Reform Party typically talks about cuts to the provinces for health care of \$16 billion over the mandate. He does not talk about the \$11.5 billion in one budget, in one fell swoop, that was put back into the system.

Reformers have actually said that they would take 50% of the surplus to pay down the debt and 50% to reduce taxes. Then they say that they will take another 50% to put into health care and maybe another 50% for something else. Come on. Do they think the Canadian people are stupid? They know the cuts the Reform Party has proposed in its campaign documentation. It would slash anything to do with heritage. It would cut the military. It would introduce two tier health care. It would destroy the relationships between the federal government and the provinces.

With regard to the EI fund, this government has balanced the books of this country and the EI surplus exists because the economy is strong, because we have created jobs. There are 1.6 million more Canadians working since this government took office.

Our facts are very clear. The Reform is just blowing smoke.

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Speaker, today the House is debating the implementation of the 1998 budget; not the budget that was just delivered by the finance minister, but matters relating to the budget of the prior year.

The parliamentary secretary has reviewed very well the many important initiatives that were included in that budget. I will spend my time replying to some of the comments made by hon. members

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in this debate because I believe there is some clarification necessary.

• (1245)

The member from the Conservative Party talked about personal income tax revenue to the federal government. He pointed out that in 1993, when the government took office, personal income tax revenue amounted to some \$112 billion. He also said that in 1998 the amount of personal income tax revenue collected by the federal government was some \$150 billion. It is a \$38 billion increase in personal income tax revenue.

He went on to suggest that this represents a 25% increase in the personal income tax burden of Canadians. To leave it like that is not correct. It is an error to leave the impression that somehow the personal income tax burden of Canadians actually increased some 25%.

The truth is that in 1993 the unemployment rate in Canada was 11.2%. In 1998 the unemployment rate dropped to 8%. If the unemployment rate goes down that must mean more people are working in Canada, and indeed 1.6 million more Canadians are working and they are paying their fair share of income taxes. It adds to the personal tax revenue of the Government of Canada.

The increase does not have to do with rising rates of income taxation or some sort of penalty by eliminating deductions that were otherwise available to Canadians back in 1993. It has exclusively to do with the fact that there are more Canadians working.

I point that out because Canadians should understand that in this place sometimes there is the tendency to provide a little information but not all of it and it would tend to lead to one conclusion when in fact the full story would lead to quite another. That is part of the caution that anybody watching the debates in the House of Commons should take. It comes to an issue of credibility.

If in this place members debate and present information principally by providing selective information rather than full information, they put the credibility of themselves as well as the credibility of this place on the line when they do not tell the whole story.

The principal spokesman for the Reform Party, the member for Lakeland, spoke for some 40 minutes and talked about income taxes again. I wrote some notes from his comments about the level of taxation. Certainly there is a lot of interest in Canada to have lower income tax levels so that we can have more disposable income. There is a ripple effect in terms of jobs creation, et cetera.

The principal spokesman, the lead spokesman for the Reform Party of Canada, spoke for 40 minutes. He was not subject to questions and comments. He provided certain information to the House which again was grossly in error and totally incomplete as far as what the true facts are.

I have to put on the record what in fact the issue is with regard to the taxation rates of Canadians. I sat down and in a very general way and calculated the income tax burden of someone who is making \$60,000 a year in Canada. I used no general deductions such as RRSPs or any other. It was simply done as an employee who makes \$60,000. We know they get a basic non-refundable tax credit of \$6,542.

• (1250)

There are also tax credits for any amount they paid for EI premiums and CPP premiums. When they deduct that approximate \$7,000 they get an amount of income of some \$53,000. On \$53,000 the taxpayer would pay 17% on the first \$30,000, which is \$5,100. They would pay 26% on the remaining \$23,000, which is \$5,980. The approximate federal tax burden is \$11,000. Provinces have different rates. For discussion purposes, if we assume a provincial income tax rate of 50% of the federal taxes payable that means that the total federal-provincial tax bill to a Canadian making \$60,000 a year is \$16,600. As a per cent of the gross income of \$60,000 that is 27.7%. A single person making \$60,000 pays an income tax rate of 27.7%.

I went further and looked at what the tax burden was for someone who was making \$35,000 a year. Similarly they get the basic non-refundable tax credit and a couple of notional tax credits for CPP and EI premiums paid. When we take that roughly \$7,000 off the \$35,000, it means that the first amount of \$30,000 at a rate of 17% is \$5,100 and the balance of the \$5,000 is taxed at 26%. If we do a quick calculation, including the gross up for the provincial tax payable, we will find that the effective tax rate for someone making about \$30,000 is a little over 20%.

I went even further. I looked at somebody making \$20,000 a year. With the notional reductions, et cetera, their tax rate is less than that still. We go from 27% to 20%.

When I looked at these things I understood the actual burden of taxes. I have seen articles in newspapers where parliamentary journalists who have been here a long time continue to talk about Canadians paying a 50% tax rate, which is the highest marginal rate they would pay on taxable income over \$59,180. Ninety per cent of all Canadians pay a rate of taxation somewhere between 20% and 30%.

Here is the point. The principal spokesman for the Reform Party on this said we need tax relief in Canada. What we need to do is bring down the income tax burden on Canadians to between 20% and 30%. If we look at what I just laid out in terms of the tax burden on Canadians, it ranges from 20% to 30% for those who are making \$60,000 or less. The only conclusion I can reach is that the Reform Party is calling for lowering the income tax burden for Canadians who are making more than \$60,000 a year. That represents about 10% of all income tax payers. It is effectively a call based on the true reported results of Revenue Canada on who pays how much taxes and at what rates. It is actually a dedicated

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policy of the Reform Party to reduce taxes for the highest 10% income earners.

This shows precisely why Canadians have to look very carefully when people make representations such as the Reform Party and the Conservative Party have made. They have provided very little factual information. It has been more rhetoric than accuracy.

I hope all members will take to heart that in our income tax system only 10% of Canadians make more than \$60,000 a year. Across the board tax increases, particularly those that affect those at the highest marginal bracket, are not in the best interests of all Canadians. That is why this government has provided tax relief targeted directly and more specifically at low and middle income Canadians.

• (1255)

**Mr. Ken Epp (Elk Island, Ref.):** Madam Speaker, I appreciate the participation of the member opposite who is a member of the finance committee. I believe he is a very astute member of that committee and mostly does his math right.

I was very interested in his presentation of the facts. I believe his characterization of our members is not accurately portraying the facts and is probably a bit of stretch, if I can be kind. We do have a deep desire on this side of the House to deal with the facts, to debate the issues and to avoid personal attacks such as we get from the member who spoke before him over and over again to the point where it really does decrease the respect people have for members of parliament.

He thought Reform's agenda was just to reduce the taxes for those who make over \$60,000. We know there are marginal tax rates which are so very important to many Canadians, in particular to poor Canadians. If we take into account moving out of the income bracket where one is eligible for some of these so-called benefits the Liberal government and the Conservative government before it arranged in the tax system for people, when we think of the loss of eligibility for those programs, as one's income goes up the effective tax clawback or tax rate on that marginal income is extremely high.

Unfortunately I do not have the numbers with me but one the calculations I saw put that number at around 60%. I think the income level was around \$25,000 a year for a family. If it earned more money because of the total impact not just in the tax scheme but on the family budget, it meant that basically some 60% of its additional earnings was lost. It was not effective to give it more income.

With respect to the so-called rich, we know that many families earning \$60,000 and more are just ordinary families nowadays trying to make ends meet. Both people are working because they

cannot live on one income. Many of them are forced into that. We know that the marginal tax rate is around 50% when one combines federal and the provincial taxes. I do not think that I have ever heard of a person whose annual income is \$1 million a year paying anywhere near \$500,000 in taxes. For the hon. member to accuse us of wanting to give a tax break to the very wealthy is perhaps empty because it seems to me that the very wealthy already do avoid those taxes.

**Mr. Paul Szabo:** Madam Speaker, again, these are two very good examples of how the presentation of information would tend to lead to one conclusion because it is explained in a very selective way.

If someone has worked for some time during the year and would be off due to layoff or for whatever reason and qualify for benefits and receive those during the same taxation year, under our system of employment insurance now Canadians who make over \$48,000 and also have received employment insurance benefits would be required to repay a portion of that based on how much income they earned over \$48,000.

The Reform Party has just described a situation and talked about 60% tax rates and so on. Reformers are basically saying if someone made \$60,000 and part of that was employment insurance benefits and they had to give it back to the government because they made too much money, that would be effectively a 100% tax rate. That is how they get these high numbers because they assume if one has to give back what they should not have received in the first place, it is equivalent to a 100% tax rate. It is the exact argument that was used with regard to the proposed seniors benefit.

• (1300)

The member raised a second item with regard to whether a million dollar taxpayer pays \$500,000. He pays a 17% federal rate on the first \$30,000, 26% on the next \$30,000 and 29% on anything in excess of that plus 50% federal. If it is an employee with a T4 slip he or she will pay very close to \$500,000 on a million dollars of taxable income.

**Mr. Ken Epp (Elk Island, Ref.):** Madam Speaker, it is interesting to debate this issue today. I remind all members present, at least those who are awake and paying attention, that we are debating Bill C-72, an act to amend the Income Tax Act and to implement some of the measures announced in the budget not this year but last year. I took note of the fact that it was on February 24, 1998 that the budget speech was given which promoted and put into effect the issues we are now debating.

I need to take the first few minutes of my speech to talk about that process. I have high respect for the Government of Canada, not necessarily the government that is currently in power but for the concept of government in Canada. I have a high respect for

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democracy and it is appropriate for us to be aware that there is a serious flaw.

Traditionally budget measures are kept secret. There are some valid reasons for that. It is possible that if people know in advance of substantial changes in tax structures or government benefits or programs they could either buy low and sell high or make some other financial decisions that could benefit them a lot personally. It has been a tradition that budget matters have been confidential.

However, we have noticed in the last three or four years that the budget is not confidential at all. I think the Liberals are trying to deal with one of the problems arising from this fact. They are getting a smaller and smaller kick from the budget speech since most of the details are announced on Monday and the speech is given on Tuesday. They selectively and incorrectly leak information to the press.

Another thing that is rather inappropriate—and it is not that people have a chance to talk about it before the budget is announced, though that is a violation of a principle of parliament—is that we have no way of influencing the budget. There is no mechanism in Canada's parliament to actually change these things because of the way it happens.

The finance minister, probably the Prime Minister and several other bureaucrats sit in a small room somewhere and come up with these schemes. It is no secret that a lot of these schemes are based on political considerations in the hope of getting re-elected. Besides that a great deal of attention is paid to messaging and communicating.

I am in favour of good communication. Let us communicate the truth to the people. The way they communicate is very important because they want people to believe certain things about what they are doing to maximize their chances of re-election. If I can put it bluntly, they just want to look good. I suppose there is nothing wrong with that. My colleague from Crowfoot and I like to look good. There is nothing wrong with wanting to look good but we need to be realistic.

Some 387 days after that budget was presented by the finance minister we are now debating it. It is a farce because at the end of this debate there will be a vote and there is no way we will be able to reverse what the finance minister announced on February 24, 1998. We know that, because government members are forced to vote for these measures. It has to do with the ridiculous notion that if we ever vote against a government money measure it somehow shows lack of confidence in the government and we therefore need to have an election.

• (1305)

While members stand to vote, presumably on Bill C-72, they will actually be standing to declare their desire not to have an

election. That is totally absurd. One should not have to answer one question when the result applies to something totally different.

We in the House need the ability as individual members of parliament to speak and to vote against measures that are to the detriment of Canadian taxpayers. We need a way of amending and actually altering legislation in a meaningful way so that the Canadian citizen, the Canadian taxpayer, is represented in a tangible way that protects his or her interests.

The NDP member from Kamloops actually stole part of my speech. In preparation for speaking today I obtained a copy of Bill C-72. I know, probably more than anyone in the House, that I cannot use props. This is not a prop. It is just a copy of a 157 page bill.

As an opposition member of parliament whose job it is to find ways in which legislation can be improved and to give alternatives to the Canadian people, I find it distressing that the things announced by the Minister of Finance over a year ago could be brought before the House in a bill that was tabled on March 16, 1999. Today is March 18. The bill was first introduced a scant two days ago. As I have said it is 157 pages long in both official languages. We could cut it in half in terms of functional reading in either one of the languages.

The member from Kamloops read a part of the Income Tax Act and we all just about broke up. It was a comedy act. It was an endless stream of incomprehensible gibberish. I did not even look at the Income Tax Act. I looked at the bill which amends the act and other acts. The bill amends the Canada-U.S. Tax Convention Act, the Income Tax Conventions Interpretation Act, the Old Age Security Act, the War Veterans Allowances Act and certain acts related to the Income Tax Act.

I did the same as the member. I opened Bill C-72 and began to read it. I will not perform the same act he did because it would look as if I were copying him. However, when preparing for my speech I thought I should just read some of the bill so Canadians would know how convoluted it is. Let me read from page 104:

—if the completion date in respect of an eligible amount received by the individual was in the preceding tax year, the total of all amounts each of which is designated under subsection (3) by the individual for the particular year or any preceding taxation year included in the particular period, and

(b) in any other case, the amount designated under subsection (3) by the individual for the particular year.

That is only one of the sections. I suppose if we really worked we could understand it, but it is very complicated. There are also formulas that apply in the Income Tax Act. It goes on and on. It is totally convoluted.

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● (1310)

We need a debate on the issue before us which gives us the ability to look at the bill in detail and to propose amendments. We need a mechanism in parliament whereby we could say that an amendment was necessary. If we are able by debate to persuade the majority of members in the House, regardless of what their whips tell them, that collectively in our wisdom something should be changed, then it should be changed. It should not involve a vote of confidence in the government. It should not involve the question of having another election. It should be that we are making a law for the people and should do it better. There is no mechanism to improve anything.

We are debating a bill over a year after the budget was presented. In the end we will go through a robot-like vote and it will be passed. It will go to the Senate and will be passed. Everything is done in lock-step. It is just absolutely ridiculous.

I have a quote which I have used in the House before. It will read it again because it is appropriate. There are endless convoluted rules. We need tax lawyers to compute one page of it. I suppose one could say it is a classic. It is by Alexis de Tocqueville, a very famous historian and politician who visited America and wrote a four volume book called *Democracy in America*. He observed how democracy works. I am a defender of democracy, but I am also not so naive as to think we have reached the apex of what it can be. There are a lot of areas to improve. It reads:

—after having thus successfully taken each member of the community in its powerful grasp, and fashioned him at will, the supreme power then extends its arm over the whole community. It covers the surface of society with a network of small complicated rules, minute and uniform, through which the most original minds and the most energetic characters cannot perpetrate to rise above the crowd. The will of man is not shattered but softened, bent and guided; men are seldom forced by it to act, but they are constantly restrained from acting. Such a power does not destroy, but it prevents existence; it does not tyrannize, but it compresses, enervates, extinguishes, and stupefies a people, till each nation is reduced to be nothing better than a flock of timid and industrial animals, of which the government is the shepherd. I have always thought that servitude of the regular, quiet, and gentle kind which I have just described might be combined more easily than is commonly believed with some of the outward forms of freedom and that it might even establish itself under the wing of the sovereignty of the people.

I believe that is what is happening here. I am amazed at the amendments in the bill with respect to deducting RRSP money from tax when used to educate children. On the surface it looks like a wonderful idea because one can avoid paying taxes on some income. I ask a fundamental question. What business is it of any government to so minutely control all my financial decisions by having such a high tax rate that the most important decision I can make is how to avoid paying taxes?

The government, through pages and pages and pages of Income Tax Act and amendments thereto, controls every minutia of my life and the life of taxpayers out there. They have to decide to do one thing instead of another. If they do not they cannot survive because the government confiscates the money. That is a wrong basis on which to govern.

● (1315)

It is time that we got some economic freedom. We always talk about freedom. We are economic slaves to the government. Half or more of our income is confiscated by the different levels of government which totally takes our freedom away from us.

It is to the point where families have to make decisions against their initial will that both parents will enter the workplace to provide for their own needs of life and for their family. People are crunched into the corner. Who looks after the children while both parents are working? The government imposes so many high taxes on them that it is a necessity to go to work. Meanwhile they are taxed to death. Half of what they earn goes to taxes.

I mentioned the example before. We have municipal taxes. We have provincial taxes. We have income taxes. We have excise taxes. We have import taxes. We have sin taxes. GST, HST. It goes on and on and on. Every penny of GST we pay we have already paid income tax on and the government takes more of the money that has already been taxed and taxes it some more.

The same thing is true for my property tax. In Canada, I cannot reduce my taxable income by the amount I use to pay my property tax. I can if I am in business. Then there is a different rule, another minute rule that controls our lives.

I am a husband with my wife trying to provide a place for my family and I have to pay taxes to provide the basic services in my community. I would venture to say I get a much more substantial tax kick out of my municipal taxes than I do out of my federal taxes in the amount paid and in what I personally receive in benefits for myself and my family in terms of services.

Every time I pay those taxes, say they are \$2,400 a year, I have to earn \$4,000. I earn \$4,000. The federal and provincial governments take 40% of it. I am left with \$2,400. I write a cheque to the county where I reside and my \$4,000 of earnings is gone. Bingo, just like that. Zip. There is not a thing I can do about it.

Meanwhile, we have all the minute details in this budget that say “We want you to do this and we want you to do that”. The tax code is arranged so that the government controls to the smallest detail how a person spends the money they earn. I do not believe it is entitled to do that to the degree it is done in this country. It has gone completely overboard, totally.

I do not know if we will ever be able to achieve the system we had when I was a student. This bill has some new rules on interest payments on student loans. The Liberals in this government and the Conservatives before them, have arranged for the financing of students by putting a burden of debt on their backs that crushes them.

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They not only have their share of the federal debt and the respective provincial debts which is \$20,000 or \$25,000 per person. Students, our pages here, each one of them without having lifted a finger already probably owes \$20,000 of federal debt and at least another \$10,000 of provincial debt. There they are with a \$30,000 debt on their backs and they have not graduated from school yet.

What does this government and the government before it do? They arrange for these students to be able to get student loans while the costs of education are rising exponentially. As a result, we are told that many students now have student loans of \$50,000 or \$60,000 when they graduate.

It sounds so wonderful. Bill C-72 says “We are going to make it nicer for these students. We are going to allow them maybe even to get forgiveness for part of their loan. We are going to allow them to reduce their taxable income by the amount of their loan”. That sounds wonderful, but it is a crock. It is a shame. It is a crime that they have that debt load in the first place. Why are citizens of this country. Why can we not provide a means of education that students can afford?

• (1320 )

I am almost embarrassed about the fact that when I was a student I earned more money in the summer than what I needed to live all year. That included my housing, my food—I did not eat much, one can tell—my tuition, my books, everything, and I had money left over.

Students nowadays are lucky if they get a job and they are burdened with debt. That has to end. Bill C-72 is more of this nitpicking changing of little rules to control our lives. It does not address the big problem at all.

**Mr. Rob Anders (Calgary West, Ref.):** Madam Speaker, I would like to ask my colleague about one of the saddest things I have seen since being elected to the House of Commons.

Mr. Unger, a constituent of mine, came into my office. He had trouble with regard to a disability payment. He was having some clawback with regard to his CPP and OAS. We looked into Mr. Unger's case to see if we could help him out.

It was one of the saddest things. This man had been married to his wife for over 30 years. He came in with his wife, they sat down and told me that they had divorced because there were tax advantages in their being two separate entities. They had ended over 30 years of wedded bliss just so they could take advantage of those tax incentives by being separate on their tax forms.

My hon. colleague has referred to some of these rules and regulations. I would like him to speak on the matter of rules,

regulations, clauses and all the rest of these little details in the tax act.

The Ungers are not the only ones to have come into my office. The saddest thing about the Unger case and the reason it stands out in my mind is that Mr. Unger died before we could rectify his case. It was a crying shame. I have had several people come into my office who have divorced after tens of years of marriage to take advantage of those tax loopholes.

I would like the hon. member to comment on tax rules that advocate and force people into those types of situations.

**Mr. Ken Epp:** Madam Speaker, it is really sad. If we stop to think about it, this is incredibly sad. I used the quotation from Alexis de Tocqueville. One of the words is “tyranny”. We can use these tax rules to tyrannize our population, our citizens.

The member has obviously brought forward an example that all of us have encountered as members of parliament. People say “If I did this or if I did that, if I got divorced instead of staying together with my wife or my husband, I would actually gain in the tax code”. If we in this place cannot arrange for a tax code to be neutral on those decisions, then we are not doing our jobs here.

I would like to see the government resign over this and call an election. I know that might hit the news tonight but it is so serious and that is what should happen. We should have an opportunity as Canadian citizens to say to our government, “You do not have the right to put that kind of minute rule into the tax code that will affect that very important decision”. We are living in an age when so many decisions are made based on tax rules.

I remember not long ago I went to a one day seminar on retirement planning. I came out shaking my head. About 85% or 90% of the time was spent on how to avoid and defer taxes. Only about 10% was spent on how to make wise decisions and how to set up plans, what is the best vehicle to provide for a retirement.

Of course, I am interested in this because having opted out of the MP pension plan I am looking after myself and my wife. There again, I cannot use the RRSP deduction for my wife who is dependent on me. We made that choice. She does not directly earn my income. She definitely shares in the work of earning the money we have as a family but I cannot use it. If we were to make another decision on how we run our lifestyle, then this would be available. The tax code ought to stay out of my life.

• (1325 )

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, it is always interesting to hear the

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Reform Party. It is the opposition party so its job is to oppose regardless of what provisions come before it.

The Reform Party did provide a prebudget submission. It called for some \$25 billion in cuts which essentially would have to be paid for through program and service cuts. We already know the Reform Party would cut \$3.5 billion out of the CHST. The hon. member talks about a concern for health care. The CHST goes to support provincial governments in their pursuit of funding post-secondary education. Would he cut research and development or is it the child tax benefit?

It is easy to stand up in this House and say everything the government is doing is wrong and that they can do it better. The challenge comes—

**An hon. member:** That is what you used to do.

**Mr. Tony Valeri:** The hon. member across the way said that is what we used to do. Canadians expect something more than that kind of heckling from the member opposite. Canadians are looking for progress and the ability to enter the next millennium on a solid basis.

We have balanced the budget. I only point to the member for Medicine Hat, the Reform Party's finance critic, who commented on the 1998 budget which is the bill we are discussing. Perhaps the member opposite could stand up and comment on the comment made by the member for Medicine Hat who said "It does make it hard to criticize. It is a significant financial accomplishment". That was said by the member for Medicine Hat, the finance critic for the Reform Party.

At least the members opposite could stand up and say although they may not agree with every measure, there are measures in the bill which they feel they can support, and that they can support the general direction of the government which is to ensure that Canadians have a better future.

The member cannot question the ability or the intentions that we as a government and as members on this side of the House will continue to represent constituents in the best possible manner we can. There are elements in this bill that support where Canadians want to go and we will make sure they get there.

**Mr. Ken Epp:** Certainly, Madam Speaker, all my life I have been a positive person. I have always said there is a little bad in the best of us and a lot of good in the worst of us.

Yes, there are some things in this bill which are good and which are commendable. If the hon. member opposite requires the ego trip of having a Reformer commend him, I would say I commend him. I commend him for making some of these changes because they are in the right direction but fundamentally the whole philosophy is still wrong.

If \$1,000 has been taken away from a family every year, why should the government be patted on the back because now only \$500 will be taken? I know it is taxation and it is legitimate. It is legitimate to have a level of taxation but what we have here is the government intruding into the minute details of our lives and I would like to just get the government out of my face.

In terms of financial positions, our overall philosophy is very clear. We believe in leaving more of the money that individual taxpayers have earned in their own hands. That is the overriding philosophy. I believe in that very strongly.

I do not believe we should coerce Canadian citizens into an act of submission and say to the government that they will give it half of their earnings.

Members may want to check *Hansard* for one of my previous member's statements where I talked about a theft. A guy came into my house and took half of everything I had. I phoned the police but they would not help me because the guy who took half of everything I had was the taxman. I would be the one who would get into trouble if I did not help him load. That is what is happening here.

The taxation levels are way too high. That is why families are in financial distress. Their total family income is adequate but the total tax bite is so large that they cannot make ends meet. That is a reality. I think it is time that this government woke up to it. At the same time there are some measures here which will slightly lessen that onerous load. For that I guess we ought to get down on our knees and say we are grateful.

• (1330)

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Madam Speaker, I am pleased to take part in the debate at second reading of Bill C-72, an act to amend the Income Tax Act and to implement various measures announced in the 1998 Liberal budget.

Members will remember—and I will be pleased to remind it to those who do not—that, in 1998, when the Minister of Finance tabled his budget, we strongly criticized it. We particularly condemned the unfairness and the injustices contained in that budget, such as the fact that the Liberal government was using funds—and I am referring to the employment insurance fund—that belonged to workers and employers to finance inadequate measures, given what the Minister of Finance could do, in 1998 and this year, to help improve the well-being of Quebec and Canadian taxpayers.

That basic criticism still applies. What we had against the 1998 budget still holds true today.

At the same time, the Bloc Québécois said there were certain measures in the budget that represented an improvement, given the unfairness and flaws of the tax system. Some of the measures

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announced in the 1998 budget had been promoted by the Bloc Québécois since the 1993 election.

The bill to implement the 1998 budget, namely Bill C-72, which is before us today, does provide measures that are improvements. Take for example the \$500 increase for the personal tax credit, the reduction in the personal income surtax, the home buyers plan, the RRAP for the disabled, and the tax credit for interest on student loans.

This was one of the first measures the Bloc Québécois proposed to the government as a way to help students in a general reform of personal income tax. It has taken some time coming, but at least the government is vindicating the Bloc Québécois.

There are also measures such as the educational tax credit and the child care deductions available to eligible part time students. We also encouraged this sort of measure, and it appeared in the 1998 budget.

The Bloc Québécois also advocated deductions for child care costs in general terms. Although in Quebec, with its government's excellent policy on \$5 daycare, the importance of the deduction will decrease. But Quebecers and Canadians still currently benefit from this measure.

On the maximum \$1,000 deduction for volunteer firefighters, we supported this measure following representations by volunteer fire brigades.

On the subject of raising the ceiling on investment in labour sponsored venture capital firms from \$3,500 to \$5,000, we would have had a hard time opposing it.

Let us render unto Caesar what is Caesar's. The Bloc Québécois had proposed these measures as a step in the right direction. In general terms, however, and I will provide reasons later in my remarks, we found that the Minister of Finance did not do his job well and could have done a lot better had he not so brazenly hidden since 1994 the true picture of public finances and especially the operations surplus he could have used on measures much more consistent than these.

Nevertheless, these little measures following one after the other were positive and, in our opinion, remain so and therefore we are a little hard pressed to reject the whole thing saying it is a matter of the past, should be set aside, with the result that taxpayers who should be benefiting cannot.

• (1335)

We are not completely comfortable with the amendment moved by the Reform Party, which reads as follows:

this House declines to give second reading to Bill C-72. . . since the principle of the bill fails to address the federal tax system to end discrimination against single income families with children.

We agree with the Reform Party with respect to the content, but not with respect to the political approach they wish to take.

Just because one fundamental unfairness in the tax system has not been eliminated does not mean we should toss the whole bill out, that we should decline to go to second reading, even though the bill contains certain amendments.

If we were to support the Reform Party amendment, we would find ourselves in the situation of creating more unfairness than the Reform Party claims to be eliminating. This makes no sense.

If, for instance, we rejected the \$500 increase in the basic personal tax credit, if we rejected the elimination of the surtax for individuals, if we rejected the tax credit for interest on student loans, would we be helping people in any way? Would we be helping single income or other families?

As to the content, an overhaul of the tax system is clearly in order. The Bloc Québécois was among those who supported the Reform Party in its efforts to eliminate the astonishing spread between the amount of tax paid by a single income family with children and the amount paid by a two income family with children whose total income was the same.

There are also other inequities in the tax system. We will do what we can, as we have since 1993, to improve the situation.

But we cannot approve of the Reform Party amendment. We would be shooting ourselves in the foot, and only increasing tax inequities by rejecting Bill C-72.

That said, if this might have seemed to be bouquets for the government, now I would like to add some brickbats. Exactly like the 1999 budget, the 1998 one contained precisely the same fundamental defects for which we criticized the Minister of Finance when he brought down his latest budget.

The minister has hidden the true face of public finances. In so doing, he is not presenting the real possibilities there might have been for righting the injustices in the taxation system, for example by ensuring that the employment insurance surplus remains in the hands of employers and workers and goes to benefit the unemployed.

He could have done far more for students, for the disabled. Where the fault lies with this Minister of Finance, the same one we have had since 1994, is that he presents budgets to us that contain unreliable figures. He tells us that he done all he can do within the opportunities and the leeway available to him. The problem is that the leeway he refers to is false. He does not give us all the possibilities.

I would remind the hon. members of what we in the Bloc Québécois said in 1998, before the 1998 budget, and again in 1999. We said it in 1997 and 1996 as well. Every year, the minister was



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out by about 60% in his predictions, between 60 and 150% in his predictions of the deficit and surplus, within six to eight months.

We gave him the right figures. As far back as 1998, we told him this, a number of months before the budget “You have the opportunity, all throughout fiscal year 1998-99, to solve a lot of problems, if you just tell us the truth, if you give us the right figures, if you give us the true range of possibilities offered by the actual surplus”.

• (1340)

At that point, members no doubt recall, barely a few months previously, we had tabled an analysis by the Bloc Québécois, well received by the Minister of Finance, of ways to reform the personal and corporate tax system.

We had told him that he could as of that point—in 1998—start changing personal taxes over a 12 month fiscal year by fully indexing tax tables. He could have done so.

In 1998-99, we had set the surplus he would realize in the fiscal year at a minimum of \$10 billion. Here we are in March 1999 and we see that the surplus for this fiscal year will indeed surpass \$10 billion.

He could have corrected these basic injustices, but he did not, and this is what we are criticizing today.

The measures set out in Bill C-72 represent some improvement, but it is minimal compared with what the Minister of Finance could have done, this minister who is too lazy and who lacks imagination and transparency when he reveals the true picture of public finances.

I will simply give the House an example of the unfairness of the tax system at the moment because it is not indexed. Let us take, for example, the basic personal exemption in federal income tax.

In the 1998 budget, the minister proposed the figure of \$6,706. The amount that he proposed in 1999, in the last budget, is \$7,131. If the minister had fully indexed that basic personal exemption, it would not be \$7,131 but close to \$8,100 per taxpayer. This is not negligible. The total figure for all taxpayers represents a significant shortfall for Quebec and Canadian families.

The same goes for the spousal amount. Given the proposed amount in the 1998 and 1999 budgets, there is a shortfall of about \$700 in the basic personal exemption. Seven hundred dollars helps make ends meet, particularly if you are in the middle or lower income category and have made the greatest contribution to help this government puts its fiscal house in order. That money would be helpful.

But there is worse. The Bloc Québécois condemned the unfairness resulting from having two different tax treatments, depending on whether there is one or two incomes in a family, and the

amendment proposed by the Reform Party seeks to correct that situation. However, that unfairness is exacerbated and made worse by the fact that tax brackets are not fully indexed.

Take the case of single income family, which pays more taxes than a two income family with the same total income.

Let us assume that a single income family makes \$36,500. That family pays \$1,118 more in taxes than it would if tax brackets were fully indexed.

If we take a two income family earning the same total amount, \$36,500, but with both spouses paying taxes, this family pays \$272 more in taxes than it would if there were full indexing.

There is a terrible imbalance here. Whether we are dealing with a single income family or a two income family, the difference in the taxes paid for an equivalent income no longer make any sense.

If only the tax brackets were fully indexed, as we have been proposing since 1994, since we first set foot in the House. We went further still in our comprehensive review of personal and corporate taxes, but indexing has always been a sort of mantra for the Bloc Québécois.

• (1345)

An examination of the tax rates for the various brackets shows how ridiculous this is. For instance, taxes are 17% on the first \$29,590. With full indexing, and not just on the basic exemptions, the rate would have been 17% on the first \$36,918.

Up to \$36,918, the rate would be 17%, while right now, without indexing, it is 17% only up to \$29,590.

It is the same for everything up to \$29,591, and then up to \$59,180. This second bracket is taxed at 26%. If there had been full indexation on this income level, the 26% tax rate would have kicked in at between \$36,919 and \$73,838, before going up another 3% to 29%.

It makes no sense that, even today, with the means available to the Minister of Finance and the government, we are still at the stage of not having given a minute's thought to satisfying the bulk of Canadian taxpayers by fully indexing income tax brackets.

Merely by fully indexing the \$29,590 tax bracket at the 17% tax rate, taking it up to \$36,918, 70% of Canadian taxpayers would be affected. This general measure would have beneficial results. All taxpayers would benefit, yet the Minister of Finance has not responded to our invitation to correct such an injustice, despite our telling him in 1998 that the surplus for the 1998-99 fiscal year offered him real possibilities for doing so.

Later this week we will be addressing 1999, and again he has not responded. He has preferred a few little measures relating to taxation rather than any overhaul, any overall planning.

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I am beginning to agree with an editorialist at the *Globe and Mail*, who said the other day that the Minister of Finance was perhaps what it took to bring the deficit to zero with measures that were and are totally questionable. However, he may not be the right person to manage growth and surpluses.

When we see over the past two years what this man has done, when there are huge needs and wide open possibilities, I start agreeing with the editorialist at the *Globe and Mail*.

Let us talk about the unemployed. We were saying the same thing in 1998. Things are worse for the unemployed in 1999. In 1998, we rejected the budget of the Minister of Finance for one of the basic reasons we gave for the 1999 budget as well, which is that the unemployed are the real losers. Bill C-72 does not resolve this issue. The unemployed should benefit from the huge surpluses accumulating since 1996 in the employment insurance fund. They will total over \$25 billion at the end of this fiscal year.

Every year, the minister takes \$6 billion that should go to help those hit by the scourge of unemployment. As they are hit by this scourge it is not the time to make them poorer than they are.

Despite what the government said and the figures of the Department of Human Resources Development, only 43% of the unemployed benefit from the employment assistance plan. The CLC cites 36%. He preferred to keep these surpluses, set them aside, make himself look good, prepare his run for the leadership rather than help the unemployed.

Our basic criticisms remain. The basic criticisms of the Reform Party remain as well.

• (1350)

Unfortunately, the amendment is drafted in such a way that, if we agreed to it, we would be creating an even greater injustice for people with a disability and for students, among others, and we are not prepared to do that.

[*English*]

**Mr. Rob Anders (Calgary West, Ref.):** Madam Speaker, I would like to tell my hon. colleague about a situation that happened in my riding. I held a town hall meeting recently. A fellow who is a long time resident fought for Canada during the second world war and, if I remember correctly, Korea. He showed up in my town hall meeting. He waited around until 9 p.m. and stayed after just so he could get some of my time. His name is Bob McPherson. Bob bought Canada savings bonds for each of his grandchildren. He put them in a trust. He said "I don't trust government. I have been around long enough and I have seen all the problems, complica-

tions and everything else. I will get you these bonds and that way you will have something for yourselves when you get older, go to school and you will have a way to be able to pay for it".

I notice that Bill C-72 talks about the registered education savings plans and lifelong learning plans. Bob as a dutiful taxpayer filled out his tax returns and sent them off. As it turns out he expected to get a refund. Lo and behold he did not. It turns out the government said that he owed money.

Bob came to my town hall meeting and he was livid. He said "I do not want to send them a single penny". I had to tell Bob that is not worth fighting RevCan for the amount of money it was. It was about \$47. I said "Go ahead and pay the \$47 and do what you can to fight them because they will hold it against you and charge interest". It was really sad. This man who bought bonds for his grandchildren for their education was being taxed on that even though it was held in trust. The money would never be touched by him or his wife or anyone else.

It was an absolute shame that Bob McPherson was put in a situation where he had to pay more tax to the government because he was trying to help out his grandchildren. At the end of it all when it was all said and done, Bob McPherson pulled the bonds because he thought it was better to give the money to his grandchildren directly than to let the government dig into his pockets and eat into their education fund.

[*Translation*]

**Mr. Yvan Loubier:** Mr. Speaker, I am not sure the hon. member asked a question, but he provided good topics for discussion.

I do not know Bob McPherson's particular situation, what his taxable income or his assets were. There are many circumstances that may explain why, even while trying to help his grandchildren, he ended up having to pay taxes.

What I do know is that, generally speaking, the Canadian tax system is characterized by obvious unfairness and injustices. The hon. member and his party pointed out some of them, and so have we. We expect that, some day, the government will take action because, since 1994, the Minister of Finance has tabled many omnibus bills that were supposed to correct a number of tax provisions. But when we look at the overall picture, we realize that not much has changed.

In fact, I intend to soon ask a question on this issue. Members will recall the family trusts scandal, where \$2 billion were transferred to the United States without any taxes being paid. At that time, the Minister of Finance promised to table a bill in 1999, to eliminate this tax loophole. We are still waiting. We do not remember him talking about that issue this year, and nor do members from the Reform Party.

So, there is a lot to do. The government could do a lot more about education savings plans, so that middle income earners could benefit from them. Right now, these plans benefit first and foremost the privileged in our society, not the middle class, as should be the case, since the objective is to improve access to education.

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the previous questioner raised an issue about someone contributing moneys to a trust and why should they be taxed.

• (1355)

The member should be aware that under the Income Tax Act we have income attribution rules where, if a parent gives money to children under 21, the income from that transfer of asset must be attributed to the parent. If that were not the case, they would be splitting their total investment income with their children. It is only to ensure that people with children do not get a better tax advantage than those without children.

The member raised two issues I wanted to deal with. The last point he made was with regard to RESPs. He stated very clearly that RESPs benefit the more affluent. This is absolutely incorrect. The current grant formula says that every Canadian, regardless of income, who contributes to an RESP is eligible for 20% government grant on the first \$2,000. This is not a deduction on the tax return. It happens to be outside the tax system. The member is absolutely wrong.

I know this member. He is a member of the finance committee. He is an economist by profession and I have heard him speak very well on a number of very complicated issues with regard to the economic condition in Canada. He talked about bracket creep and he laid out that if we had a situation where the income tax brackets had been indexed over the period he was talking about, the first bracket would rise from \$29,590 up to, I believe, \$36,000, the member said.

The member is absolutely right. He should recognize that people who make under \$30,000 a year would not benefit from the bracket creep adjustment. Also, the federal government itself is subject to purchasing power erosion by inflation because we pay salaries to our employees and we pay increased prices due to inflation for our goods and services.

[*Translation*]

**Mr. Yvan Loubier:** Mr. Speaker, briefly, what I said was that one had to have money to be able to put any in a registered education savings plan. The present ceilings are perhaps too high for middle income earners, with the result that they are not contributing as much as they should to these plans.

As for the other question, the point here is not to worry about every little comma and period. The point is to recognize that there are things that need changing in the current tax system.

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My eminent colleague admits that there are inequities in the federal tax system. What he should be doing is bringing all his energy and intelligence to bear on eliminating these inequities.

As for taxpayers earning less than \$30,000, there is certainly work to do here in all categories. I gave the example of people earning around \$30,000, between \$30,000 and \$40,000, which is the bracket into which 70% of Canadian taxpayers fall. That was the example I gave, and it is quite a striking one.

[*English*]

**The Speaker:** We will take up the debate after question period.

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## REQUEST FOR EMERGENCY DEBATE

SPEAKER'S RULING

**The Speaker:** Before we get to Statements by Members I would like to address myself to a letter submitted to me under Standing Order 52 for an emergency debate this evening. This was submitted by the member for Selkirk—Interlake. It was a request for an emergency debate and I have given it very serious consideration. It is with regard to the situation of grain movement due to work stoppages in Vancouver.

I find that it meets the requirements of Standing Order 52 and therefore an emergency debate will be held at 8 o'clock tonight.

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## STATEMENTS BY MEMBERS

[*English*]

### YOUTH

**Ms. Sophia Leung (Vancouver Kingsway, Lib.):** Mr. Speaker, it was my pleasure recently to visit high school students in my riding. I had the opportunity to speak to students at Charles Tupper Secondary School with the Deputy Speaker.

We discussed the policy making process and the role of parliamentarians in Ottawa. I believe it is important to encourage young people to participate in public affairs.

I thank the Deputy Speaker for taking the time to meet with those bright young citizens.

*S. O. 31*

• (1400)

**ABORIGINAL AFFAIRS**

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, Albert Einstein's definition of insanity is doing the same thing over and over again, expecting a different result. A person cannot help but wonder what he would say to the minister of Indian affairs as she sets out to create a new reserve for the Caldwell band in southwestern Ontario.

For over 130 years Canadian aboriginals have been segregated physically through the creation of reserves and legally through the Indian Act.

Legislated segregation has been practised in a number of countries around the world, always with disastrous results.

In Canada, the people who pay the biggest price for the folly of segregationist thinking are the 400,000 aboriginal people living on reserve, where residents often live far below the poverty line, in substandard housing; where teen suicide is five times higher than the national average; where infant mortality is twice as high; and where youth are more likely to go to jail than to university.

Two giants of the 20th century, Martin Luther King, Jr. and Nelson Mandela, devoted their entire lives to the abolition of segregation in their countries. How long will Canadians have to wait before our federal government will abandon its segregationist policies?

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*[Translation]***CANADIAN FRANCOPHONE COMMUNITY**

**Mr. Ted McWhinney (Vancouver Quadra, Lib.):** Mr. Speaker, on March 16, as part of the celebrations marking the importance of the Canadian francophone community, the Government of Alberta announced the creation of a secretariat of francophone affairs, which will put it in touch with its 60,000 francophones and promote their interests.

Eight provinces and the two territories today recognize the contribution of their francophone population and are making it one of their priorities.

We may be confident that the example of Alberta will inspire British Columbia to do the same and to take a more active part in the development of the Canadian francophone community.

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*[English]***CANADIAN WOMEN IN COMMUNICATIONS**

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, Canadian Women in Communications, a national organization

supporting the progress of women in the communications and telecommunications industries, recently held their annual awards gala in Ottawa.

Today I would like to take this opportunity to congratulate three individuals who were honoured at this year's gala.

The CWC employer of the year award went to Rogers Broadcasting Limited. The CWC woman of the year is Phyllis Yaffe, president and CEO of Showcase and History Television. Mentor of the year honours went to Suzanne Boyce, senior vice-president of programming at CTV Inc.

Finally, congratulations to Dr. Veena Rawat, Deputy Director General, Spectrum Engineering, Industry Canada, who was awarded the CWC Trailblazer of the year award.

I would like to congratulate the CWC for its exceptional work in advancing the role of women and recognizing these great achievers. Canada's entire communications industry continues to benefit from their efforts.

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*[Translation]***CANADIAN FRANCOPHONE COMMUNITY**

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Mr. Speaker, yesterday, some fifteen Canadian parliamentarians, including four ministers, shared in the start of Year of the Francophonie with MNAs from Quebec's national assembly.

The purpose of this action was to make people aware that there are francophone legislators from the four corners of Canada. Francophones outside Quebec and Quebecers share a pride in their language and a desire to preserve it.

These legislators gathered in order to highlight the vitality and richness of French culture and to promote an interest in sharing this linguistic heritage in Canada.

The meeting also provided a forum to discuss the francophone situation in Canada.

Long live the francophone community in Canada.

\* \* \*

*[English]***THE LIBERAL PARTY**

**Mr. David Chatters (Athabasca, Ref.):** Mr. Speaker, once again the Liberals are talking the talk but will not walk the walk.

We all remember that when it came time to help the victims of hep C, the Liberals claimed to care and had widespread backbench support for compassionate assistance to victims. Yet when it came time to turn words into action, all the Liberals bent to the whip and

voted against helping all Canadians suffering from this terrible disease.

More recently, when dealing with the child porn issue, many Liberals signed a letter to the Prime Minister stating their support for the use of the notwithstanding clause. However, we all saw which notwithstanding clause they chose to use, the one that states "Notwithstanding what Canadians think, we're only going to do what we're told".

On March 16 a petition with the names of 50 Liberal members was presented at a press conference. This petition stated their objection to the government's support of a nuclear reactor in Romania. There is just one thing: not one Liberal had the courage to show up at the press conference.

Are these Liberals really principled people or simply sheep?

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#### NUNAVUT

**Mrs. Nancy Karetak-Lindell (Nunavut, Lib.):** Mr. Speaker, this weekend a Nunavut women's conference will be held in Rankin Inlet.

Women from all over Nunavut will discuss current women's programs, women's representation by and to government, and ways to support and develop women in leadership roles. They will make recommendations for consideration by the Nunavut legislative assembly. I am pleased to be a participant in this important event.

• (1405)

April 1 is fast approaching and I know Nunavut residents are excited about the new public government which will be in place.

[*Editor's Note: Member spoke Inuktitut*]

[*English*]

I look forward to working with the premier elect, Paul Okalik, his cabinet elect and the new Nunavut legislature on the challenges facing our residents.

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[*Translation*]

#### CATHERINE GIRARDIN

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, I proudly and enthusiastically extend my congratulations today to Catherine Girardin, a young lady of 16, who has brought honour to Quebec, to her culture, and to her language.

Last week she was named top young journalist by the Conseil pédagogique interdisciplinaire du Québec, and awarded their prix du Mérite du français en éducation.

*S. O. 31*

Today, on the occasion of the Journée internationale de la Francophonie, she has been named top young journalist by the Association canadienne de l'éducation de langue française.

On behalf of the Francophonie, on behalf of Quebec, on behalf of the Bloc Québécois, and on my own behalf, I again offer Catherine my congratulations and encourage her to continue to strive for excellence, to promote the French language that is so dear to our hearts, and to put her immense talents to the service of the advancement and emancipation of Quebec.

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#### PARTY QUEBECOIS

**Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.):** Mr. Speaker, this is not the first time the Parti Québécois has run into political contradictions.

This morning we learned that the government of Quebec is refusing to take part in the launching of the Year of the Francophonie in Canada.

In justification of its refusal, it refers to the concept of Quebec as a "historical focal point". According to the PQ government, "Quebec is a historical focal point of the French language in North America".

Yet, on April 17, 1996 Lucien Bouchard leapt at the throat of the federal government. Why? Because he wanted to attack this same notion of principal focal point, which our party had raised a few days before.

This is a major contradiction. According to Mr. Bouchard, the focal point concept was just one more proof that renewed federalism is impossible within the context of Quebec's fundamental aspirations.

The Parti Québécois plan is to hobble Quebecers and prevent them from developing within Canada.

\* \* \*

[*English*]

#### CANADIAN FARMERS

**Mr. Howard Hilstrom (Selkirk—Interlake, Ref.):** Mr. Speaker, this government has failed farmers one more time.

It took the Liberals more than a year to acknowledge the farm income crisis. Their lack of policy direction in grain transportation has paralyzed reforms. Now their inability to negotiate with their employees has shut down western Canada's grain industry.

Grain farmers are facing one of the worst financial years in decades. Every day of this strike \$6 million worth of farmers' grain is not reaching market.

The government was told for years that these workers are essential to Canada's grain industry. It has been told that final offer

*S. O. 31*

arbitration is the best way to resolve these disputes. It refuses to listen. Now the grain trains have been stopped one more time.

Farmers are innocent third parties of this labour dispute. They cannot understand why this government is not committed to a course of action to get the grain flowing. Many are wondering if the government even cares.

I acknowledge the wisdom of the speaker in authorizing the emergency debate on this issue tonight.

\* \* \*

**THE REFORM PARTY**

**Mr. Steve Mahoney (Mississauga West, Lib.):** Mr. Speaker, in the last election Reform said that Canadians want an official opposition that is loyal to Canada.

On the eve of the last Quebec referendum the Reform leader was on the phone with the American ambassador negotiating the breakup of Canada. Last summer the Reform leader told Asian investors that the Canadian economy was on the verge of a crisis. In recent days Reform has criticized independent studies which show Canada as the best place to do business in the world. Not so says Reform. Canada is horrible it says.

Now we learn that the Reform Party has been quietly providing information to the Brazilian government to assist it in a trade dispute with Canada. It should apologize to all Canadians for its disgraceful actions and its attempts to sabotage our economy. I know it is having trouble showing loyalty to its leader these days, but it is high time—

**The Speaker:** Order. Colleagues, questions about loyalty on one side or the other, I do not know whether they do us any good. We are all Canadian members of parliament. I would ask you, colleagues, since we have so much to talk, perhaps we could steer away from that topic.

The hon. member for Beauséjour—Petitcodiac.

\* \* \*

• (1410)

[*Translation*]

**CANADIAN FRANCOPHONE COMMUNITY**

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Mr. Speaker, linguistic duality is a value deeply rooted in all regions of the country. It is a value fundamental to Canadian unity. 1999 is the Year of the Francophonie in Canada. From sea to sea, we are celebrating the contribution made by millions of French-speaking Canadians to our country.

I am proud that Canada's first francophone games will be held in my riding of Memramcook from August 9 to 22. I congratulate the

inhabitants of Memramcook and urge all Canadians to come to the games and pay a visit to the heart of Acadia.

Southeastern New Brunswick will also play host to francophones from around the world at the Sommet international de la Francophonie to be held in Moncton in September.

In this Year of the Francophonie, the NDP hopes that one of the first things the government will do to demonstrate its commitment to francophone communities will be to respect the Official Languages Act.

On RDI this morning, journalist Rosaire L'Italien received only an English copy of the kit announcing the year of the Francophonie. How are we to take this government seriously?

\* \* \*

**FRENCH LANGUAGE**

**Mr. Paul Mercier (Terrebonne—Blainville, BQ):** Mr. Speaker, in this week celebrating the French language, I wish to express my pride in my mother tongue, a prestigious vehicle of freedom since the start of the millennium.

Magna Carta, the cornerstone of English democracy, was signed in 1215 on an island in the Thames by a king and barons who spoke French.

French was the language of the 18th century texts enshrining the freedom of nations and of individuals: the Déclaration des droits de l'homme et du citoyen and, earlier, the immortal works of Montesquieu, Rousseau, Voltaire, and many others.

Quebec demands the right to defend the interests of this noble language at all international forums.

If this right were not absurdly denied by this government, the two founding nations of this country would work together harmoniously for the international defence of the equally prestigious French and English languages.

But that is obviously a pipe dream. Only through sovereignty will we be able to fully exercise our right to defend our own language throughout the world.

\* \* \*

[*English*]

**THE REFORM PARTY**

**Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.):** Mr. Speaker, recently the Reform Party called upon francophone Canadians to cross political and linguistic lines to join the united alternative.

It is clear that most Reform members are too hard-headed to ever drop their anti-French stance.

*Oral Questions*

Last week Reform members said that Canada is not a bilingual country. This is news to me and I suspect it is news to most Canadians across the country.

Now Reformers are complaining, as quoted in the *Globe and Mail* today, “The country is being run by francophones. You sigh and you whine and you snivel, and you get the money. . . and if you say anything about it, you’re a bigot”. That is what the member for Yellowhead said. That is just rubbish.

Reformers should realize the benefits of being a member of both the Commonwealth and la francophonie. Canada’s diversity is its strength, not something that should be wiped out as most Reform members seem to think.

\* \* \*

**YEAR OF THE FRANCOPHONIE**

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, I rise today as a proud western Canadian to pay tribute to Canada’s francophones on the Year of the Francophonie in Canada.

Yesterday’s offensive comments by the member of the Reform Party for Yellowhead further underline the need for Canadians to proudly support our francophone population.

[Translation]

Unlike the Reform Party, the Progressive Conservative Party of Canada respects the linguistic duality of our country. We understand the need to support and celebrate our participation in any organization that can promote the French language.

[English]

I challenge the members and leadership of the Reform Party of Canada to stand and be heard on this issue. If the Leader of the Opposition agrees with the member for Yellowhead that the country is being run by francophones, let him stand and be heard. If he believes that Ottawa has been frenchified, let him stand and be heard.

The Reform Party will never understand the history of this great country because it refuses to accept Canada’s linguistic duality. That is also why the Reform Party will never form government.

\* \* \*

[Translation]

**RACISM**

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, on Sunday, the whole world will celebrate the International Day for the Elimination of Racial Discrimination.

Unfortunately, even though institutional racism has become much less prevalent on our planet over the past several decades, it still exists in some areas.

• (1415)

On February 25, B’nai Brith Canada announced that, in 1998, the number of anti-Semitic incidents in Canada had gone up 14%, even though our country is among the most tolerant ones.

If we only take into account cases of harassment, the increase is even greater, at 29%. It is all too easy to find scapegoats, particularly among groups that have historically been subjected to such treatment.

The laws have changed, but the battle has not yet been won. Just think of the aboriginals and other visible minorities.

I call upon the members of this House to reaffirm—

**The Speaker:** We will now move on to oral question period. The hon. leader of the official opposition.

**ORAL QUESTION PERIOD**

[English]

**THE ECONOMY**

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, Canada’s standard of living is falling. The government gets richer but Canadians get poorer. According to the industry minister, high taxes and high debt rob each Canadian of \$7,000 a year or \$28,000—

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

**The Speaker:** Order, please. The hon. Leader of the Opposition.

**Mr. Preston Manning:** Mr. Speaker, according to the industry minister, high taxes and debt rob each Canadian of \$7,000 a year or \$28,000 for a family of four.

How can the Prime Minister deny that his high tax, high debt policies are hurting our standard of living and that the income gap between Canadians and Americans is \$7,000 per person and growing?

[Translation]

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, here in Canada six years ago we inherited a totally desperate situation, a \$42 billion deficit.

We have put this country’s finances in order and have revived the economy. Today, Canada’s productivity is on the rise.

The Leader of the Opposition is using statistics that date back to before the Liberals were in government, but the reality is that 1.6 million jobs have been created since we took office. Our budget is a balanced one and we have the lowest interest rates that there has been for a long time.

*Oral Questions*

These are all elements which impact heavily on Canada's productivity.

[English]

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, what is so embarrassing for the Prime Minister is that while this decline in the standard of living started years ago, it has become worse under his administration. It was falling in 1987, but according to the International Institute for Management Development our overall standard of living was also falling in 1997.

How can the Prime Minister deny the fact that under his policies the gap between the standard of living of Canadians and that of Americans has become \$7,000 per person and growing?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, it saddens me to hear a serious topic like the issue of Canada's productivity challenge distorted by the Leader of the Opposition in this way.

I wish he would read the speech. I wish he would quote a few other parts of it. For example, the federal deficit stood at \$42 billion in 1993 and now it is the first budgetary surplus in 28 years. Our inflation rate has been the lowest in more than a generation. In 1998, 453,000 jobs were created. Canada experienced a bounce back in productivity in 1997. In 1994 we ranked twentieth in the world economic forum's competitiveness rankings and now we rank fifth.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** It looks like somebody got to the industry minister, Mr. Speaker. I do not need to quote from the industry minister's speech. I can quote from the government's own Standing Committee on Finance.

In December it acknowledged our falling standard of living and said it was an indication of a fundamental weakness in our system. We agree. Seven thousand dollars a year may be nothing to the Prime Minister, but it buys a lot of groceries and clothes for ordinary Canadians.

Why can the Prime Minister not see that his high debt, high tax policies are hurting Canadians and hurting them bad?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, in the bizarre, simplistic world in which members of the Reform Party live things are never complicated. I understand that. In this case they need to understand that meeting the Canadian productivity challenge is a long term investment. It means action on the part of government, action like bringing down the deficit, action like bringing down the debt, action like keeping interest rates low, action like giving confidence to our international investors.

• (1420)

At the same time it requires the private sector to invest. It requires the private sector to invest in research and development

and in labour market training. These are the components of productivity. That is where success lies for Canada.

**Miss Deborah Grey (Edmonton North, Ref.):** Oh, to be so blessed with such complexity, Mr. Speaker. Let me quote from the Minister of Industry's speech last month. He said "Our per capita income would have been \$7,000 a year higher. For a family of four, this is a \$28,000 shortfall".

I will give him a few seconds to find that part in his speech because I am sure he would like to refer to it. I believe the Minister of Industry was telling the truth in that report, and he knows it. Does the Prime Minister also think he was?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, of course I was telling the truth in the speech I gave. I was saying exactly the point that the productivity challenge is a real one for Canadians to face.

In the simplistic world in which members of the Reform Party live the solutions are never complicated. They recognize that productivity is part of the solution, but if we promote a program to support research and development in the private sector they are prepared to ignore the fact that it is an important component of productivity. They vote against it. In fact, they do their best to undermine programs that support research and development in the private sector.

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, now we have seen productivity challenged in the flesh. This is just unbelievable.

The date of that speech was February 18 and it was using recent statistics. The place was the Empire Club in Toronto. The topic was Canada's falling standard of living. If it demanded a speech, there must be something to it.

He said that we were poorer than states like Mississippi. He said that we were \$7,000 poorer for each Canadian or \$28,000 for a family of four. That is a chunk of change. Does he stand by his speech, or have the finance minister and the Prime Minister—

**The Speaker:** The hon. Minister of Industry.

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, I stand by the speech and I deny categorically that it says anything of the sort. It is astonishing.

Certainly I compared productivity rates and productivity growth but everybody knows that only leads to standards of living in the future. Again last year, for the fifth time in a row, Canada topped the United Nations human development index. That is where we measure the quality of life in this country.

If the country does not address the issue of productivity, we will face problems with standard of living, but to this point we have met



*Oral Questions*

the real challenges that have been impeding our productivity growth for years.

\* \* \*

[Translation]

**EMPLOYMENT INSURANCE**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, for three years now the Bloc Québécois has been calling for employment insurance changes.

Once again this week the minister has thumbed his nose at the plight of the unemployed and, full of self-importance, has responded to our questions with “Your figures are wrong”.

Is the minister, who has had the real picture of his reform in his hands since 1998, prepared to eat humble pie, to acknowledge that the Bloc Québécois was right, and to make changes in the Employment Insurance Act as soon as possible?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, as you know, we have brought in some very important changes with the employment insurance reform, a reform that was necessary.

We were aware that this reform would have an impact, in some cases a difficult one, on some Canadians. We included the requirement of annual reports within our reform in order to carry out a proper follow-up.

However, I would like to draw the attention of the leader of the Bloc Québécois, who claims to never make mistakes with figures, to the fact that he has demonstrated the opposite today, showing that in many areas there were major holes in the statements made by the Bloc Québécois, and today’s report also demonstrates this.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, if the minister would be so kind as to crawl out of his hole and point out where our mistakes were, I invite him to do so.

He is still keeping his eyes shut, however. This minister continues to turn a blind eye to the sufferings of people, of families, of the poor, of youth, most particularly of young people and women. He has had the figures since December 1998 and has given us nothing but ridiculous answers ever since. He had the figures before the budget was brought down.

● (1425)

Why did he not stand up to the Minister of Finance? Why did he let him dip into the employment insurance fund? Why did he allow him to grab millions of dollars rather than change the legislation, which penalized young people and women?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the suffering of the unemployed affects us as much on this side of the House as on the other. The opposition has no monopoly on compassion in this country of Canada.

I can assure the hon. member of one thing. We have the same compassion for the unemployed, which is precisely why we want to give them the dignity of employment: we want to help them into the work force, we have their good at heart and we do not simply want to take the easy way out and keep them on employment insurance, as the members opposite want to do.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, exactly three years ago today, the predecessor of the current Minister of Human Resources Development, Doug Young, gave me the following answer on the subject of employment insurance, and I quote:

We believe that women and young people will benefit from this system. If we see that the results are not in keeping with the objectives of our program, we will obviously have to correct them.

Will Doug Young’s successor, the current Minister of Human Resources Development, honour the word of his predecessor and correct the enormous failings of the employment insurance plan, which are hard on women and young people?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, some claim the young should be able to draw more employment insurance benefits. We think young Canadians must have the opportunity to get a good education and hold good jobs. That is what we are trying to do on this side of the House.

Most young Canadians share these values with us. In fact, 143,000 new jobs were created for young people in 1998, the best performance in 20 years. That is what young people expect from good government.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, for three years now the unemployed have served as guinea pigs for this government.

Does the minister not think that this has gone on long enough, that the unemployed have done without long enough and that it is high time the minister rolled up his sleeve and set to work on improving the employment insurance plan, something the Bloc Québécois has been demanding for the past three years?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, I repeat, the best way we can serve the unemployed is to give them real help to return to the labour market. And that is what we have done: 450,000 new jobs were created in the Canadian economy last year.

*Oral Questions*

There are accordingly far fewer unemployed in Canada than there were. And if we followed the policy the Bloc Quebecois wants us to, we would simply go back to a system that served neither Canadians nor the unemployed.

[English]

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, the labour market is changing dramatically but the human resources development minister does not seem to understand the changes.

In the new economy more and more young people are working part time. In the new economy women are faced with fewer available hours or many are forced into self-employment, and yet these are the very people who are being penalized by the Liberals EI changes.

Why does the government think that attacking women and young people helps them to adapt to the new economy?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** First of all, Mr. Speaker, part time workers were never insured by the employment insurance system. We should first look at the reality. They were not covered before.

What I can say is that indeed I am concerned about making sure that EI treats women in a fair and equitable way. It is very important. Why is it that fewer women have claimed EI in the last year? Is it because 300,000 more women are working in the labour market now, or is it because the system is squeezing them out of it? I am concerned and we will look into it.

• (1430)

[Translation]

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, the minister should read his report, which says that most of the results of the reform were anticipated. The government knew that its reform would hit women and young people harder.

Since the government knew, why did it implement changes that discriminated against women and young people?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, we definitely did not implement such measures.

Some would want us to give EI benefits to young people. I say that, on the contrary, young people want help to continue their education. They want a good education in order to find good jobs on the labour market.

As for women, we must sincerely be concerned about their situation. Is the number of women who claimed EI benefits primarily related to the fact that, in the past year, 300,000 jobs went to women? We have to ask ourselves that question.

[English]

**TRADE**

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, yesterday the WTO ruled against Canada and said that its export dairy pricing policy was illegal. Yesterday the Minister of Agriculture and Agri-Food stood before reporters and said that this would not have any impact on our negotiations in the upcoming WTO trade talks.

In Washington recently we were told time and time again that supply managed systems and state trading enterprises were the number one issue that Americans were going to put on the table.

Can the minister honestly say that this ruling will not have any impact on our trade position?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, the ruling yesterday does not have any impact on the domestic supply management system in Canada. That was not what was before the panel as a challenge by the United States and New Zealand. They did question some of the administration of some of the export of Canadian milk products out of Canada amounting to less than 5% of the milk production in Canada.

We are reviewing the report with all of the partners. We will be deciding on a response to that panel decision next week.

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, if the minister does not take the ruling very seriously, perhaps he should take seriously the comments made recently by the chairman of the U.S. federal reserve, Alan Greenspan. He said this week that Canada and Australia were to blame for the farm commodity crisis in the U.S. We all know that when Mr. Greenspan speaks, America listens. Unfortunately the Minister of Agriculture and Agri-Food and the Minister for International Trade are not listening.

What is the Canadian government going to do to respond to Alan Greenspan and the American producers?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, we are going to respond to Mr. Greenspan and to the realities in the agriculture market today by abiding by the international trading agreements to which we are signatories. I am very surprised that the hon. member is not standing up and supporting supply management rather than being a scaremonger.

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**THE ECONOMY**

**Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.):** Mr. Speaker, in a speech the industry minister has quickly forgotten, and it was only one month ago in Toronto, he talked about

*Oral Questions*

productivity in Canada and if it had grown 1.2% faster we would not have the \$7,000 gap we now have with the Americans leading to a \$7,000 per year per person shortfall in this country. Is he denying that he actually said that?

**Hon. John Manley (Minister of Industry, Lib.):** No, Mr. Speaker. In fact that is exactly what I said. Had productivity grown 1.2% per year faster over 25 years, then the GDP per capita would be \$7,000 higher. But that is simple. Productivity leads to economic growth. That in turn relates to output. Output per capita would be higher if we produced more. That is not complicated.

What is complicated is to determine what the factors are that contribute to productivity growth and how can we improve Canada's standing relative to other countries. That is what I was talking about.

**Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.):** Mr. Speaker, all through that speech he did talk about a productivity growth challenge here in Canada. I guess he has to realize that high taxes and high debt kill any kind of productivity that Canadians care to put forward.

Has the industry minister changed his stance now that the PMO writes his speeches?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, I would be delighted to find someone else to write speeches for me, I can assure you.

Sometimes I think that H. L. Mencken had the Reform Party in mind when he said years ago before they had even thought of it that for every problem there is a simple neat solution that is wrong.

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• (1435)

[Translation]

### OFFICIAL LANGUAGES

**Mrs. Monique Guay (Laurentides, BQ):** Mr. Speaker, today the Minister of Canadian Heritage launched the Year of the Francophonie in Canada.

Considering that the minister spent the week telling us that the federal government was doing a great job looking after the interests of francophones outside Quebec, how does she explain that a journalist from Radio-Canada, in Moncton, could only get a press kit in English?

**Mr. Mauril Bélanger (Parliamentary Secretary to Minister of Canadian Heritage, Lib.):** Mr. Speaker, that clerical error was made by a subcontractor and was corrected immediately.

It is disappointing to see that, while Bloc Québécois members have an opportunity to celebrate and to congratulate and befriend other francophones in the country, they once again choose to nitpick and to—

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

**Mr. Mauril Bélanger:** In the end, despise us.

I find this very regrettable. They are our friends only when it suits them.

**Mrs. Monique Guay (Laurentides, BQ):** Mr. Speaker, the file holder is bilingual, but the content is in English.

Does this not reflect, sadly, what bilingualism is all too often about in Canada? Behind a nice bilingual facade to impress people, things are done in English.

**Mr. Mauril Bélanger (Parliamentary Secretary to Minister of Canadian Heritage, Lib.):** Mr. Speaker, the hon. member was there this morning. She cannot say that it was conducted in English. It was essentially conducted in French.

What is regrettable in all this is the attitude of the Reform Party and of the Bloc Québécois when we talk about the Francophonie. Reformers say that French Canadians run everything, when in fact French and English Canadians share the responsibility of managing the affairs of the country.

As for the Government of Quebec, it claims, through its Minister of Intergovernmental Affairs, that "Quebec cannot, within the Canadian Francophonie, be put on the same level as francophone minorities in the rest of Canada".

Again, they are our friends when it suits them.

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[English]

### TRANSITIONAL JOBS FUND

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, the transitional jobs fund is beginning to look like a Liberal slush fund. First a Liberal bagman named Pierre Corbeil used these grants to shake down companies to make donations to the Liberal Party. Now we learn that just before the last election, the Prime Minister's personal assistant, Denise Tremblay, sat in on a meeting where a friend of the Prime Minister was applying for the grants. The bureaucrats certainly got the message. They came across with \$164,000 in grant money for this guy.

Why did the Prime Minister use his influence to milk this fund for his friends?

**The Speaker:** Again, I ask member to be very judicious in their questions. The hon. Minister of Human Resources Development.

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the very strength of the transi-

*Oral Questions*

tional jobs fund is the local consultations that are required to ensure that the community is advised of the initiatives being proposed.

My department recommended this project for approval because it met all the standard eligibility criteria under the transitional jobs fund. Part of the criteria is to take the input of all MPs in the areas that are eligible for the TJF.

The project continues to meet its contractual obligations and has created the 19 jobs forecasted.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, it sounds like the hon. member is paraphrasing another leader we know, "I did not have personal relations with those bureaucrats; I had my assistant do it".

Who is this guy that government members went to bat for? His name is Yvon Duhaime. He is a three time convicted criminal. Not just that, but he is the guy who took that money losing property off the Prime Minister's hands. It gets worse than that. The Prime Minister's personal assistant actually sat in on the steering committee where Duhaime got permission to get this money.

The message to the bureaucrats was perfectly clear: This is a friend of the Prime Minister's, so let us cough up with the cash. That sounds awfully close to influence peddling.

**The Speaker:** The hon. member for Beauharnois—Salaberry.

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[Translation]

**INTERNATIONAL CULTURAL FORUMS**

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, Quebec's Minister of International Relations, Louise Beaudoin, said she was waiting for the go-ahead from Ottawa before speaking on behalf of Quebec at the Mexico meeting on cultural diversity, which is a follow-up to the Ottawa meeting last June.

• (1440)

Since the Prime Minister said yesterday that he was the one who gave the floor to Quebec, does he intend to give that floor to Quebec in Mexico, as opposed to what he did last year in Ottawa?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, at any conference like this, when a representative from the Government of Quebec or representatives from other provincial governments are present, they can take part in the discussion. The ministers and officials representing the government are very happy to let them speak when they have something interesting to say.

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, last year, Ms. Beaudoin did not wish to take part because she was invited to listen but not to speak.

What explanation can the Prime Minister and the Minister of Intergovernmental Affairs therefore give for both being even more opposed to letting Quebec speak than ministers of a foreign government such as France?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the Pequistes are now demanding the right to speak. When we invite them to celebrate the Canadian Francophonie here in Ottawa, for example, they are not interested. All that interests them is trying to make political hay at the expense of the fundamental rights of all French Canadians in this country.

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[English]

**TRANSITIONAL JOBS FUND**

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, on October 9, 1997 the Minister for Human Resources Development told this House "the Prime Minister has never lobbied or influenced me". How can he possibly say this when the Prime Minister's special representative was sitting in the room when a decision was made affecting his friend?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, if the member is talking about influence peddling or that kind of thing, I can tell her that this is not at all what happened.

There is a large process in which all MPs, including the Reform MPs, and I can give a list of them, are consulted for projects in their ridings. All the Reform Party is saying now is that the Prime Minister is a very good member for Saint-Maurice because he looked after job creation in his riding, like all MPs who are consulted. The transitional jobs fund is a very good program.

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

**The Speaker:** Order. We will go to the next question but I think we should listen to the answers.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Mr. Speaker, if there was absolutely no wrongdoing on this file, in spite of all the smoking guns surrounding it, will the minister undertake today to table all the documents relating to this grant application without a gallon of whiteout spilled all over them?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, I can very clearly tell the member, the House and Canadians one thing.

The Prime Minister's riding office did not intervene any more than did the member for Prince George—Peace River when he was consulted for the forestry project, no more than the Reform member for Okanagan—Shuswap who was consulted for a project in his riding, no more than the member for Nanaimo—Alberni who

was consulted for the Port Alberni marina. We create jobs in regions—

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

**The Speaker:** Order. The hon. member of Roberval.

\* \* \*

[Translation]

#### INTERNATIONAL CULTURAL FORUMS

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, the Minister of Foreign Affairs for France has added his voice to that of his colleague, the Minister of Culture, reaffirming Quebec's right to express itself internationally.

The key spokesperson for the opposition in France has also made the statement that all French politicians were unanimously in favour of Quebec's having this right.

• (1445)

With all these additional opinions being voiced, does the Minister of Intergovernmental Affairs still maintain his profound analysis of last week, which was that France's support of Quebec was merely the result of the inexperience of its Minister of Culture?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, the French Minister of Foreign Affairs has said that he did not believe that his colleague regretted her actions. That is all he said.

The Government of Canada, which has a profound respect for the political sovereignty and territorial integrity of the one indivisible French Republic, always takes for granted that the French government respects the political sovereignty of Canada.

And we would certainly not go stirring up separatism in Guadeloupe.

\* \* \*

#### EQUALIZATION

**Mr. Claude Drouin (Beauce, Lib.):** Mr. Speaker, my question is for the Prime Minister.

In its budget last month, the Government of Canada announced an additional \$1.4 billion would soon be paid to Quebec.

I therefore ask the Prime Minister what became of this money to be paid to Quebec as part of the equalization payment program?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I thank the hon. member for his very relevant question.

In fact, the \$1.4 billion was transferred today to the Government of Quebec, enabling it, for the first time—

#### Oral Questions

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

**Right Hon. Jean Chrétien:** —to put more money into certain programs. It has enabled the government to balance its budget for the first time.

Unfortunately, it is the fault of the federal government.

\* \* \*

[English]

#### TAXATION

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, because of the government's bungling of the growing PSAC strike, millions of Canadians have seen their GST rebate cheques and their tax refunds delayed and held up at tax centres across the country.

This means that money that belongs to Canadians, not bureaucrats or the union, is not available to pay the rent or buy the groceries.

When those Canadians are late in filing their returns they get fines, penalties or jail time. What will the government do to ensure Canadians get the money that belongs to them immediately so they do not have to wait any longer?

**Ms. Beth Phinney (Parliamentary Secretary to Minister of National Revenue, Lib.):** Mr. Speaker, as the minister stated earlier this week, we regret any disruption to services to Canadians as a result of the rotating PSAC strike.

We are extremely concerned because we want to ensure that refunds to which Canadians are entitled are delivered on time. We are watching the situation very closely so we can meet our responsibilities and obligations to taxpayers across the country.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, isn't that lovely. It simply is not adequate for the families that are waiting to pay the rent or to buy their groceries with their cheques held up at government tax centres.

It is fine that the government is watching and is concerned but will it act? How will it act? When will act to ensure that Canadians get the money that belongs to them, not to the government or the union?

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, it is very unfortunate that PSAC would take Canadians as hostages in this kind of event. We regret it as much as the opposition does. The union has the right to strike. We have done everything we could to prevent it. We have come back to the negotiating table. We have enriched our offer.

Unfortunately in our view the union's demands cannot be satisfied. They are excessive. At present we are looking at all possible options to deal with this problem.

*Oral Questions***CONFLICT OF INTEREST CODE**

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

Yvon Duhaime, the man who bought the hotel in Grand'Mère from the Prime Minister and his partners, received a federal grant of \$164,000 and a federal loan for \$650,000. At a meeting where these applications were reviewed, a senior aide to the Prime Minister was in attendance.

This is a clear violation of clause 7 of the conflict of interest code for public office holders.

Can the Prime Minister explain to us why an aide from his office was at that meeting in violation of the code?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, one of the strengths of the transitional job fund is to consult with local members of parliament. It takes place with opposition members of parliament as much as with government members of parliament.

It is also important to consult in the Saint-Maurice riding when we invest money in the creation of jobs in areas of high unemployment. The very strength of that program is the consultation that is very wisely done.

• (1450)

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, the Prime Minister is no ordinary MP. The Prime Minister also sold his hotel to this gentleman.

I want to know why the Prime Minister's assistant was there. Was it because of Mr. Duhaime's dismal business record, because he had three criminal convictions or simply because he made a contribution to the Liberal Party? Why was the Prime Minister's aide there?

The Prime Minister has to answer this question. He deserves to answer it for the sake of the Canadian people. It was a conflict. Answer the question, Mr. Prime Minister.

**The Speaker:** All your remarks, please, will be made to the Chair and not to another member.

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, my department recommended this very project for approval because it met all the standard eligibility under the transitional job fund.

This fund is providing money to create employment in a region where unemployment is pretty high. This project continues to meet its contractual obligation and has indeed created the 19 jobs forecasted.

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, I will try again since we are not getting answers to the question.

Canadian taxpayers deserve to know why would Yvon Duhaime, a guy with a criminal record, poor credit, a bad tax history and a failing business be able to get his hands on almost \$900,000 in government loans and grants.

Duhaime's Grand'Mère hotel had an excessive debt, was not paying its bills and did not have an accountant or a budgeting system when he applied for federal money. For some reason the Prime Minister's staff took an active interest in this project.

My question is for the Prime Minister. Do all dubious characters get \$900,000 in grants and loans?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, the hon. member has of course inflated that number beyond previous questions because he is including amounts that were loaned on a commercial basis by the Business Development Bank of Canada.

I point out to the hon. member that not only was there nobody in attendance but that decision was made by the regional office in Montreal, by a vice-president of the Business Development Bank, on a commercial basis.

Not only that but our private sector lenders were also involved in the same loan, including le Fonds de solidarité, which contributed money on a commercial basis. Charges were taken. Security was given. Everything in that loan was quite normal.

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, Yvon Duhaime is not just a constituent. He is the son-in-law of Robert Cloutier, the Liberal Party supporter and untendered contractor on the Prime Minister's cottage.

The running total is now more than \$1 million to one family in his own riding. Section 11 of the Auditor General Act allows the auditor general, by order in council, to examine any person who receives dollars from the federal government.

Will the Prime Minister stop hiding and refer this to the auditor general for an independent investigation?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, the auditor general has all the authority necessary to audit any books, any transaction of the Government of Canada. That is his job and as a matter of fact he is almost full time in my department.

\* \* \*

**SOFTWOOD LUMBER**

**Mr. Darrel Stinson (Okanagan—Shuswap, Ref.):** Mr. Speaker, when Canada entered the softwood lumber agreement with the United States, it sold it to Canadian producers as a guarantee that they would get five years of peaceful exports and job security. Instead they got job losses and uncertainty. Now the U.S. is threatening further restrictions by adding rough headed products to this already set in stone quota.

*Oral Questions*

What action will the government take to stop the constant harassment by the United States with regard to our forest industry?

**Hon. Sergio Marchi (Minister for International Trade, Lib.):** Mr. Speaker, the preamble to the gentleman's question is wrong.

Not only did the producers support the agreement but all the four provinces agreed with entering the agreement. We have already said that the American position lately on this new tariff will not be accepted by Canada.

We are speaking to the very producers and stakeholders to monitor the situation and to evaluate what best options are available.

Certainly we are prepared to defend the softwood lumber industry to the teeth.

\* \* \*

● (1455)

**AGRICULTURE**

**Mr. John Harvard (Charleswood St. James—Assiniboia, Lib.):** Mr. Speaker, further to the PSAC strike on the west coast, it has disrupted grain shipments from Vancouver and that seriously affects Canada as a grain supplier and costs farmers millions of dollars.

Could the minister of agriculture tell the House what long term effect the strike might have on Canada's reputation as a reliable supplier of quality grain?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, grain prices are low enough that Canadian farmers do not need anything else reducing their income.

Unfortunately the Canadian Wheat Board has informed us that in the last 48 hours it has lost a \$9 million sale because the reliability of our delivery system is in question. I had that raised with me by some major purchasers last week.

The Saskatchewan Wheat Pool is encouraging the parties to come to the table. Premiers are encouraging people to come to the table and even ministers of agriculture from provinces such as Saskatchewan have phoned me and are encouraging us if necessary to use legislation to get them back to the table.

\* \* \*

[Translation]

**PRODUCTIVITY**

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Mr. Speaker, yesterday the Minister of Finance answered a question I asked by saying that the OECD report predicting our standard

of living would be 15% below the average of the other countries dates from the 1980s.

Are we surprised that the Minister of Finance has no real solution to get us out of this mess, given that he is unaware that the OECD report in question is not from the 1980s, but from June 1998?

What does he have to say now?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the member misunderstands.

What I said was that it is a report based on a problem that had its roots in the 1980s, 1990s.

It is a great pleasure for me to say that, as the result of measures taken by our government, productivity is much higher in the 1990s than it was in the 1980s.

\* \* \*

[English]

**ABORIGINAL AFFAIRS**

**Ms. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, my question is for the Minister of Health. We all know conditions are deplorable in first nation communities.

Now we have the Cross Lake First Nation in Manitoba declaring a health care state of emergency. Conditions have reached a critical point. There is a shortage of equipment, too few nurses overworked to the point of burnout and infrequent doctor visits.

The community has called on the World Health Organization to intervene. It is requesting a fully staffed field hospital from the Department of National Defence.

Do aboriginal leaders have to call on the army or will the Minister of Health provide immediate assistance?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I have met on two occasions since January with the chiefs in Manitoba to speak to them about the challenges we face in delivering health services in those communities.

It is not just in aboriginal communities but it is in all rural and remote communities that we have difficulties recruiting and retaining health professionals, both doctors and nurses.

We formed a working group in Manitoba, as we have in northern Ontario, to deal with these issues. Those efforts in common with aboriginal communities themselves, taken together with the additional moneys provided in the recent budget, will help us toward solving these very difficult problems.

\* \* \*

[Translation]

**PRODUCTIVITY**

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, there is a major split within cabinet.

*Points of Order*

The Minister of Industry said that Canada has the lowest productivity level among G-7 countries. However, the Minister of Finance stated that it is not a problem.

Is the government trying to confuse Canadians in order to hide the facts regarding the decline of our standard of living?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, there is no split. Whether it is the caucus, the Standing Committee on Finance, the Minister of Industry, the Prime Minister, the Minister of Finance, we all know that our productivity must increase.

This is why we eliminated the deficit. This is why we lowered taxes. This is why we invested in research and development. This is why we cleaned up the mess inherited from the Conservative government.

\* \* \*

**FRANCOPHONE COMMUNITIES**

**Mr. Eugène Bellemare (Carleton—Gloucester, Lib.):** Mr. Speaker, the separatists decided to boycott the launching of the Year of the Francophonie. A Reformer accuses francophones of being whiners and of getting preferential treatment.

Could the Parliamentary Secretary to the Minister of Canadian Heritage tell us how the International Year of the Francophonie will help Canada's francophone communities?

• (1500)

**Mr. Mauril Bélanger (Parliamentary Secretary to Minister of Canadian Heritage, Lib.):** Mr. Speaker, first I congratulate the hon. member for Brandon—Souris who, just before oral question period, strongly criticized the disparaging and intolerant comments made by the member for Yellowhead toward the Canadian Francophonie.

As for the Year of the Francophonie, it will be full of events, gatherings and celebrations, beginning with the Rendez-vous de la Francophonie, the great train de la Francophonie, which will travel across the country, the first Jeux de la Francophonie for Canadian youth, sponsored by the Fédération de la jeunesse canadienne-française and, of course, this summer's Sommet de la Francophonie, in Moncton, which will welcome 52 heads of state.

\* \* \*

[English]

**PRESENCE IN GALLERY**

**The Speaker:** I draw the attention of hon. members to the presence in the gallery of the first Premier of our new territory of Nunavut, Mr. Paul Okalik.

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

**BUSINESS OF THE HOUSE**

**Mr. Gurmant Grewal (Surrey Central, Ref.):** Mr. Speaker, on behalf of this side of the House I would like to know from the government House leader what the business of the House is for the remainder of this week and for next week.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the business of the House between now and the adjournment at the end of next week for the purpose of the Easter break would be as follows, to the extent that we can determine it accurately at this time.

This afternoon the House shall continue with Bill C-72, the income tax amendments. If we complete debate on that, we will resume Bill C-71, the other budget bill. In any case, tomorrow the House will consider Bill C-67, respecting foreign banks.

On Monday we shall commence with Bill C-68, the youth justice bill. Tuesday we will call report stage of Bill C-27, the fisheries bill. We hope, once that is complete, to resume debate on Bill C-71 and hopefully complete the budget bill.

• (1505)

The time remaining next week will also be used to complete third reading of Bill C-27, the fisheries bill which I discussed moments ago, as well as hopefully the second reading of Bill C-69, the criminal records bill.

\* \* \*

**POINTS OF ORDER**

## COMMENTS OF MINISTER

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I rise with respect to a matter that occurred in yesterday's question period, which I did not raise yesterday because I did not hear the remark due to the noise in the House. However, I see that it is reported in *Hansard* at page 13014. The hon. Minister for International Trade said in speaking of myself: "I think it rings hollow when the member can be so disloyal".

Beauchesne's sixth edition, citation 481 states in part:

—it has been sanctioned by usage that a Member, while speaking, must not:

- (e) impute bad motives or motives different from those acknowledged by a Member.
- (f) make a personal charge against a Member.

Citation 486(1) reads:

It is impossible to lay down any specific rules in regard to injurious reflections uttered in debate against particular Members, or to declare beforehand what expressions are or are not contrary to order; much depends upon the tone and manner, and intention, of the person speaking; sometimes upon the person to whom the words are addressed, as, whether that person is a public officer, or a private Member not in



office, or whether the words are meant to be applied to public conduct or to private character; and sometimes upon the degree of provocation—

Many hot words have been exchanged between the opposition and that minister in terms of questioning the loyalty of the official opposition. I do not rise on a point of order about ascribing motives to the opposition per se, but the record indicates that the member did specifically say that I as a member of this place was disloyal. I think that is a rather fundamental attack on my integrity as a Canadian and as a member of this place. I therefore rise to ask that the member retract and apologize for these unparliamentary remarks.

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, if I have ever heard a case of the pot calling the kettle black, this is it. Today during question period we had hon. members in this House accusing other members of committing criminal acts, such as influence peddling, and yet they rise to talk about imputing motive.

Some of the accusations that were made today are perhaps a thousand times more severe, and would merit the admonition of the Speaker, than something such as questioning whether someone is loyal or disloyal to a particular cause. Language was used today in the House by some hon. members accusing other members of parliament of influence peddling. If it cannot be repeated outside, it should not have been said at all and it should be withdrawn.

**The Speaker:** Yesterday I heard when the word “disloyal” was used in the House. Members will recall that I immediately intervened.

No word in itself is unparliamentary. It depends on how it is used. It depends on the tone. Yesterday in the course of the give and take of question period I thought it was necessary to admonish the hon. member. I did not think at that point that it had reached the point of being unparliamentary.

Even today when another hon. member stood to make a statement, and when we question the loyalty of any one of us, I think it is bad for all of us. I appeal to hon. members. That is why I asked members yesterday to please stay away from terms like disloyalty of one person to an idea or to whatever. All it does is incite us as we go along.

I ask you time and again to be very judicious in your choice of words. I hope this will be the case from here on in. I know that things get heated in here. I understand this place, as you do. There are times when these words go back and forth. It is a matter of seeing if we can conduct our business in an atmosphere which many times becomes poisonous because of the words we use.

• (1510)

In this particular case it was regrettable. I intervened. I judged then and I judge now that it was not an unparliamentary term and that I would let it sit there for that matter. However, I would hope

### *Business of the House*

that hon. members would be very reflective on the words and on the tone they use when either questioning or answering questions and even in debate in the House.

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, I would like to clear the record. My hon. colleague from Fraser Valley did not accuse any hon. member in this House of influence peddling. He said that there was an appearance that it was close to influence peddling.

### QUESTION PERIOD

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, in that same train of thought, I noticed during question period today that the hon. member for Ottawa—Vanier accused one of my colleagues in the Reform Party of being intolerant. Since he is here in the House, I would ask him to respectfully withdraw that statement.

**The Speaker:** I do not know about the word “intolerant” in and of itself. However, the member is here. He can tell us, if he wishes, what he meant by it and hopefully we can put this matter behind us.

**Mr. Mauril Bélanger (Ottawa—Vanier, Lib.):** Mr. Speaker, I commended the member for Brandon—Souris for his criticism which was directed to the member for Yellowhead for that member’s comments about francophones. I will quote the member as he is quoted in an article in the *Globe and Mail* today. He said:

You sigh and you whine and you snivel, and you get the money. . .

Mr. Speaker, I do not retract my statement.

**The Speaker:** Now we are getting into a bit of a debate on “he said, I said” and we are going to go around in circles. Once again I appeal to you to be very judicious in your choice of words because words such as “intolerant” and another word that was used today in a quotation, but which I did not find it unparliamentary, the word “bigot”, in this particular context, just serve to inflame us as we go along. God knows, we have enough to be excited about without that.

I appeal to you not to use these types of words and surely not that tone of voice.

\* \* \*

### BUSINESS OF THE HOUSE

**The Speaker:** Earlier today at about 1.55 p.m. I made the decision that there will be an emergency debate this evening beginning at 8 p.m.

I have a note in my hand from the hon. government whip and the government House leader.

*Government Orders*

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I know that the Chair has ruled on this issue and I do not dispute that.

However, in order to accommodate the House, instead of waiting until eight o'clock this evening to commence the debate, and in order to allow more members to participate, I wonder if there would be a disposition to commence the debate immediately after private members' hour so that members can speak either for or against the emergency in question. It would allow more members to speak.

**The Speaker:** I take it that you mean after the late show.

**Hon. Don Boudria:** Mr. Speaker, this is a second issue, but perhaps we could agree to defer or to have the late show some other day so that members, given the importance of this issue, could commence at precisely the end of private members' hour, at or around 6.30 p.m., and we would not have the late show today, because this is an adjournment debate.

**The Speaker:** All we are dealing with here is a motion from one hon. member. He wants to put a motion on the floor that we move up the debate time from 8 p.m. to an earlier time, 6.30 p.m., depending on when we finish private members' hour. It might end earlier. That is why I am saying "earlier".

I want to understand that everyone else understands.

[Translation]

**Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ):** Mr. Speaker, so that everyone is clear, I wish to ask the Leader of the Government in the House if he intends to have a motion introduced that no dilatory or other motion may be brought during the debate, and let the debate proceed on automatic pilot, so to speak, this evening.

• (1515)

**Hon. Don Boudria:** Mr. Speaker, I have clearly understood the question of the hon. member opposite. He is asking us whether a motion not to allow dilatory motions will be introduced. I undertake to have one drafted and submitted to the House within minutes.

Since this is an adjournment debate, very few dilatory motions are possible in any event but, to reassure the House, we can put a motion before the House in the next few minutes anyway.

In reply to his question, we are indeed prepared to do this.

[English]

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, if I understand correctly, Private Members' Business today will not take very long. I believe it is Bill S-20.

I think in fairness to members who may have lined up their late show, and particularly given that Private Members' Business is expected not to take very long, we could commence the emergency debate immediately after the late show. Quite a lot of scheduling goes into late shows. I do not know who is on the late show, but in fairness to people who may have scheduled themselves for this, particularly given the fact that Private Members' Business is expected to collapse, we could go straight into the late show after private members' hour and still begin the emergency debate earlier than we normally might have begun it.

**The Speaker:** Let us see what we have here. Permission is being sought by the hon. government House leader to put a motion, and the motion is that we will advance the beginning of the emergency debate which I have ordered from 8 p.m. to immediately after the late show. That is what the motion is.

[Translation]

In reply to the question from our Bloc Québécois colleague, I think there will be something to add so that other motions are not included in the motion.

[English]

**Mr. Bill Blaikie:** Mr. Speaker, for clarification, is it also understood then that the late show will be moved up and commence when Private Members' Business collapses, rather than having the House suspended until such time as the late show would regularly commence, so everything will run sequentially without time in between.

**The Speaker:** That is my understanding.

**Hon. Don Boudria:** Mr. Speaker, perhaps to assist, I think there is an understanding in the House now. I will write a draft order to that effect, bring it back to the House in a few minutes and it will have all of that in it. I think the House has understood and we all know what we want to do. In a few minutes we will come back with all of this in a special order. Perhaps that is the best way.

**The Speaker:** Then we will not deal with this motion at this point and will now proceed to orders of the day. We will come back to that if necessary.

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## GOVERNMENT ORDERS

[English]

### INCOME TAX AMENDMENTS ACT, 1998

The House resumed consideration of the motion that Bill C-72, an act to amend the Income Tax Act, to implement measures that are consequential on changes to the Canada-U.S. Tax Convention

*Government Orders*

(1980) and to amend the Income Tax Conventions Interpretation Act, the Old Age Security Act, the War Veterans Allowance Act and certain acts related to the Income Tax Act, be read the second time and referred to a committee; and of the amendment.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I am pleased to rise on debate at second reading of Bill C-72, an act to amend the Income Tax Act. This bill follows on several policy and technical changes made by the government in last year's budget, the 1998 budget, and which are now being fully implemented in this bill.

The bill covers many different areas, including registered education savings plans, provisions with respect to RRSPs, the personal tax credit, the child care expense deduction, as well as the caregiver tax credit.

• (1520)

The official opposition will be opposing this bill on several grounds. Whenever the government brings before us a tax bill of this nature, which adds greater complexity to the tax code, we must ask why. Why is it that this parliament and this government cannot understand the fundamental need for root and branch tax reform and tax simplification?

Today we have a tax code that is over 1,300 pages long. It has thousands of associated pages of regulations, rulings and interpretation bulletins issued by the Department of Finance and the Department of National Revenue. This tax code which we are proposing to amend constitutes an enormous, destructive and wasteful burden on the productive capacity potential of our economy.

The Department of National Revenue employs over 43,000 full time personnel just to interpret, apply and enforce this Byzantine, out of control, costly and burdensome tax code. Untold tens of thousands of other Canadians are occupied full time in the interpretation and compliance with the Income Tax Act. That is to say that an enormous proportion of our national wealth is misdirected into complying with a tax code which no single individual can understand and which has grown beyond any reasonable level for a tax code in a free and democratic country.

The power to tax is the power to destroy. It is an enormous power with which we are entrusted in this parliament, the power to confiscate legally the fruits of the labour of people who work hard day in and day out to do better by themselves and their families. We use this enormous power, this Income Tax Act, to tell those families that they must give 10%, 20% or 30% of their family or individual incomes to this government to spend on its priorities rather than their own priorities.

Fundamentally, I want to make it clear that the official opposition opposes the continuing growth in complexity and cost of this destructive tax system.

This bill does precisely nothing to alleviate the enormous complexity and burden of the Income Tax Act but rather adds to it. I will refer to each of the provisions here that simply add additional regulations and legislative language which will make the code even more burdensome and more difficult to interpret and even more difficult to comply with.

I refer in particular to the proposed increase in the personal tax credit of \$500 announced in the 1998 budget. The first half of that \$500 increase in the basic personal amount for some low income taxpayers was implemented in legislation last year. The bill before us today would complete that increase to \$500.

Let me point to an example of how ridiculously complicated this bill and the tax code are. This bill does not increase the basic exemption for all Canadians, treating them equally across the income spectrum; rather it will only be increased for incomes under a certain amount based on a certain complicated formula, all of which unnecessarily complicates what should be the simplest part of the tax system, the basic personal exemption. Based on any rational principle of taxation, the basic personal exemption should be clear, straightforward, and ought not to become a complex exemption, as has been done in this bill.

• (1525)

Let me also say with respect to the provisions for RRSPs, this bill permits Canadian residents to make tax free withdrawals to pay for full time training, as they can for instance under the status quo ante to pay for their mortgage on a principal residence.

With respect to RRSPs, this bill does not address the fundamental problem. This parliament has decided to allow Canadians to direct a relatively small portion of their annual income into a registered retirement savings plan, if they do not qualify for a registered pension plan. That is a sensible policy. We recognize that millions of Canadians do not and cannot rely on government or their private sector employers to provide them with retirement security.

The problem is that with the provision for RRSPs, we impose unreasonable regulations, restrictions and limitations on how much Canadians can save for the future in a tax sheltered vehicle such as an RRSP. How do we do that?

First, we limit the amount of Canadian taxpayers' taxable income which can be deferred through the RRSPs to 18% or \$13,500, whichever is less. This is to say that a self-employed young Canadian, with no company pension plan and no real prospect of a Canada pension plan benefit because of the actuarial instability of the CPP, has to almost exclusively rely on the RRSP as his or her source of future retirement income. Yet the government says that it will limit quite severely the portion of the person's income which he or she can direct into that RRSP. That is a disincentive for self-employed Canadians to take full responsibility for their financial future and for their retirement.

*Business of the House*

This cap of \$13,500 or 18%, whichever is less, has not increased over the past several years. This is a reflection of the government's pernicious policy of taxing people on inflation.

We have seen this government continue the Mulroney Conservative government policy of partial deindexation of the tax code. We have seen taxpayers having to pay about \$12 billion in additional taxes than they otherwise would have paid were it not for partial deindexation and the consequent bracket creep.

So too we see the limit of \$13,500 for maximum allowable RRSP contributions not keeping pace with inflation. In other words, had the RRSP maximum amount been held constant with inflation, and if the maximum amount for RRSP contributions were equivalent to the maximum amount that people can contribute to a registered pension plan, then it would be about \$15,000 that they could put into their RRSP and not \$13,500.

We should have seen an increase in the amount that people could save and defer taxes on through the RRSP for each of the last three or four years. However the government, through its nickel and diming of people and its tax policies, decided to freeze the maximum allowable contributions several years ago. Therefore, many hundreds of thousands of Canadians have not been able to defer taxation on their one and only source of future retirement income, namely their private retirement savings plans. For that reason we oppose the bill because it does not include the kind of increase in the RRSP allowable contribution amount which all people who are serious about their financial future would like to see.

● (1530)

I can say that I have not in my time as a member of parliament received a single letter, phone call, fax, e-mail, comment at a town hall or on an open line show suggesting that Canadians would like to see their taxes increased, but I have received dozens upon dozens asking that the maximum amount for RRSPs be increased, which the bill does not do.

I have also received dozens of messages from constituents asking that we allow Canadians to invest a larger portion of their RRSPs into foreign held equities and investments. Under the current law, which the bill fails to change, Canadian investors can only contribute 20% of their tax deferred RRSP savings in foreign investments. That means that at least 80% of their investments are stuck in domestic Canadian equities and bonds. We are again forcing Canadians to be irresponsible when it comes to their own financial future. One of the basic fundamental principles of sound investment is to diversify, which we do not allow Canadians to do because of the restrictive 20% foreign content limit on RRSPs.

Yet another one of the inadequacies in the Bill C-72 is its failure to respond to the outcry among Canadians to allow them to protect the value of their retirement savings and to generate better returns,

which would consequently benefit the Canadian economy by raising the maximum allowable foreign content limit in the RRSP.

Let me address an aspect of the bill which I really find the most objectionable, that is the increase which it proposes in the child care expense deduction. The bill completes a change begun in legislation from last year's budget which increased the child care expense deduction from \$5,000 for children under seven to \$7,000, an increase of \$2,000.

Let me explain what the child care tax deduction—

\* \* \*

**BUSINESS OF THE HOUSE**

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I rise on a point of order. Let me apologize first to the hon. member for interrupting his discourse.

I believe there is unanimous consent for the motion that I am about to propose pursuant to the consultations that have been held, maybe somewhat unusually, including those in the Chamber. A copy of the motion has been given to all parties in the House. The motion reads as follows:

That, in the present sitting, proceedings pursuant to Standing Order 38 shall be taken up immediately following the completion of Private Members' Business and, when such proceedings are completed, the House shall proceed immediately to proceedings pursuant to Standing Order 52, provided that during the aforementioned proceedings the Chair shall not receive any quorum calls or dilatory motions or requests for unanimous consent.

**The Deputy Speaker:** Could I ask for clarification from the government House leader. The aforementioned proceedings refer to which, all the proceedings mentioned in the motion, that is the present sitting, or does it refer to the proceedings under Standing Order 52?

**Hon. Don Boudria:** Mr. Speaker, it does not really change much for us but, for greater clarity, if they apply to Standing Order 52 that would suit us.

**The Deputy Speaker:** I just seek that clarification in case there is a request for unanimous consent between now and the commencement of Private Members' Business or during Private Members' Business. You can understand the Chair's reluctance to leave the matter quite so open. The understanding is that the motion means that.

● (1535)

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, just to be perfectly clear, that would only apply under Standing Order 52.

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**The Deputy Speaker:** The request for consent, quorum calls or dilatory motions.

**Mr. Charlie Penson:** Yes, Mr. Speaker.

**The Deputy Speaker:** That is the way the Chair will now interpret it, if that is what is agreed by the House.

[*Translation*]

**Mr. René Laurin (Joliette, BQ):** Mr. Speaker, when you refer to Standing Order 52, does this mean that unanimous consent could be called for for reasons other than the two that have been given?

You have said that, during the emergency debate, there could be no dilatory motion requesting consent, quorum call or—

**Hon. Don Boudria:** We will be on automatic pilot.

**Mr. René Laurin:** So it is not just on the two matters that there can be no call for consent. No request for consent will be authorized during the emergency debate. Is that what we are to understand?

**Hon. Don Boudria:** That is how a debate under Standing Order 52 works.

**Mr. René Laurin:** Fine.

**The Deputy Speaker:** Is there unanimous consent to propose this motion?

**Some hon. members:** Agreed.

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

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

[*English*]

### INCOME TAX AMENDMENTS ACT, 1998

The House resumed consideration of the motion that Bill C-72, an act to amend the Income Tax Act, to implement measures that are consequential on changes to the Canada-U.S. Tax Convention (1980) and to amend the Income Tax Conventions Interpretation Act, the Old Age Security Act, the War Veterans Allowance Act and certain acts related to the Income Tax Act; and of the amendment.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Mr. Speaker, I was just beginning to address the issue of the proposed increase in the bill for the child care tax deduction.

Let me explain what it is. We have had much debate in this place over the past two or three weeks about the lack of fairness toward single income families with children. One of the issues I wanted to bring to attention of this place was the unfair, unjustifiable discrimination against single income families that decided to do what they believed was best by their kids and raise them at home.

The child care tax deduction says to parents who have two incomes that if they pay someone else, a third party, whether a day care operator, a babysitter, a hockey summer camp or music summer camp, to take care of their kids for a period of time and are issued a receipt for the expenses incurred, the government will allow the spouse with the lower of the two incomes in those double income families to deduct the value of the child care receipt from their taxes.

This says that families that give up the second income and have the father or the mother stay at home full time to raise the children and give up tens of thousands of dollars in potential income are out of luck. They assume an enormous opportunity cost and in so doing voluntarily reduce their standard of living. In many instances they give up the second car, the larger house or the three week vacation. Those families do not qualify for the child care tax deduction, the value of which is increased in Bill C-72. It says to those families that they will be forced through the tax system to subsidize the day care choices of one kind of family, that is to say the double income family that pays for outside child care.

This deduction is absolutely, fundamentally unfair. We in the official opposition attempted to bring the issue to a head in the supply day motion on which we voted Tuesday last. Unfortunately, because apparently government members who agreed with us were whipped to vote against it, that motion did not pass.

However, at least we succeeded in having the government admit there might be some kind of problem. Virtually every economist and social scientist who has studied the matter agrees that there is discrimination against single income families with children in part due to the child care tax deduction in the bill.

● (1540)

The problem with the bill is that it raises the inequity. It increases the unfairness. It moves the deduction from \$5,000 to \$7,000. While we are trying to bring single income families in line with or in parity with their double income counterparts, the government is actually increasing the unfairness.

The government's own budget documents demonstrate this quite clearly. The budget documents tabled by the hon. Minister of Finance last month indicate that the tax inequity between single and double income families ranges between 60% and 115%. That is to say, single income families pay between 60% and 115% more. In some cases they pay twice as much in federal income taxes as do their double income counterparts.

This is for families that are generally on the lower end of the income scale. This is for the single income families that according

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to the Vanier Institute of the Family are 3.8 times more likely to be poor. This is simply inexcusable. I will vigorously oppose the bill because of the increase in the child care tax deduction.

One provision in the bill allows for a deduction for children between the ages of seven and sixteen. What does this mean? It means that a double income family, theoretically a wealthy double income family, could pay for a 15 or 16 year old child to go to an expensive hockey school or music summer camp and claim a full \$4,000 tax deduction. At the same time the low income family, the single income family on the other side of town that is bringing in only \$30,000 in income but has dad or mom full time at home with the kids, gets no commensurate deduction.

We do not propose, by objecting to this issue, to remove the deduction for child expenses completely. We propose to convert it into a refundable credit that would be available to all families regardless of their child care choice. Single income families would have the full advantage of a refundable credit equivalent to the maximum amount of the \$7,000 deduction. This would amount to \$1,200. Every child under seven, under the credit we are proposing, would benefit through their parents to the amount of \$1,200 a year. This would be an important step to reducing the tax discrimination which was only increased in the last budget.

In closing, we are disappointed that notwithstanding the debate of the last couple of weeks the government is going precisely in the wrong direction. Instead of levelling the playing field, it is in fact increasing the inequity between these different kinds of families. That is very disappointing indeed.

**Mr. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, I find it passing strange that the member for Calgary Southeast finds a whole range of issues with the 1998 budget but fails to take into account that it was the first balanced budget since 1969-70, the first time the government had balanced the budget in many years.

It was the beginning of tax relief for Canadians. It was \$7 billion of tax relief for Canadians which was also extended in the 1999 budget, amounting to a total of \$16.5 billion in tax relief for Canadians.

The member for Calgary Southeast spoke about simplifying the Income Tax Act. I am sure all Canadians want to simplify the Income Tax Act, but the hon. member failed to indicate how he would simplify the Income Tax Act. I have a suspicion that the way to simplify the act in his mind is the Alberta Reform solution, the flat tax solution. A flat tax does not really comply with the progressivity of the Canadian Income Tax Act.

Yes, it simplifies things. It simplifies things very much, but it means that the tax is not progressive. Higher income Canadians now pay more income tax in percentage terms than lower income Canadians. This seems to be an equitable way to arrange things. A person who makes more income pays more income tax, not only in absolute terms but in percentage terms. That is called a progressive tax system.

• (1545 )

When we go to this simplified tax, yes, it would clean up a lot of messy details in the Income Tax Act, but I am wondering what it does to equity. How fair is it when we move to a tax system like that?

Another feature of the 1998 budget which the member conveniently forgot to mention was the Canadian opportunities strategy. It provides a number of initiatives that give Canadians greater access to the knowledge and skills needed as we move into the next century.

We also began the process of paying down the debt which had not been done for many years.

The member opposite gets into a lot of the details of the Income Tax Act but he fails to acknowledge the very positive aspects of the 1998 budget.

There is one aspect I would like to raise, and perhaps the member could comment on it. He talks about the 20% foreign limit for RRSPs. I think he is implying that it should be 25% or 30%. I am wondering why the Canadian taxpaying public should be subsidizing Canadians who want to invest more outside Canada. Should we not be saying that if Canadians want to diversify their portfolio and have 30% of their portfolio outside Canada, that is fine, but why should the tax system subsidize that?

**Mr. Jason Kenney:** I thank the member from Etobicoke for his thoughtful questions.

With respect to the last question, perhaps he should ask his Liberal colleagues on the House of Commons finance committee who voted to recommend that the foreign content limit be raised to 30%. This is not simply a Reform idea. Apparently the wisdom of allowing Canadians greater flexibility in the management of their retirement savings has even struck a chord with his own Liberal colleagues. The answer to his question of why should we allow people to do this, it is because it is their money. That is why.

The member's question reflects the premise that it really belongs to the government and we allow Canadians to do what they will with their own money. No, we start from a different premise which is that it is their money and they have the prior right to decide how to allocate it.

I would like to give further consideration to the private member's bill put forward by my colleague from Medicine Hat which would in fact eliminate any limit on the foreign content. But I would at least go so far as to adopt the recommendation of the House of Commons finance committee.

With respect to the purportedly balanced budget that the member boasts about, I remind him that that budget came about because 75% of the deficit reduction came about because of increases in

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revenue. Only 3% came about through real program spending cuts in Ottawa's own budget. The balance was cuts to transfers to persons and transfers to provinces, cutting health care, raising taxes. That was the Liberal solution, not ours.

Finally, with respect to the brilliant, historic budget introduced last week by Stockwell Day, the provincial treasurer in Alberta, I was honoured to be in that legislature when that budget came down. It was day one in a common sense revolution to change and reform the tax system in Canada. That budget provides a generous exemption of \$11,500 per person, or \$23,000 for a family of two. It is not a flat tax because a family that earns \$23,000 in income will be zero rated. They will not pay a dime in provincial income taxes.

Single moms are getting taxed by this government even if they are below the poverty line because the exemptions are so low and have not kept pace with inflation. But in Alberta a couple who earns \$23,000 under the brilliant tax reform strategy proposed by the Alberta government will pay zero tax. On earnings of \$46,000 they will pay 5.5% provincial tax, but on earnings of \$92,000 they will pay 11% tax.

It has the advantage of being both progressive and simple. It has the advantage of being family friendly. It removes the tax discrimination against single income families perpetuated by this federal government by delinking from the federal system. At the same time it has the advantage of not penalizing people who are successful and earn more revenue.

I thank the hon. member for bringing that to our attention because the Alberta tax plan is an ideal model for federal tax reform.

• (1550)

**Mr. Maurice Vellacott (Wanuskewin, Ref.):** Mr. Speaker, I happened to read a letter today from a lady who was talking about the inequities in the Canadian Income Tax Act. She made the point that she wanted the choice to stay at home and care for her children during their critical years. She also said, "If I am in the home, if I am in the kitchen, it is my own choice. If I am pregnant, the Reform Party most assuredly had nothing to do with it. If I am barefoot, however, the Liberal Party has made a major contribution to my condition".

I would like the member to respond to this whole issue, particularly on the matter of the Reform proposal for an increased spousal equivalent that would be allowed for a dependent child of a single parent.

**Mr. Jason Kenney:** Mr. Speaker, I thank the member for that difficult question. I have received literally hundreds of letters similar to the one to which the member referred which appeared in

today's Vancouver *Sun* where she indicated that if she is homeless it is the Liberal Party that has made the contribution to her condition because of the increases in the tax burden.

This bill increases the inequity between single and double income families. We see from this year's budget documents in very concrete terms how that increase happens. The average differential in the taxes paid by single and double income families will go from 60% to 64% under this budget in large part because of the provisions of this bill. It will do that by raising the child care expense deduction without any commensurate relief for single income families who provide their child care at home.

I was doing a talk show on a Winnipeg station last week. A lady called and said she was a qualified engineer who had given up her \$70,000 a year salary to stay at home full time and care for her children. She said this was a decision she and her husband had made because they felt it was best for their family. She said she did not regret it.

She went on to say, "Please tell the Secretary of State for Multiculturalism that I gave up my entire paycheque for child care, not just a portion of it, not just \$7,000 or \$8,000 which is reflected in the child care expense deduction, I gave up my whole paycheque to finance our child care at home".

That is something we ought to keep in mind. That is why this parliament ought to adopt at least a refundable credit available to all parents, that does not discriminate against one family model or another, that does not pit single income families against double income families, but treats them all as being equal under the law.

[*Translation*]

**Mr. Mark Assad (Gatineau, Lib.):** Mr. Speaker, for some time now the House has been addressing income tax, what can be done, and what cannot. But I think that in a debate such as this one, a retrospective might be necessary, to look at what is already in place before making any changes to the Income Tax Act.

It has been some years since Canada had the opportunity to have a royal commission into its taxation system. One was struck in 1962, and dubbed the Carter Commission. That commission was chaired by a man named Kenneth Carter. Mr. Carter worked for over four and a half years before putting forward recommendations to correct our tax system and make it fairer and more equitable.

What is interesting is what happened when the Carter report was released. This truly was a revolutionary document on taxation. The recommendations on our tax system were so well thought out that Harvard University, in the United States, decided that this program could be used in industrialized countries to show how tax systems can be reformed so as to make them fairer and more equitable.

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• (1555)

Unfortunately, for reasons that we do not know, it was decided not to publish the commission's report. This was rather strange but, for the first time in the history of our country, the report of a royal commission was not published. Canadians were not informed of the recommendations made by these economists. People who might have wished to examine these recommendations to improve our tax system were not able to do so.

Also, after the commission completed its Canadian tour, there seemed to be a consensus that the report was an important discussion paper. But this was completely ignored, until now.

Although the royal commission now dates back more than 30 years, consideration was given to a number of the Carter Commission's findings in 1992 or 1993, I think. While the recommendations made at the time still hold true today, unfortunately, once again, they were ignored.

Regardless of which party is in government, the problem has never been faced that we need an in-depth reform before examining any ideas, whether a single rate of 20% or tax deductions for homemakers. There is a great deal of confusion surrounding the Income Tax Act. The reform must be done in detail.

I would just like to raise a few points to demonstrate the distortions that have been introduced into our system over the years. From 1984 to 1988, there was about a 10% increase in the income tax paid by people of average income. That was a substantial increase. At the same time, between 1984 and 1988, there was a barely 6% increase in the income tax paid by those who were better off.

The distortion in the income tax system for these two categories of taxpayers is immediately obvious. I am giving just a few points. We are aware that there are many more. Four or five years ago, witnesses appearing before the Finance Committee indicated that there were 75 to 80 items needing correction in the Income Tax Act.

One of the examples they gave was that of people earning in excess of \$100,000, who benefited most generously from capital gains exemptions. In all, such persons had refunds of over \$1 billion. Fifty one per cent of people with an income over \$100,000 benefited. However, of those with an income of \$50,000 or less, only 8% benefited from capital gains.

That shows that the richest enjoy the greatest benefits. They are more likely to pay less income tax and obviously to become ever richer.

Without going into detail, I wanted just to point out a few things. I have a lot here to show that, first and foremost, and it must be repeated, we need an in depth reform, as we had in 1962, either through a royal commission or some other means, to look thoroughly at ways to correct the gaps in our system. If every year only

adjustments are made, we will never have a fair and equitable system.

• (1600)

Over time, our fellow citizens must be convinced to tell their representatives that we need a global solution to the problem, that it is not enough to correct it one page at a time, given that there are over 1,400 pages in the Income Tax Act.

Another matter that does not come directly under the Income Tax Act is the fact that we have a money policy that proved to be disastrous for us during the period starting in 1985. For a number of years, the Bank of Canada set the interest rates at four percentage points, sometimes five percentage points higher than those in the United States. It caused our national debt to grow by leaps and bounds.

In 1984, our national debt was \$160 billion; nine years later, it had reached \$460 billion. The debt was increasing every year and the government had to collect more and more taxes to pay the interest on it.

Again, it is not simply a matter of amending minor provisions of the Income Tax Act. We must consider all the components of our national tax system. We need a comprehensive reform of our monetary policy, which is a critical tool for the government. Very few know how this policy works, or why it is in place.

Again, and I conclude on this note, the most important thing we can do for our fellow Canadians is to urge this government, and I have done it many times, to undertake a comprehensive tax reform. We must not merely ask for changes here and there. We must look at the overall picture and decide that we need another commission such as the one we had in the past.

If, at the time, we had followed up on that revolutionary document, perhaps we would have a solution to make our tax system as fair and equitable as possible for all Canadians.

[English]

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, with all due respect to my colleague, this country does not need more studies, it needs action. The time for studying is over. We know what the problem is, as my hon. friend articulated very well in his short speech. Many solutions have been brought forth not only in the House but by articulate individuals from around the country and around the world. Those solutions are eminently doable.

If we had a royal commission we know what would happen. The royal commission would drag on for a month of Sundays. It would cost the taxpayers tens of millions of dollars and would only force the House to engage in another series of studies to study what we have already studied. That is what we tend to do in this place. Rather than act we study.



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I know my hon. colleague has a very big interest in this. Study after study has shown that Canada is lacking in productivity. Canada's competitiveness has been dropping for many years. What we need to do is drop our tax rate fairly. We need to decrease the rules and regulations that choke the private sector. We need to invest in those pillars of our economy that are very supportive and useful in getting people back to work and in improving the lifestyles of Canadians, pillars like research and development, education and many others.

If we are able to do that we will build a secure economy and we will have a strong network of social programs to take care of those individuals who cannot take care of themselves, a concern of this hon. member and all hon. members.

• (1605)

The erosion of our economy does more than hurt the rich. It hurts primarily the poor and middle class. The rich can go anywhere they want. The poor and middle class are stuck here doing what they have to do. They do not have the choice. The rich have a choice, the poor do not.

Would my hon. colleague plead with finance minister to bring in the suggestions raised here, to lower the tax rate fairly, increase the minimum allowance on a personal basis, immediately call for rationalization of the rules and regulations, keep what we need, eliminate what we do not, and give Canadians the power to be the best they can become.

**Mr. Mark Assad:** Mr. Speaker, we all like to hear that we should immediately get into action and take decisions. Most Canadians think, and we have repeated it here, that we have had enough study.

Nevertheless, when we are dealing with something like the tax system we cannot do it without having profound knowledge of the implications for everybody. That is why I wanted to bring up the idea of a royal commission like we had in the past. Maybe we can go back to the Carter commission of 1967. There was a review some four or five years ago that showed that scholars at Harvard recognized the Carter commission as a revolutionary document. Scandinavian countries used part of the commission's report to make reforms. The only country that never used any of the commission's recommendations was our country.

To get back to what the member asked, I believe we have to understand the implications of our tax system. We can go back to the Carter commission but we cannot immediately jump in an cut taxes. Like I pointed out, the whole income tax system is flawed and detrimental to the middle class. We do not have to be economists to realize this. That is what we have to look at and it requires a lot.

The member mentioned that we have a lot of people in Canada who are very knowledgeable. I could name a few I have met

through the years who came to the commission. Quite often they tell us afterwards that their recommendations over the years have been ignored. I believe it is not only the finance department that has had a monopoly on brains through the years. We have had some very qualified people. I have come to know individuals like Pierre Fortin from Montreal. He is one of our foremost economists and has written extensively. I have discussed this with him on many occasions without going into any details. I do not consider myself an expert, far from it.

The overall tax system has to be reformed. That is what we have to realize. Everybody would like to have lower taxes. Everybody would like to see changes whereby our taxes would go down and they would have more disposable income. That would give us a shot in the arm. Before we can start cutting or doing this we have to know what the flaws are in our system. That will not be easy. There are a lot of people in this country who are very satisfied with the tax system. The richest 1% would rather it not be touched.

Without going into more detail, before we can start one thing or another with the tax system, we have to reform it.

[*Translation*]

**Mr. Maurice Dumas (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, I have a question for my hon. colleague and neighbor.

In 1962, the Carter Commission was set up. If memory serves, the Prime Minister of Canada at the time was Mr. Diefenbaker. So the commission was created by the Progressive Conservatives.

My colleague told me this commission completed its work four years later when the Liberals were in power. Is what I am now saying correct?

**Mr. Mark Assad:** Mr. Speaker, yes. The commission report was made public in 1967, four and a half years later. It is true that the government changed during that time.

• (1610)

When the Carter Commission made its recommendations public, it toured the country. This is a rather interesting story. Many people in mining and other industries had interests to protect. Various sectors of the economy wanted to have their say.

The minutes of this tour are a real mixed bag. Everyone came to complain, to say what suited them best. They did not look at the bigger picture of how all Canadians could be affected. Whether it was the oil industry, the mining industry or others, everybody was out to look after their own interests. There were a lot of pressures at the time not to do this or that.

In a democratic system, it is only natural for the government to be under pressure to do one thing or another. There were pressures

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from everywhere. The building industry even threatened to stop working. It feared the government might impose recommendations made by the Carter commission.

As the result of all these pressures, the government more or less decided to take its time, let things cool down and gradually implement the Carter commission's recommendations.

It took a number of years, but the first attempt was made by Allan MacEachen. In 1980, he made several recommendations. There was a very heated debate in the House. When later I raised the issue with the Hon. Allan MacEachen, I told him that the recommendations put forward would have been beneficial. He agreed. However, there were as usual so many outside pressures, threats to shut down entire sectors of the economy, that he withdrew his proposals. That is unfortunately how it went.

[English]

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, it is a pleasure today to speak to Bill C-72 on income tax amendments.

Once again we have missed the boat. Once again the government has not dealt in a profound and fundamental way with an issue that is affecting Canadians across this country.

The Prime Minister has said in the last two weeks that Canada is doing fine. Our productivity is fine. He says this based on one study, the KPMG study, paid for by his government. This flies in the face of every single other study, any other analysis I have ever seen in and outside Canada.

The Canadian economy, our productivity and our competitiveness are among the lowest in the industrialized world. Among all G-8 nations we are the bottom of the barrel. That is nothing to be proud of because it is far less than what we can strive for as a nation.

The government is telling the Canadian public, patting us on the head, "Smile, be happy. Don't worry, we have social programs that will take care of you". What a bunch of nonsense. What a pile of tripe. That is totally unacceptable. All we need to do is speak to Canadians and ask what is bothering them. Are they happy with the economy? Are they happy with their job opportunities? Are they happy with the opportunities their children have? Most of them are not. This is not a figment of their imagination. This did not appear overnight. This is not something that has been happening over the last few weeks. This has been happening for years and it is not getting better. It is getting worse.

We are not lacking in solutions. My colleague from the other side articulated a number of them. He mentioned the problems. Members from the Reform Party and other parties have articulated solutions. There is much that binds us together and there is much

that is in agreement. What we do not have is somebody to take the bull by the horns and say that these are the best solutions we can find, these are the reasons we are going to this and, by heaven, we are going to do this.

• (1615)

This country has seen a lot of studying; it has not seen a lot of action. What Canadians are sick and tired of is the malady of studyitis that we have in the House of Commons, an ailment that causes intellectual gridlock. This whole place grinds to a halt. It does not function well. It is a poor use of taxpayers' money and does not serve the people of this country, who elect us to do a job, to help them help themselves, and indeed to help those who cannot help themselves. We have failed.

Let us look at some of the facts. Should we be happy with unemployment? No. Our unemployment rate is much higher than that of the country to the south of us. It is much higher than many of the G-8 countries.

Our productivity is sliding. It is the lowest in the G-8.

Our competitiveness has been dropping too. Why? The primary reason, and we all sound like broken records, is taxes. To take into consideration the concern that members on all sides of the House have, we do not want to introduce tax cuts that will compromise anybody, particularly the poor and middle classes. We want to make sure that the people of this country, regardless of their income, have the power to be the best that they can become and the power to take care of themselves.

Perhaps a fundamental difference between ourselves and the traditional Liberal thinking is that we believe most Canadians can take care of themselves better than governments can and we want to give people the power to do that.

The other side of the coin is to make sure that Canadians who cannot take care of themselves have a social network that can provide for them.

Thank heavens we are not like the United States. Historically we have had good social programs which have been there to take care of those who cannot take care of themselves. However, we do not speak about the current threat and future threats to those programs. Pensions, health care, education and welfare programs are all in jeopardy. They are in jeopardy because we do not have a healthy economy. We cannot have strong social programs unless we have a healthy economy.

By maintaining high tax levels, by not rationalizing the rules and regulations that choke off the private sector, by not keeping the rules that we need and removing those that we do not, we compromise the very essence and the ability of our economy to perform. Canadians cannot provide for themselves and pay the taxes that will enable the government to provide the social

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programs to provide for those people who cannot provide for themselves.

It is all intertwined. The failure of this government to do what we and others have been telling it to do for years is an abrogation of its responsibility. It is a violation of its duty, primarily to those people who are the most underprivileged individuals in our society. It is an abrogation of its responsibility to the beleaguered middle class, which is having increasing difficulty being able to acquire the basics for themselves and their families.

Government members like to talk about research and development. They want to provide money for it and we applaud that. What is the single most important factor in enabling research and development to occur in this country? The most important thing the government can do, and recent studies show this, is to give companies the money to do the research and development themselves. They do not necessarily want government handouts, but they at least want the ability to do this. The way they can do this is to have tax cuts, which will enable them to reinvest in their companies and become more competitive.

One of the saddest things we often hear about is the brain drain. The brain drain is a complex situation and is linked to many factors. Many Canadians who go south do not want to go south necessarily because they will make a little more money. They want to go because they have the ability to work in companies, work in universities, work in institutions where they have the opportunity to put their skills to the best possible use. The U.S. actually enables that to happen. That is something which we in Canada need to take a cold hard look at.

• (1620)

Let us consider tax rates and the money left in people's pockets after taxes and compare that to the United States. A couple working in the United States makes 44% more in after tax dollars than the same couple in Canada. How can we justify that? How can we be competitive?

Even the Prime Minister's own pollster, Mr. Marzolini, said very clearly in the last month that it is the high tax rates in this country which choke off the ability of the Canadian economy to function properly.

The woeful neglect of this situation is a damning indignation on this government which cannot be tolerated, let alone respected.

Governments will not provide money for education if they have a poor economy. In my riding there are high schools in which students have to write exams on paper that resembles toilet paper. They have had to downgrade to paper that is pathetic. Kids, even when they are trying to rub out their answers, rip right through it

because schools do not have enough money to buy reasonable paper.

In British Columbia students are sharing textbooks. They do not even have their own textbooks. The schools do not have the money to teach our students who can then become employed in the future.

The government may take comfort in saying that we have the social programs to provide welfare and employment insurance, but that is no comfort to Canadians who want to work. Most Canadians do not want to be on welfare or EI, they want to work.

The unemployment rates we talk about do not take into consideration the underemployment rates we have in the country. There are legions of university students who come out with good training only to find that the job opportunities in their chosen fields are few to non-existent. What kind of message are we sending the youth of today? That after all their hard work they will end up slinging hot dogs or burgers at McDonald's? That is what is happening now. It is a waste to our economy and the potential of our country. It cannot be allowed to happen.

My colleague spoke about the pension issue and how the Reform Party has put together constructive solutions to rescue our pensions. The CPP will not be there for the people of my generation and subsequent generations because the amount of money that will be required to fund the CPP will simply not be there.

In the next 20 years the number of people who will be over 65 years of age will go from the 12% to 25%. The number of people who will be working to provide the tax base to pay for the CPP and other social programs will simply not be there. What do we do? Will the government do what it recently did and jack up CPP rates almost 50%? It certainly will not be able to do that in the future because at some point in time there will be a collapse. We cannot continue to raise taxes and the demands on the individual without the system falling apart.

Let us talk about solutions. Let us talk about how to fix this system. There is much we can do. One thing we talked about is productivity. I have spoken about tax cuts. Let us increase the minimum personal exemption. There are a number of innovative things we have discussed today and in previous times concerning education, in terms of enabling schools to have the money to do what they have to do to train the kids of today. We should also consider innovative projects like those in Europe which link up the educational facilities with the private sector, enabling students to get work experience early on. There are also innovative ways of looking at tax credits to do that.

We could consider a flat tax or a flattened tax, which has just been introduced in Alberta. Rather than having the complex tax system we have now, by flattening it or by having a flat tax we could simplify the system. It would be a lot simpler and easier to

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employ. It would save the individual and indeed the economy a lot of money. The proof is in the pudding when we look at other countries.

• (1625)

In the Nordic countries and other European countries people were labouring under very, very high tax rates in the 1970s and 1980s. For example, in the case of Sweden, its interest rates went up to 500% overnight. There was a huge exodus of capital from the country. Interest rates had to be jacked up to stop that.

In England, the tax rates jumped to almost 90%. All the best and the brightest, and those with money to invest, create jobs and build the companies within England left. There was an economic collapse within England. The people who were hurt the most were the poor and the middle class. They could not get jobs any more. The jobs had left.

Furthermore, the resources that were required by the government to provide social programs were not there. They saw the collapse of their health institutions. Many people suffered needlessly as a result of the high taxes.

The Nordic countries got smart; a lot smarter than we are. They lowered their tax rates and simplified their tax system.

What has happened? England is a lion in Europe and indeed in the world in terms of not only its economic performance, but more important, the health and welfare of its citizens.

In the Nordic countries we have seen something similar happening. The socialist mentality that was embedded within those countries, which said that the government would be there to take care of its people, is gradually being eroded. People are now beginning to provide for themselves.

This is ending the culture of dependence that was ingrained into that society; a culture of dependence that, sadly, is becoming more ingrained in our society. That is lethal for any economy and worse for the health and welfare of citizens.

With respect to the basic personal income tax exemption, there is no reason, as the hon. member opposite mentioned, the government could not do that tomorrow. The government could bring a bill to the House. It could do it by order in council, which is what it does 80% of the time on important decisions. Cabinet just says "We are going to do this" and it is done. It does not come to the House.

Twenty per cent of the decisions to be made are brought to the House. Unfortunately, most of them are about as essential to the workings of this country as a healthy dose of pabulum. It does a huge disservice to the collective ability of members to bring what they can to the debate in a meaningful way.

There are many people in this House from all political parties who have an extraordinary amount of experience, intelligence and energy to bring to important debates, if the Prime Minister and his friends in the PMO would only allow that to happen. The issue of democracy in this country and the lack thereof is perhaps best spoken about in another very interesting debate.

With respect to the child care tax deduction, why do we not treat families equally, those who choose to have one parent stay at home to care for the children and those who choose to have both parents work? Why do we not have equity in the tax system? There is no reason that cannot happen.

I send this message to the government members who have spoken in a disparaging way about parents who choose to stay at home to care for their children. There is no more valuable job in this country than a parent who stays at home to care for their children.

It is not only the most valuable job, I would submit that it is the most difficult job. I would not want to trade places with those parents who stay at home to do the very difficult job of bringing up children in the society we live in today, but it is essential.

There have been medical studies and analyses done around the world. The Minister of Labour will attest to this because of the hard work which she and her husband have done on the head start program in Moncton.

• (1630)

The impact of a parent on the development of a child particularly in the first eight years of life is unparalleled. The positive and negative impact that can have is unlike anything else that can take place in the development of that child toward becoming an adolescent and after that an adult.

The positive impact of loving, caring parents in the development of children through providing a secure environment and the basic needs is far more important than any money they may have in their pockets. It is far more important than any material goods that can be given to children. Parents staying home and doing that are not only contributing to society in the most valuable way possible but they are contributing to the development of children in a way that nothing else can compare to.

The last point is on pensions. Our party has put forth constructive solutions to have super RRSPs, to increase the amounts Canadians are allowed to invest in their RRSPs. Certainly the CPP will not be there for them. Why the government does not give Canadians an opportunity to take care of themselves is beyond me.

If we have super RRSPs and increase the amounts Canadians can invest in markets outside Canada, if we enable people to invest in their own health and welfare and give them the tools to take care of themselves, that is the greatest gift we can give to Canadians. By

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doing that there will be more money to provide for those people who are poor and middle class who cannot take care of themselves. The solutions are out there. We do not need more studies, we need action. I challenge the government to take up that challenge today and to act now.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I will try to be as brief as possible. I know the hon. member had a number of things to say but I draw him back to the 1999 Reform budget plan which talks about what the opposition would propose.

The Reform plan does not include any economic prudence. It talks about surpluses of \$30 billion to \$35 billion. It talks about average GDP growth over the next three years of 5.5%, almost two times the private sector. Reformers want to cut taxes by \$9 billion a year. They want to reduce the debt by \$9 billion. They want to cut EI premiums by \$7 billion for a total bill of \$25 billion. It is very important that Reformers tell Canadians and certainly members of the House how they would finance it. We would go back into deficit. What would they cut? Is it health care? Is it research? Is it education?

If we built budgets the way the Reform Party did we would have—

**The Speaker:** The hon. member for Esquimalt—Juan de Fuca.

**Mr. Keith Martin:** Mr. Speaker, the proof in the pudding is looking at the real world. If we look at provinces that have cut taxes like Alberta and Ontario, we see booming economies. If we look at my province of British Columbia which is running a \$500 million deficit and has the highest tax rates in the country, do we see a good economy? We see a province that is the worst place to do business in North America. That is not success, that is failure. If we want to listen to success, I implore the hon. member to look at the Reform budget, cut taxes and enable our economy to be the best it can become.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I take that to mean Calgary West. Calgary is a grand city. I would be proud to be of any of the ridings in the city of Calgary. My seatmate, the hon. member for Crowfoot, had a question. He has a constituent who earns \$11,600 a year, not a large sum of money. Of that \$11,600 this individual pays \$700 in taxes, \$800 in other deductions and \$130 on income from interest on an inheritance system that constituent will be getting as part of a pension.

• (1635)

The constituent is paying over \$1,600 in taxes when making only \$11,600 a year. I would like to ask my hon. colleague whether he

thinks that type of Liberal taxation and Liberal fairness is justice in taxation.

**Mr. Keith Martin:** Mr. Speaker, that is called robbing the poor to pay the government. That is what that is all about. How anyone lives on \$11,600 is beyond me. All of us in the House have constituents who are in the same boat.

I have had constituents who are pensioners who come to me with their income tax forms and say “Look at this. I am making \$20,000 a year and the government is making me pay thousands of dollars of income tax. How can I and my wife survive on this?”

That is not a question for me to answer. That is a question on the conscience of the government to answer because Reformers would not tolerate that for a minute.

[*Translation*]

**Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ):** Mr. Speaker, my colleague from the Reform Party said earlier that what we need is action, not more studies. I will point out to him that, sometimes, a good understanding of what is going on can help us be more coherent in our actions.

The Carter commission of 1962 was mentioned earlier. We heard that it was an exemplary commission whose recommendations were not followed up.

It may be good to see where this is all coming from. It has been proven that in some countries, including Canada, the tax system is no longer progressive. It is no longer true that the poorer you are, the less tax you pay, and vice versa. Middle class Canadians do pay a great amount of tax.

In a study released in 1994, Mr. Mimoto, an economist, said, with regard to—

**The Speaker:** I am sorry to interrupt the member, but his time is up.

**Mr. Keith Martin:** Mr. Speaker, I thank my colleague for his question.

[*English*]

The hon. member mentioned something that is extremely important. He is talking about studies. We need to study something when we do not know what the answer is. There is a warehouse of studies somewhere on the Hill collecting dust. We spend millions and millions of dollars on studies. As the hon. member mentioned, we do not use them. They get tossed on a shelf to collect dust.

There are oodles of studies done by the House, done outside the House, done outside the country. We do not need more studies. We need action. We do not get action

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**Mr. Svend J. Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, I thank the hon. member for the opportunity to ask him a question and to wish him well in his upcoming leadership campaign.

I agree with the member completely with respect to the importance of a fairer tax system. I want to ask a very straightforward question. Under the proposed budget changes of the Liberal government a millionaire will receive a tax cut of \$8,000 this year. A single mother with two children living in Metrotown in my community struggling to get by on welfare will receive not a penny. Under Reform taxation policies that same millionaire who gets \$8,000 from Liberals would get \$70,000 in Reform Party tax cuts.

Where is the fairness? Where is the justice when under Reform Party tax proposals a millionaire gets a \$70,000 tax cut and a single mom in Esquimalt or in Metrotown, Burnaby gets not a penny?

**Mr. Keith Martin:** Mr. Speaker, that is simply not true. The Reform Party's budget plan would take over 200,000 of the poorest Canadians right off the tax rolls. They would not pay a penny of tax.

We are equally appalled by any kind of changes to the tax system which preferentially give tax breaks to the rich and not to the poor. What we support is that the poor and middle class in particular get the tax breaks they need. Our proposal explicitly states how we would get 200,000 of the poorest people to pay no tax at all.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I was listening to the hon. member from Esquimalt talking about how important it is for families to have a stay at home parent raise their children.

• (1640)

Prior to becoming a politician the member was a family physician. Therefore he most definitely knows what he is talking about. When he says something like that I think we should all listen and whenever we can we should encourage parents to stay at home to raise their children.

**The Speaker:** That is a pretty nice comment. I would say thank you and then go to the next person.

**Mr. Keith Martin:** Mr. Speaker, these are words of wisdom. He is absolutely right. What we need is a fair tax system that enables parents to have the choice to stay home rather than penalizing them for staying at home, which is what is happening now.

**Mr. John Finlay (Oxford, Lib.):** Mr. Speaker, I want to put a little different slant on the last two speakers. My colleague from Prince Albert seems to have bought into what the member from Esquimalt said so passionately, that it is far better for a parent to look after the children at home and so on.

I wonder whether that does not have something to do with the parent's abilities. The member did say the positive impact of a loving parent, which helps a little. There are societies that believe care given by appropriate caregivers to allow both parents to work or do what they like and need to do is a good idea.

I refer the member to kibbutzim in Israel which do a wonderful job of raising children. I think they have a very simple answer to a complex question.

**The Speaker:** The hon. member for Esquimalt—Juan de Fuca.

**Mr. Keith Martin:** Mr. Speaker, children need a loving and caring environment to grow up in. The best person to provide that is a competent parent. What the Reform Party is trying to do is give families the choice and not penalize them for staying at home. Whichever way we cut this, a loving, caring and competent parent is the best person to take care of the children.

**The Speaker:** It is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Acadie—Bathurst, employment insurance.

**Mr. Andrew Telegdi (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, if anybody needs any information on kibbutzim, the hon. Minister of Citizenship and Immigration worked on a kibbutz for a number of years before coming to the House.

It is important to focus the debate somewhat. It would be fair for me to say that the biggest cohort in the House is the class of 1993. When the Liberals formed the government at that time it is important to remember what our position was as a nation.

During the previous nine years the debt grew from \$208 billion to \$508 billion under the Progressive Conservatives and we had a record annual deficit of \$42 billion.

In 1993, 11.4% of Canadians were unemployed and we were told by the former Tory prime minister that we should not expect anything below 10% before the year 2000. Although it is still much too high, the number right now is 7.8%.

In 1993 employment insurance premiums were scheduled to rise to \$3.30. Since then we have lowered them each and every year. We are now at \$2.55 for every \$100 earned.

Our nation was falling into self-doubt and we were an economic basket case among western countries.

• (1645)

The reality is that we now have back to back balanced budgets for the first time in almost half a century. As we have recovered the

fiscal integrity of our nation we must thank all Canadians for their support in this effort. We must also recognize and commend the leadership of the Minister of Finance and the Prime Minister in this effort.

Who would have believed that this day would come? In order to complete this first stage of the recovery plan and balancing the budget we pursued a balanced program of a reduction in spending, reducing transfer payments to the provinces and growing the economy. The decisions made and the actions taken were not easy for anyone, but they worked. We can once again look to the future with optimism.

Governing is about bettering the lives of Canadians and improving their standard of living. It is building today to ensure for a better tomorrow. In order to do this and do it well we as a government cannot work alone so we enlist the input of Canadians.

The principal concern of Canadians and Ontarians across the country is health care. We are making the largest single investment of the government in health care. Under the budget provinces will receive an additional \$11.5 billion in transfers for health care over the next five years. My province of Ontario gets an additional \$4.4 billion of that for a total of 38.2%. This investment will bring the health component of the Canada health and social transfer to the level it was before the 1990 cutbacks.

Because we are removing the equalization cap on British Columbia, Alberta and Ontario and moving to a per capita entitlement for equalization payments, Ontario will receive an additional \$900 million in transfer payments.

Health care is a priority for Canadians and continues to be for the government. As the Minister of Health has said, and I am paraphrasing, we must strive for a people centred system, one that stresses transparency, sharing of information and the right provider giving the right care at the right time in the right place at a reasonable cost to taxpayers. This increasingly means innovative ideas and the use of the newest technology.

My riding of Kitchener—Waterloo is well known for innovation and research. The budget has tremendous gains in this area, both in health specific research and research in general. I have just spoken of the health research initiatives as a cornerstone of the budget and will now continue to discuss other forms of research, an issue near and dear to me and the people of Kitchener—Waterloo.

I am very happy to have contributed to this process through the post-secondary caucus of the Liberal Party. I was one of the original members, along with the hon. member for Peterborough and Dr. John English, the former member for Kitchener who has now returned to teaching at the University of Waterloo.

Our universities are very pleased with the budget. Bob Rosehart, president of Wilfrid Laurier University, stated:

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The focus on health in Federal Budget '99 was great news for all Canadians. The enhanced health research opportunities presented to all universities, . . . and the increased funding to the granting councils was great news. Obviously the federal government has been listening to the universities and WLU looks forward to participating in these new initiatives.

The comments from the University of Waterloo were much the same. I am very glad to be able to say that the Kitchener—Waterloo area is very well served by the budget and by the government. Having worked with the post-secondary education and research community for a long time I knew that our caucus would help them in putting their message across.

In the consultations before the last budget the post-secondary education caucus helped to ensure that the future of post-secondary institutions and hundreds of thousands of students was given high priority. As a result, the last budget was good news for post-secondary education. This year it continues.

That is why the budget works. The people had an influence on its preparation through public opinion polling and through different caucuses and committees. Canadians are working hard to better themselves and improve their prospects. In so doing they are enhancing Canada's economic strength and furthering Canada's future prospects, enabling us as a nation to compete successfully in the new economy.

Research and development are crucial to the economic well-being as we compete in the new economy. It is more imperative now as we are undergoing an information technology revolution and has a greater impact on jobs than the industrial revolution.

• (1650 )

Millions of jobs across the country were lost in the old economy and the millions of net new jobs created in the past four years are a tribute to our ability to embrace the new economy, much of it a new economy founded on research and development.

For example, my community in Kitchener—Waterloo was once a manufacturing community and an insurance centre. Now its manufacturing sector is reduced and it specializes in higher education and high tech and is still an insurance centre. Under this new budget there is an increase in funding for research and research infrastructure that will be of great benefit to my riding, to my province and to my country.

This increase in funding includes another \$15 million over three years for the Social Sciences and Humanities Research Council, \$15 million over three years for the National Research Council, \$75 million over three years for the Natural Sciences and Engineering Research Council, and \$200 million for the Canada Foundation for Innovation. This new funding is in addition to the funding granted for health research.

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The Canadian opportunities strategy increases our ability to achieve our goals by giving every Canadian better access to knowledge and skills. The 1999 budget builds on this strategy by investing more than \$1.8 billion for this year and the next three years. This funding will go toward knowledge: creating knowledge, disseminating knowledge, commercializing knowledge and hence supporting employment.

The Canadian opportunities strategy includes Canadian millennium scholarships averaging \$3,000 a year up to \$15,000 in total for four years; Canada study grants averaging \$2,225 per year to help students with the greatest need; support for advanced research as detailed earlier; and tax relief for interest on student loans in the Canada student loan interest relief. The strategy also encourages families to save for their children's education through the Canada education savings grant announced last year. The government contributes to RESPs.

The Canada opportunities strategy helps to disseminate knowledge across the country through SchoolNet, a program to connect every high school and library to the Internet before the millennium. It is due to be completed by March 31, 1999. The community access program will connect 10,000 rural and urban communities in two years.

There is no question that my community of Kitchener—Waterloo is part of the new economy. As Canada moves forward into the knowledge based economy of the present and the future, we will have a budget that helps us as a nation to prepare for that. We have many challenges before us as Canadians. I think the budget helps us in that direction.

**Mr. Grant McNally (Dewdney—Alouette, Ref.):** Mr. Speaker, it was a pleasure to be in the member's riding this week and to talk to some of his constituents. They are telling a very different story than the picture he just finished painting.

I spoke with students at Wilfred Laurier on Tuesday and I spoke to others throughout his community. I can indicate what they are saying about the government's actions, its high taxes, its high debt, and the slash and burn approach that it has taken to health care. It added \$11.5 billion to health care, which did not make up for the \$20 billion that it slashed and burned from health care. They are not happy about that situation. Individuals in the member's community are not singing the same praises of the government. In fact, they have hard questions for the member.

We heard today in question period the Minister of Industry talk about the falling standard of living. The member was singing the praises of the standard of living as though it was improving in his riding. The minister counteracted that today.

I would like to ask the member a very specific question. How can he justify saying that the standard of living is improving in his community when his own Minister of Industry is saying that there is a fall in the standard of living of up to \$7,000 for Canadians?

**Mr. Andrew Telegdi:** Mr. Speaker, the hon. member is welcome any time to come to my riding and see a community that actually works. If he actually talked to the people and listened to what they had to say, the hon. member would understand why Reform support keeps dropping and dropping from election to election.

• (1655)

Let me say to the member very specifically how the quality of life has improved in my community because of the government. First, fewer people are unemployed. We have one of the lowest unemployment rates in the country. It is below 6%. If the hon. member looked around my community and studied what makes my community tick, he would recognize that we made the transformation from an old economy to a new economy. Previous governments had the foresight to make the necessary investments that are well represented by the University of Waterloo, Sir Wilfrid Laurier University and Conestoga College.

[*Translation*]

**Mr. René Canuel (Matapédia—Matane, BQ):** Mr. Speaker, I listened carefully to what my hon. colleague had to say, and I really had the feeling he was from another planet.

Let me give you some figures: in 1995, the total poverty rate reached 17.4%. The number of Canadians living in poverty had increased to over 5 million. The poverty rate for Canadian families was at 14%, or more than 1 million families. The poverty rate for single Canadians was 36%. The poverty rate for single mothers under 65, with children under 18, was 57%.

My hon. colleague just told us that his riding was heaven on earth. Good for him, but he should come to my riding of Matapédia—Matane and listen to what my constituents have to say.

I would like to ask him a question. What would he say to my constituents?

[*English*]

**Mr. Andrew Telegdi:** Yes, Mr. Speaker, too many Canadians are poor. Certainly nobody in the House takes any joy in that.

Prior to coming to parliament I used to work with an organization called Youth in Conflict with the Law. Many of the people we worked with were before the courts due to poverty and lack of opportunities.

What I said in my speech was that the situation in Canada has improved greatly since 1993. All members of the House must work together to make sure that trend continues. Child poverty is very much an important concern of the government. If he examines the



budgets over the last number of years, he will see we have spent \$2 billion to fight in that endeavour. We will continue to do more.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, I know the hon. parliamentary secretary across the way has two universities in his riding, Waterloo and Sir Wilfrid Laurier.

I visit campuses across the country and talk to students. I know his campuses are no different from the others. Students have a problem finding jobs when they get out. They face high taxes. They have student debt loads. Many of them are reconsidering whether or not they want to remain Canadians or go to the United States to find work. I know of computer programmers, doctors and nurses who are leaving this country. They get an education here but because of tax differentials they go down to the United States.

Even though the member across the way likes to brag about low unemployment in his riding, is it because so many of the young people out of his universities find employment elsewhere in that the tax advantages are so much better in the States than they are in Canada?

**Mr. Andrew Telegdi:** Mr. Speaker, I invite the hon. member back to my riding—I know he has been there before—to continue his study into what makes a community click.

He talked about nurses leaving the country. In the case of the province of Ontario many nurses have left the country. It has everything to do with the fact that the provincial government, with which those members are so pleased, has fired 10,000 nurses. The government flips and flops and is trying to hire them back, bring them back from the United States. Poor planning.

• (1700)

Let me be very clear. For the most part, people who come out of Sir Wilfrid Laurier University go to very well paying jobs. Let me also inform the member that the Conestoga graduates have the highest employment rate of people going to community colleges in the province of Ontario. I am sure the member opposite would like to applaud that. The ranking was recently done and I believe it is at 94%.

When criticizing things, sometimes we hear mention of a glass of water. This glass of water happens to be 75% full. I would rather look at it as being 75% full than be like the official opposition and look at the glass of water and complain that it is 25% empty.

**The Speaker:** The hon. member for St. Albert. Is the hon. member going to split his time?

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I do not think so but I will not take up the full amount of my time as I have another commitment I have to go to.

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I am pleased to rise on Bill C-72, a bill which makes amendments to the Income Tax Act, perhaps not to raise taxes but to ensure the Minister of Finance collects all the money he feels he needs. I want to give a few highlights that were really not brought out clearly in the budget.

I am looking at the budget plan 1999, page 55. A table points out anticipated revenues for the year 2000-01 are \$159.5 billion. Back at the time when this government took office, revenues were about \$123 billion.

In the time the government has been here and the time I have been here, we have seen a \$37 billion increase in the amount of money the government collects from Canadian taxpayers. There are only 30 million people in Canada, including babies and babies are not paying tax. I know the government would like them to pay tax, but not yet, give them a few years. It works out to over \$1,200 or \$1,300 more that the government is collecting from every Canadian than it did when it took office five years ago.

This is the type of thing Canadians do not realize as we hear these wonderful statements about a balanced budget and how the government has done marvellous things. I do not think it is a marvellous thing that the government has taken all this extra money straight out of the pockets of Canadians.

The government has told us how much it has brought program spending down and kept it under control. Again, looking at the same table on page 55, from 1997-98 to 2000-01 the government is projecting a \$5 billion increase in program spending. Away it goes. As soon as the budget is balanced, let the money flow.

Public debt is paramount in people's minds. Canadians know we are in debt. It is time the debt was brought down. Not one penny change is being proposed. By 2001 the debt will remain at \$580 billion. Today it is at \$580 billion. The government does not have the slightest intention of repaying any of the debt that the Liberals and the Tory party accumulated over 30 years and hung around the necks of Canadians.

These are the things we need to bring out. We have to let Canadians know it was not the government that balanced the budget. Canadians through extra taxes balanced the budget.

Let us look at the budget plan 1999 and personal income taxes on page 61. What is happening to personal income taxes? The government says it is going to cut them. Personal income tax for 1997-98 was \$70.8 billion. For 2001 it is projected to rise to \$76.2 billion. That is almost a \$6 billion increase in personal income taxes.

What is going to happen with the hated GST? Look at the same table. The goods and services tax at \$19.5 billion is going to rise to \$22.4 billion. Another \$3 billion squeezed out of the pockets of the

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taxpayers on top of the \$6 billion. It is not much wonder the Minister of Finance is awash with cash.

• (1705)

What else is there? It says that employment insurance benefits will rise. The announcement I heard today by, I think it was the leader of the NDP, suggested the EI benefits were going down, not going up. As the Minister of Finance is awash with cash, he is cutting back on the payments to those who most need it.

Of course there are the public debt charges. The interest we pay on this huge \$580 billion debt, is projected to rise from almost \$41 billion to over \$43 billion. The sum of \$43 billion a year means for example that we could multiply by four the cheques we send out to people on employment insurance. Or we could double the amount of Canada pension plan payments. Or we could cut income taxes by more than \$1,000 per Canadian.

That \$40 billion is hanging around our necks. It is a noose strangling the productivity and the standard of living of Canadians. That is the legacy of the government and its predecessor. That is why the Reform Party is here. That is why we are saying lower taxes. That is why we are saying fairer taxes.

We heard earlier from the member for Esquimalt—Juan de Fuca, a medical doctor, a physician who dealt with the sick every day before he was elected. He told us that in his professional opinion, stay at home parents provided the most valuable of services to Canadians, to our young families and our next generation, by providing the nurture, the love and support for the most vulnerable of our people. Yet the Minister of Finance and the government find that they have to penalize people who want to do that.

I have heard it said so often that two income families have to work whereas a single income family does not have work, that one can provide enough money anyway. Let me relate a little incident which happened when I was going back to my riding. Going through the Ottawa airport, the security guard who checks the baggage and ensures that our flights are safe noticed my member of parliament pin. He stopped me and said, "I only make \$23,000 on this job. My wife and I have three children but my wife is a stay at home parent because it is important for us that my wife raises our three kids". There he was with a \$23,000 family income and getting no assistance whatsoever from the Minister of Finance, absolutely none.

There is someone who is absolutely dedicated and committed to his family, someone who is obviously making great sacrifices financially for his family. No doubt as a family they are providing the nurture and the love to raise their kids to the best of their ability.

Those are the types of things the Minister of Finance does not tell us too much about. Another thing is he is salting some money away for the next few years after the millennium. Right after the

millennium we might have an election and it seems that the two might coincide.

What is the Minister of Finance doing? For example, last year he took \$2.5 billion, charged it against the public accounts and said, "I am not going to spend this money now, I am going to spend it after the millennium as a millennium scholarship fund. I am going to have \$2.5 billion to spend on students after the millennium". While students are crying and trying to pay for their tuition today, last year the Minister of Finance tucked \$2.5 billion into a bank account. It is sitting there gathering interest and he is not spending a penny of it until after the millennium.

In the last budget he announced \$3.5 billion that he will charge to the fiscal year ending March 31, 1999, a couple of weeks from now. The provinces can draw that down over the next few years to pay for their health care.

• (1710)

Just those two items alone add up to \$6 billion which he has charged against the public accounts. And he has not spent a penny.

On top of that, the year before there was \$800 million for the centre for innovation. The auditor general tripped him up saying the finance minister could not do that but he said yes he would anyway. They had a little spat. The auditor general called him to account for it, the same way he called him to account on the millennium scholarship fund. There is another \$800 million that the Minister of Finance tucked away two years ago and the money has yet to be spent.

We are up to almost \$7 billion that the Minister of Finance has prepaid. He has the money sitting in bank accounts. It will be after the millennium before Canadians see the benefit of this. In the meantime he says, "All I have got is a balanced budget. I cannot give you tax relief like you expect tax relief. I cannot show a surplus".

Why does he not show a surplus? Because he is tucking this money away in other bank accounts and not spending it until he feels it is appropriate for his particular agenda. We can only speculate what his agenda may be. May be it is for the leadership. It could be for the next election. Who knows?

The point is Canadians are paying. They could have tax relief. They could have more money spent on health care this year. They could have more money spent to help young kids with their tuition this year, but the Minister of Finance said, "While you have paid for it, you are not going to get the benefit until later", until it suits his agenda to give it.

That is the type of smoke and mirrors we are getting from the Minister of Finance. While he makes these wonderful magnanimous statements about how well he is doing, let us remember that

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the budget has been balanced on the backs of Canadians. There is a surplus that the finance minister has hidden away, \$7 billion in total so far, that could be spent on Canadians or to provide tax relief which we have not seen. People need to know that.

**Mr. Roy Cullen (Etobicoke North, Lib.):** Mr. Speaker, I listened to the critique of the member for St. Albert. It reminds me of the difficulty the Reform Party seems to have with how government revenues are generated. It is a fairly simple phenomenon that as the economy grows and expands, which Canada's economy has been doing with great strength, and as new jobs are created, which has been happening in Canada with more than 1.4 million new jobs since 1993, there is more income in the economy and more income taxes are payable. It is a sign of a good economy. It is not the sign of a bad economy.

The members opposite seem to be challenged with this very simple concept. I want to remind the House that gross tax revenues are up because the economy is growing.

I would like to briefly comment on one item and perhaps the member opposite could answer. The member for St. Albert was in Australia recently attending a conference on budget cutting and expenditure reduction. Given the fact that our expenditure to GDP is the lowest in about 30 or 40 years, what new ideas did he come away with after his visit to that jurisdiction?

**Mr. John Williams:** Mr. Speaker, to answer the member's first point about lower unemployment, the Minister of Finance in budget plan 1999 on page 64 projects that employment insurance benefit payments will rise from \$11.8 billion to \$13.8 billion by 2000-01, an extra \$2 billion for employment insurance payments. I do not think the government is looking for reductions in unemployment.

Getting to his other point, when I was talking to the senior officials in the treasuries of Australia and New Zealand, I found that they have a policy of focused program spending. They are into what we call accrual accounting, double entry accounting and budgeting.

The Canadian government made a commitment in 1989 to get into accrual accounting. It is going to be 2004 before we get there. It will have been 15 years before it gets there.

• (1715)

In the meantime, for lack of clear, precise guidelines on how we spend the money we have wasted billions. That is what I learned.

**Mr. Werner Schmidt (Kelowna, Ref.):** Mr. Speaker, I really want to commend my hon. colleague for the lucid way in which he projected forward and indicated clearly on what basis the budget was really put into a balanced position.

I would like to give him the opportunity to correct the hon. member opposite who seemed to indicate that the only way revenue increased in Canada was simply because the GDP was rising, the economy was generally healthy and therefore obviously the revenues would increase.

What the hon. member earlier forgot to hear my hon. colleague say had to do with the income the individual taxpayer in Canada had to pay. It is not as a result of the GDP but simply because the tax burden of each individual taxpayer has been increased. The accumulated effect of that has been to increase the revenue and to say for sure that the balanced budget is as a result of payments by Canadian taxpayers.

**Mr. John Williams:** Mr. Speaker, he is perfectly correct. The increase of \$37 billion in tax revenue came from Canadians. There was virtually no real increase in our population. That works out to \$1,300 to \$1,400 per Canadian paid to the Minister of Finance and this government. Canadians balanced the budget.

I do not care if he says it is because they went to work or whatever methodology or rationale he uses, the point is Canadians are paying a lot more. The Minister of Finance is hiding surpluses and could provide more tax relief now.

**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, my colleague talked about some of the ways the government is raising funds now and some of the ways it is spending it. Does he think that corporate welfare, waste, patronage, dumb blonde joke books, the canoe hall of fame, crown corporations, Senate budget increases or section 745 appeals are a good way to spend taxpayer dollars?

**Mr. John Williams:** Mr. Speaker, as the member for Calgary West just pointed out, there is absolutely no end to the innovative ways the government gets to spend money. It just seems to keep on doing that.

When I was in Australia and New Zealand I found that they, because New Zealand hit the wall and we almost hit the wall too, had to focus their government spending and ensure that every penny they spent was productive, focused and provided a benefit for their citizens. On that basis, they created accrual accounting, balance sheets, clear results and focused spending.

On that basis, if we were to apply the same rigour and discipline to our spending, I am sure tens of billions of dollars could be shaved from the government's spending with no real impact on the economy.

It has taken 15 years from the time it made the decision in 1989 to move this way and 2004 before it is to implement phase I. It will be 2025 before it gets it finished perhaps if it is still in office. Of course it will be long gone by then. The point is that every day we waste is money wasted too.

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**Mr. Rob Anders (Calgary West, Ref.):** Mr. Speaker, once again that famous question gets asked. Why are we here? What are we doing? We are here to debate Bill C-72, an act to amend the Income Tax Act.

Right there there has to be a problem. Every time the government has amended the Income Tax Act, take hold of your wallet because something funny is about to happen. It is about to get lighter. I can tell the House about all the ways our wallets have become lighter as a result of this government. It is wonderful at finding ways to lighten the Canadian taxpayer's wallet.

• (1720)

First it was life insurance premiums the government went after. It lightened our wallets to the tune of \$210 million last year. That is a lot of lightening. It is not only last year, it started off with \$120 million in 1994. Add it all up and there has been over \$1 billion worth of wallet lightening. That is a lot of lightening.

Then it went after lifetime capital gains exemptions. It did a lot of lightening there. Just this last year it lightened our wallets again by \$340 million. Then it did income testing for age credits implementation. That was another \$300 million. Then there were the deductions with regard to meals. It got rid of that. It changed the definition of income once again, like it is doing today with Bill C-72. It has lightened our wallets by \$275 million. Forget calling it lightening of the wallet, it took \$275 million.

Then corporations' tax rate increased. It took \$160 million and killed some jobs in the meantime. Then it went ahead with a corporate surtax and that increased. That was another \$120 million. It killed some more jobs. That is something this government is good at. It is good at lightening the wallet and killing a few jobs along the way. Then it came in with a tax on gasoline. It took another \$500 million. Then there was the tax on tobacco. It cannot forget that one. That was another \$65 million.

What about the pensions? The government went after that. That was another \$10 million. That was just on foreign pensions. Then it went after RRSP withdrawals and took out \$45 million. It changed the time when people could put into it. Then look at EI premiums, part time workers, people who cannot collect on EI because they are not full time but they are paying in. It is a tax. If they cannot collect on it and they are paying in it is called a tax. In this last year it has been \$1 billion.

When we look at these numbers it is ludicrous. In 1994 it was \$370 million. In 1995 it was \$808 million. The year after that it went to \$1.15 billion. Add all these things up cumulatively. Then look at the bracket creep. The Liberals have raised taxes by billions upon billions of dollars. Any time I see Liberals talk about amending the Income Tax Act I reach for my wallet and I hold it dearly.

I will go on to a few other things these Liberals have been up to. Let us talk about priorities. They are increasing taxes. Liberals know how to do that better than anybody. I do not doubt that. Of any of the parties in the House the Liberals know how to whack at taxes better than anybody around.

We ask ourselves what they do with all this money. They raise our taxes, these Liberals, these people with these grand priorities, these big government schemes, these tax and spenders. What do they spend it on? They discriminate against single income families. That is what they do. They give money out in corporate welfare, profitable businesses. They give out subsidies. They give out grants. They give out tax concessions. Shame on them. None of the competitors for those industries want to see them get a break and get subsidized by the government.

Then there is the waste. My goodness, I was in the human resources development committee and a departmental official came into that committee. The departmental official said there was \$200 million they were not going to use in a budgetary envelope. All the Liberals across the way got glum. The Reform Party asked if the departmental officials said there was no use for the money, why not take it out of the budgetary envelope.

• (1725)

All the Liberals lined up like little duckies in a row. They said "It is a ministerial document. If the minister said this was okay, we will not challenge the minister. The minister is all knowing. The minister is all intelligent. The minister must know what is going on".

The \$200 million the departmental official said they would not use got used. Wow, the waste. Then I look at the patronage. When I have people come into my riding office and tell me about OAS clawbacks, when they tell me about being taxed on the money they are setting aside for their children's educations, I have to tell them the Liberals have a higher priority on patronage. Shame on the Liberals.

This is insulting. This is above and beyond. It goes beyond the pale, that they would fund a book on dumb blonde jokes. I see a couple of blonde heads across the aisle. I wonder how they feel about that. I see a couple of female MPs opposite. I wonder what they think about the dumb blonde joke books their government funds. I wonder whether they think that is a good expenditure. Shame on them, and they do not even speak up about it.

Then I look at the canoe hall of fame in the Prime Minister's riding. By what stretch of the imagination is a canoe hall of fame in the Prime Minister's riding more important than seniors pensions or more important than health care or more important than education? A person has to stretch pretty darn far to come up with that type of Liberal logic.

I look at the subsidies they give to bad governments. I am talking about some of the things they do with foreign aid around this place. What do they do? They look at people like Mobutu in Zaire. They gave money to this person who is well known for bad government, for corruption and bad policies. They help to fund weaponry and genocide and all the rest of these things.

Liberals love giving money overseas. I do not know by what logic they do that when they have taxpayers at home who are crying for tax cuts and crying for services they have been cutting back for years.

They are funding roads overseas and yet we have problems with roads in Canada. What a joke in the transportation committee. We are studying intelligent transportation systems. How about the cracks in the highways? Never mind intelligent transportation. Get the noodle working on that.

What about crown corporations? We are giving money to CBC TV. Why? The unions are killing it anyway. What are we doing? The unions will finish off that company.

Then I look at Canada Post competing in e-mail with the private sector, competing in couriers with companies like FedEx and UPS, cutting out from competition companies like T2P overnight in Calgary.

What are we doing taking taxpayer dollars to subsidize businesses to put other people out of the play in the marketplace? Shame on the Liberals.

The Liberals are funding Senate budget increases, an unelected, unaccountable body with people who do not show up for work, with criminal records, violating the law and the Constitution. Yet they are giving them budget increases of 16% over two years. That is where our hard earned tax dollars are going, to the Senate.

I look at section 745. Each appeal under section 745 is costing us on average \$500,000. Clifford Olson's appeal cost us over \$1 million. That is where the money is going.

With all those tax increases the Liberals are bringing down, every time they feel people's wallets and bring in amendments and redefine what income means, watch out because this is the type of stuff they are spending it on. That is a crying shame.

It would be better to burn that money than give it to the Liberals. They use it against taxpayers. They fund the competition. They put in worse legislation that works against people. That is what they are doing. It would be better to take that money and burn it than to give it to a government which mismanages it and uses it against the taxpayer. It would be better if it were buried. That is the type of thing we have going on here.

• (1730)

**The Deputy Speaker:** I regret to interrupt the hon. member but, as he knows, all good things must come to an end. I assure him that the next time this matter comes up for debate he will have nine minutes remaining to continue his speech.

### *Private Members' Business*

The time for Government Orders having expired and it being 5.30 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's order paper.

## PRIVATE MEMBERS' BUSINESS

[English]

### AN ACT TO AMEND THE ACT OF INCORPORATION OF THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF MACKENZIE

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, I rise on a point of order. I think you would find unanimous consent for the following motion. I move:

That notwithstanding any standing order and the usual practices of the House, Bill S-20, an act to amend the Act of incorporation of the Roman Catholic Episcopal Corporation of Mackenzie, be now called for second reading; and that the House do proceed to dispose of the bill at all stages, including committee of the whole.

**The Deputy Speaker:** Is there unanimous consent to proceed in this fashion, that we deal with all stages of this bill today?

**Some hon. members:** Agreed.

(Motion agreed to)

#### SECOND READING

**Mrs. Karen Redman (Kitchener Centre, Lib.)** moved that Bill S-20, an act to amend the act of incorporation of the Roman Catholic Episcopal Corporation of Mackenzie, be read the second time and, by unanimous consent, referred to committee of the whole.

She said: Mr. Speaker, I am pleased to rise today to speak to Bill S-20. By way of background, the corporation of Mackenzie was created in 1913 by an act of parliament. The corporation takes in 38 Roman Catholic churches in the Northwest Territories, northern Alberta and Saskatchewan.

Since 1913 the vicar and eventually the bishop have continued to serve the social as well as the spiritual needs of Canada's northern peoples. The presence of the Catholic church in the western Arctic for over a century has contributed a visible and important presence in the Canadian north that has significantly served Canada's Arctic sovereignty.

In 1913 when the act of parliament was passed sections 4 and 6 placed certain restrictions upon the corporation including limiting the value of the property and assets of the corporation to \$50,000 and the length of time the corporation may own land. These limitations were no doubt at the time sensible and appropriate. In the decades since that time, however, the corporation has invested wisely and has received considerable support from various bene-

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factors resulting in holdings in today's market which are considerably more than the legislated limit.

It is important to the continuing work of the corporation and the financial well-being of the diocese that the limits upon its holdings be removed so it may continue with its worthwhile service to the northern community. I am pleased that Bill S-20 will bring the act into line with the modern reality of the corporation.

There is also a proposed technical amendment to the French name of the corporation. The amendment to the French name of the corporation better translates the intention and context of the English name of the corporation and brings the act into line with current French drafting terminology.

[Translation]

I am confident that this bill will ensure that the Corporation of Mackenzie is well managed and ready for the next century. It is with great pleasure that I support the bill in the hope that it will be passed in an expeditious manner.

[English]

**The Deputy Speaker:** Is the House ready for the question?

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

• (1735)

(Motion agreed to, bill read the second time, considered in committee, reported, concurred in, read the third time and passed)

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## ADJOURNMENT PROCEEDINGS

[Translation]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

### EMPLOYMENT INSURANCE

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, on February 3, 1999, I asked a question to the House. I said that the employment insurance system is an insurance scheme and I asked the following:

Why is the government trying to cut more people off EI benefits and treat them like criminals?

When I toured around the country, I saw this is the way people feel. It is important that the minister be aware of that. People contribute to the employment insurance fund but each time they ask for benefits, they are treated like criminals, like people who are abusing the system. That is the way people feel all around the country.

[English]

As I went across the country and met with people they told me that when they apply for employment insurance the human resource people are looking at them as though they are criminals. Surely we do not want the government to treat Canadians that way. That is why I raised the question at that time.

What will the government do about this? It is not right that people across the country should be treated like this at the human resources offices.

[Translation]

I asked a question. But what answers we do get. This is what the minister answered:

The member treats EI as if it were an industry creating employment in the regions.

This is not so. An employment insurance system is not an industry to create employment, it is a system which pays benefits to people who are out of work.

I do not want to go back to the 1970s. What I am saying is that there is a program for which workers and employers are paying. People all around the country tell us that this program belongs to them, to the workers who lose their jobs.

It is unacceptable for the minister to rise in the House and say to me that I am going back to the 1970s. That is not true. I want to live in 1999, with a program built in such a way that when people lose their job, they can receive benefits to support their families, their children, get them something to eat and send them to school.

• (1740)

Canadians are not pleased to get such answers. One need only look at the report by the Minister of Human Resources Development which indicates that the percentage of women in Canada who no longer qualify for employment insurance has risen by 20%.

We must face up to reality. The program is no longer up to doing what it was intended for in the beginning. This is the reason I would like the minister to give us some answers in the coming days, about what he is going to do with the employment insurance program, because the people of Canada, the workers of Canada, are not satisfied.

The people of Windsor are not satisfied when they fill out their income tax returns and find that they have to again pay into employment insurance. They phone us and write us to say so. The situation is the same everywhere, not just in the Atlantic provinces, but in Regina and in Edmonton, Alberta, as well. I have said so on numerous occasions here in this House.

So, I hope the minister can tell us exactly what he is going to do with the employment insurance program.

[*English*]

**Ms. Bonnie Brown (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, let me assure the hon. member that the department tries to treat all clients with fairness, understanding and compassion. Each case is assessed individually and all circumstances brought to light are examined and considered in a compassionate manner.

The opposition member says that the people he met felt like they were being treated as criminals. Perhaps this is attributable to the fact that some people put in a claim for employment insurance four or five years ago when the rules were different and received benefits. It is possible they put in one recently with the new rules and found they did not qualify.

Sometimes when people are told no, they take it very personally. No one is trying to treat anyone like a criminal. However, the employees of the Department of Human Resources Development in the various Canada employment centres are obligated to implement the law as it stands. It is unfortunate if some people are feeling very sensitive and taking it personally.

The member also said that the rate of women who do not qualify has risen by 20%. He is reversing a figure that is in today's monitoring and assessment report. In fact it is not women who do not qualify. It is that the rate of women who have applied for employment insurance has dropped by 20%. That could mean that many more women have jobs.

There are 300,000 more women working in the past year than were working prior to that. That might account for the reason fewer are putting in claims.

[*Translation*]

**The Deputy Speaker:** Pursuant to order made earlier today, the motion to adjourn the House is now deemed withdrawn.

[*English*]

Pursuant to order made earlier this day, the House will now proceed to the consideration of a motion to adjourn the House for the purpose of discussing a specific and important matter requiring urgent consideration, namely the effect of a labour dispute on the movement of grain in the port of Vancouver.

*S. O. 52*

## EMERGENCY DEBATE

[*English*]

### MOVEMENT OF GRAIN

**The Deputy Speaker:** Pursuant to Standing Order 52, the hon. member for Selkirk—Interlake has obtained leave to move a motion.

**Mr. Howard Hilstrom (Selkirk—Interlake, Ref.)** moved:

That this House do now adjourn.

He said: Mr. Speaker, the motion being debated tonight is outlined in my request under Standing Order 52. It involves the emergency situation created by the Liberal government's inability to reach a fair negotiated settlement with the Public Service Alliance of Canada union, thereby causing immense financial harm to the Canadian economy and to farmers specifically.

We gather tonight to engage in one of those historic debates that arise in the life of a nation from time to time. The emergency debate tonight will deal with the economic well-being of a nation as judged by our collective productivity and individual standard of living.

• (1745)

It would be so simple to say this debate is directed solely to the strike action being taken by members of the Public Service Alliance of Canada. It would be simple to say this debate is only about farm incomes hurt by the halted movement of grain to our overseas customers. It is about these two issues, but they are only the symptoms of a malaise in this country, a malaise that includes the following diseases which, while not fatal, seriously weaken every Canadian's physical, mental, spiritual and cultural well-being.

I speak of high taxes, low farm commodity prices, high farm input costs resulting in low net income, and an agriculture sector asking what is the future for their farms, for their children in agriculture. I speak of the thousands of Public Service Alliance of Canada union members who have not had a wage increase in the last six years.

Before being elected to parliament I was a member of the RCMP. I had the same wage freeze these union members are currently undergoing. These union members, farmers, many other workers in both the public and private sector and I have made immense sacrifices to eliminate our national budget deficit. I currently own and operate a cattle ranch. Combined with my other life experiences, I can say that I feel the pain of the farmer, the rancher and the union worker in this matter.

The other diseases that make up this national malaise include a monopoly government organization called the Canadian Wheat

*S. O. 52*

Board and a highly regulated grain transportation system that stifles innovation and investment. There are also world trade problems including those with our closest neighbours and friends in the United States.

My request for this emergency debate was granted by the Speaker of the House and I appreciate his wisdom in doing so. I requested the debate because the ministers responsible for solving these national problems have failed in their tasks.

Recent statements by the Treasury Board minister indicate that negotiations have reached an impasse. He has not divulged all of the reasons that this situation has arisen, nor the options that are available to him and his government to resolve the stalemate. The various government ministers have not even explained to the Canadian public, to union members, farmers or ranchers the extent of the financial harm that is befalling this country and its citizens.

I believe a full public hearing of the issues I have mentioned along with many others I have not touched on will help us as a nation to find our way out of this economic and social mess we find ourselves in today.

I will speak on some of the details, the nuts and bolts, of this emergency debate. I sent a letter to parliament dated March 17, 1999 requesting that an emergency debate pursuant to Standing Order 52 be held to address the current labour dispute that has terminated grain movement through the port of Vancouver.

As the House is well aware, the Public Service Alliance of Canada is currently involved in a labour dispute with the Government of Canada. Included in this dispute are approximately 70 grain weighers employed by the Canadian Grain Commission.

The functions performed by these 70 workers are mandated under the Canada Grains Act and cannot be performed by non Canadian Grain Commission personnel. Therefore, the withdrawal of these services will prevent the unloading of grain hopper cars and the loading of vessels for overseas customers.

• (1750)

Until March 14, 1999 the Public Service Alliance of Canada had structured its rotating strikes in such a way that grain movement, while being inconvenienced, had continued near targeted levels. However, this changed when the Public Service Alliance of Canada grain weighers set up pickets at all five grain terminals in Vancouver on March 15. Not only has this action removed the legislated mandated service, other workers such as grain handlers and longshoremen have refused to cross the picket lines.

Grain movement has been halted for the past three days. When I speak of halted grain movement, I am talking about on the prairies with the railways and off the ships that are heading across the seas to our customers in Asia and other countries.

The escalation of action by the grain weighers follows a March 10 interview by the president of the Public Service Alliance of Canada in which he stated that grain will become a primary target. At this point, March 10, it would have seemed that the urgency would have come home to the government to take the action necessary at least to prevent that threat from happening and/or to negotiate in good faith and come to a settlement. As we know, this did not happen.

While we all hope this dispute will be resolved in a timely fashion, we cannot allow an ongoing disruption of Canada's grain flow as that would constitute a further attack on producers' falling incomes.

I would like to mention a few of the dollar figures surrounding this strike. Of course there are the union workers and their wages which affects not only the workers themselves but their families who are trying to meet mortgages and make payments to their creditors. It would be easy to tell them to go back to work and trust the government, but this government has demonstrated through actions and words that it cannot be trusted to work out satisfactory solutions.

I recall about a year and a half ago when this very House dealt with the postal union workers. It is my understanding that after having legislated them back to work with the promise of a negotiated settlement, in fact that settlement has not been achieved to this date. I imagine the grain workers and the other public service alliance workers are saying to themselves, "If this government simply legislates us back to work or if I simply agree to go back to work with no settlement, will I be treated the same as the postal workers?" From what we have seen so far, they have a justified reason to be concerned and wary of the government.

The Canadian Wheat Board announced today that it has lost one sale of \$9 million. It has also lost several smaller ones to Asia and Latin America, in the neighbourhood of \$2 million to \$10 million. To a lot of people \$2 million is not much of a sale, but the world grain trade has changed. We no longer have the \$1 billion sales to Russia and China. We have a grain industry with small sales of \$1 million to \$2 million. While these dollar figures may seem small, their cumulative effect is very large.

On grain leaving the port, I will only talk about wheat at this time even though many other crops are being exported. In the neighbourhood of \$6 million a day in wheat exports are not leaving the port. This is the capability of the port and that represents actual losses.

• (1755)

Spring is coming. We have to take note that this stoppage of grain movement on the west coast will soon spread across the country if this dispute is not resolved. We received information today that it is expected that the seaway will open up around March



*S. O. 52*

22, 1999. The western grain elevators expect to begin operations at that time with one terminal facility in Thunder Bay.

Mr. Speaker, we considered and you agreed that this is a national emergency that needs a debate in the House of Commons. The fact is that it does affect more than western Canadians and it does affect more than dock workers and grain handlers on the west coast.

There is another item that the Canadian Wheat Board brought forth in its press release today. The spokesman said that the sales director for the wheat board said that we are forgoing sales every day. What are these sales? Are they simply wheat and canola leaving the ports and going to our customers?

What we get back is foreign currency, hard foreign currency that goes to the wealth of this nation. It is not money we are circulating within the country, passing from one to the other, all of it eventually being taxed back by the government. It is new money that we are earning from customers and people in other lands which goes to make our country a wealthier nation. These are very important considerations when we talk about grain and its effect on the well-being of Canada.

The cumulative effect of this dispute has to be taken in the context of other disputes and stoppages to the grain handling and grain transportation business over the years. Since 1993 there have been inland strikes involving grain terminal companies, railway strikes and longshoremen strikes. There were the terrible snowstorms that stopped grain transportation through the Rocky Mountains.

This cumulative effect on the reliability of our exports is hurting this country. It is hurting the western provinces in particular. It is hurting the very families who live in those provinces who eke out a very modest living from their toiling on the land.

These are all issues that translate into dollar losses for the economy of B.C. and for the farmers across the country. As of March 18 there were 21 vessels at the Vancouver port. For the weeks prior to the strike, there were about six vessels in port which is a normal coming and going of ships at the port. We can see that the vessels waiting to load are increasing in numbers on a daily basis.

One of our customers was quoted in this recent dispute. I believe the Minister of Agriculture and Agri-Food referred to this customer. The Japanese food agency has raised concerns with the minister over the reliability of Canadian grain shipments out of Vancouver. Eleven per cent of Canadian agriculture exports go to Japan.

It is this very issue of reliability that is of such importance to this debate tonight. I am sure it will be expanded on by other speakers from all parties after I am finished.

The other portion of the grain transportation system that needs some mention is the railways.

• (1800 )

On March 18 the railways indicated that the allocation of cars for the week of March 28 through April 3 is on hold. Let me describe that. There are hopper cars sitting full of grain out in Vancouver or at points in between. There is grain sitting in the elevators and there is grain sitting on the farms.

The grain system also operates on a just in time type scenario where the customer's ships arrive, the grain is put in and the order from the farmer is placed. This all has to move in a very time sensitive situation.

After this strike and this action stops it will take at least three weeks to get the system up and rolling again. That is because the grain handling system operates on a cycle. It will take at least three weeks after the end of the strike to return to normal operation. During this whole time vessels that have been ordered by the Canadian Wheat Board and other exporters will continue to arrive with no grain to pick up.

What happens when they arrive? If shippers do not load the vessels within the specified times, usually a three to five day window, companies are charged what is called demurrage fees. These fees are for each extra day the vessel is in port without being loaded. These charges are substantial and can range from about \$10,000 to \$15,000 a day. Simply multiplying that out, \$15,000 per day times 21, it can be seen that over the course of a week or two weeks, God forbid this should go on that long, we are talking of hundreds of millions of dollars in total.

The other financial aspect to look at is late contract penalties. In addition to vessel demurrage, exporters are charged late fees by importing companies. In some cases, Japan for example, importing companies have moved to a just in time inventory management system and have paid a premium for reliability. Built into these premium contracts are severe penalties for unreliability.

I have already mentioned it but I would like to re-emphasize that all this translates into a loss of confidence. Countries that rely on Canada for a steady supply of grain may choose to go elsewhere if this supply is interrupted.

From what the Canadian Wheat Board has indicated to the government today and to the Canadian people, may is not an accurate word to use. It will cause this financial damage.

The government is responsible for the solutions. The government is responsible for the negotiations with the labour union. It has more complete information than anyone else in the House, me included. As a result it is difficult to stand here and say exactly

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what the solutions are. Certainly the President of the Treasury Board should declare that the work performed by these 70 grain weighers is an essential service and he should allow them final offer arbitration.

I clearly point out that this issue is not a farmer and rancher versus a union member, it is not even opposition parties versus the government. It is about public discussion of the facts and public discussion of the solutions. The government is in need of our help and in that spirit I pray that our deliberations here tonight will be fruitful and let all Canadians wake up to a brighter future as the sun rises tomorrow morning.

• (1805)

[Translation]

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, this evening, we are holding an important debate, and I would like to take this opportunity to review the negotiations between the Government of Canada and its employees.

This House will recall that the Government of Canada has already bargained in good faith and signed collective agreements with over 87% of its employees. And, in this group, I include over 100,000 members affiliated with the Public Service Alliance of Canada.

Furthermore, last week, some 10,000 technical employees, represented by the Public Service Alliance of Canada, and the government reached and ratified a new collective agreement.

I have always held that it is by bargaining that two parties can reach an agreement. Confrontation of any sort leads nowhere but to frustration of both sides.

I agree we had a long salary freeze. It began with the Conservative government. We continued it for a number of years because it was essential to eliminate the deficit, which was undermining our national fiscal and financial health. We did that, and two years ago we reintroduced the right to negotiate collective agreements. That is what we have done in the past two years.

Again, we reached agreements with 26 of the 29 groups. We are now at the point where over 85% of our unionized employees have signed collective agreements with us, thus allowing both sides, as employer and employees, to continue to provide necessary services to Canadians, in a manner that reflects the agreements reached by unionized employees and the government. We hope to be able to continue to do that.

In the course of the negotiations with all these groups, we were able to offer, on average, a basic salary increase of about 4.5% over a two-year period. It is on that basis that we negotiated and that we arrived at agreements with such a large proportion of our unionized employees.

There are two groups left, including the blue collar workers, with whom we have been trying in vain for two years to arrive at a solution. At one point, we thought we were very close to an agreement with one group, the correctional services people. In fact, we did reach an agreement with the union leaders. We arrived at an agreement with those who negotiate on behalf of correctional services employees.

It is only when the time came to ratify the agreement that, unfortunately, a small majority of employees refused to ratify the agreement that had been reached with their negotiators and that had been approved by their union leaders.

Despite all our goodwill and our desire to reach a conclusion, we now find ourselves with two cases where the demands of unionized workers do not correspond to the percentages offered to and accepted by almost 90% of the public service in other cases.

Instead of having basic demands of approximately 2.5% for the first year and 2% in the second year, the basic demands are two, three and, in one case, four times higher than what was approved for the very great majority of other unionized workers.

• (1810)

It is clear that, if we said we were ready to accept this kind of demand, not only would we be creating an untenable situation for the almost 90% of our employees who have already signed contracts, but we would also be causing insurmountable problems in future contract negotiations due to start up again in a few months.

We would have established a percentage increase that was out of line with what we gave most of our other employees and with what the private sector got. Right now, private sector increases in the last 18 months have been approximately 2.1% a year. And this would also be out of line with what Canadians can afford to pay, a salary that is current in the market and fair to our employees.

That is why we find ourselves unable to reach agreement with a very small number of our bargaining tables, particularly blue collar workers, because of their excessive demands.

When the government negotiates, it has a basic goal in mind. That goal is to try to find a balance between the interests and priorities of Canadians and those of government workers.

All Canadians have made important sacrifices in recent years. They recognized the need to put our financial house in order to continue moving forward. Poll after poll, Canadians are telling us they are proud of their federal government, which is making the right decisions, although they are often very difficult ones.

Throughout this process, we have had to compromise. We have made offers the government could afford because we have a fiduciary responsibility to the citizens of this country.

For example, in group 2, blue collar workers, the government made all kinds of compromises. For instance, on the issue of regional rates, we have accepted to reduce the number of regions from ten to seven in spite of the fact that, in the interest of fairness, the rate should not be national, but such that it meets the needs of the local market and does not create distortion on the local markets.

Specifically, when the cost of living is much higher in Vancouver than in Fredericton, it is only fair that workers in Vancouver be paid salaries taking into account the cost of living there.

However, if, given local market conditions, we offer pay rates significantly higher than local rates, we create an upward pressure on the salaries of workers in the area.

Clearly this has been justified for years and condoned by all kinds of commissions on public finances. Fairness demands regional rates. In spite of this we have agreed with the union to reduce the number of regions.

At the same table, with regard to salary increases, the offer we made was higher than what we had offered most public servants.

We raised our offer to a 4.75% base rate increase because we wanted to try to solve any problems with this group so we could get on with the negotiations, reach a negotiated settlement and keep the peace with the union and the employees. To achieve that goal, we were convinced Canadians were willing to accept a rate of increase that was slightly higher than what we had offered most public servants.

But, unfortunately, not only were our employees not satisfied with that, they are now asking twice the salary increase we gave our other employees. These demands are excessive, therefore, and we are convinced Canadians are not willing to accept that.

• (1815)

I still have hope that we will be able to reach a negotiated settlement because, even though the right to strike is recognized by all at this time, strikes have the effect of taking Canadians hostage and cause considerable damage, for example to the grain trade. There are also millions of Canadians who may have to wait a long time before receiving their tax refund.

Unfortunately, our employees, our blue collar workers, have started using tactics that create problems for many Canadians. They have taken Canadians hostage.

For example, I remind members that they stopped traffic at Dorval airport, which is not even under federal jurisdiction anymore. They forced many travellers, some of whom were not even Canadians, to walk more than one kilometre to get to the airport. Many of them missed their flight and were left wondering, and rightly so, what the dispute was all about.

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The right to strike exists because when employees withdraw the offer of work they do, the services are not provided. But what right have the employees to hold farmers hostage in the western provinces, taxpayers hostage in the case of Revenue Canada or travellers hostage at Dorval airport? What right have they to hold them hostage and thus create such monumental inconvenience for third parties that they create an atmosphere they think will lead more easily to the conclusion of negotiations?

On the contrary, Canadians are reacting like the farmers in the west, saying “Why are our means of livelihood being affected by the union’s taking third parties hostage, in this case the western farmers?”

A strike is never easy, but it is even less so when it involves the security and the health of Canadians.

We want to bargain in good faith and sign agreements with our blue collar workers. We especially want Canadians to receive the Government of Canada services they are entitled to and they pay for.

However, in this strike, we can only conclude that our employees at the two tables remaining, which I mentioned—specifically the blue collar workers—are making excessive demands. Their demands are not in keeping with the balance we must maintain, as a government, between taxpayers and the salaries we pay our employees.

At the moment, we have to consider that our employees, unfortunately, in the case of these two tables, are taking Canadians hostage and forcing us to consider the various options at our disposal to protect Canadians’ right to services they elected a government for and they have paid for.

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Mr. Speaker, I am pleased, on behalf of the Bloc Québécois and as critic for labour issues, to take part in this emergency debate requested by the hon. member for Selkirk—Interlake.

The issue is the current labour conflict in Vancouver, which opposes the Public Service Alliance and 70 of its members who work for the Canadian Wheat Board. These people work in the elevators that handle grain exports.

• (1820)

The employees have been on strike since March 15, which means for the past two or three working days. Based on our information, this work stoppage has a major impact on the region’s economy.

Still, we must put the decision of these 70 employees to go on a general strike in its proper context. It seems that, on March 10, a Public Service Alliance official did warn the employer, that is the government and the Canadian Wheat Board, that if there were no progress in negotiations, the union’s strategy would be to target

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wheat to put pressure on the employer. Therefore, the message was rather clear.

On March 14, the union began a rotating strike which had the merit of continuing wheat operations. It was not until the following day that the unions put up a picket line, which was respected by the other unions working near the export elevators. Undoubtedly, therefore, the strike had a considerable impact and achieved its goal, which was to establish a balance of power between the two parties.

We have a strong suspicion that the Reform Party's strategy in pushing for this emergency debate today is to set the stage for the employer—in this case, the government—to introduce special back-to-work legislation.

This is not the position of the Bloc Québécois. This is not our approach, because we think that, if there is a right to strike, it should be respected. It has to go on for a while at least, there has to be a deadline after which, if negotiations have failed to resolve the situation, public interest must be taken into account and a decision can be made to settle the issue and move to other things.

It is unthinkable that, because negotiations have gone nowhere after three days, drastic action is in order. In the context of the public service, it is too easy for the government, as both employer and lawmaker, to find the situation too complicated and the repercussions too serious and to turn around and use its legislative authority to thwart the effects of the strike and the strike itself. We find this excessive.

While we hope that negotiations will go on, there must be a true power relationship and we must feel that there is no other way to ensure the continuation of operations before bringing in special back to work legislation. It must be a measure of last resort.

We can see here the philosophy of the Reform Party, which does not have much respect for labour legislation and for workers. As the President of the Treasury Board said, it is not fun to suffer the impacts of a strike. But it is not fun either—and we tend to forget that—for those on strike or for their families. It is not fun for those who are on the picket lines. These people go through a period of serious insecurity and discomfort and, may I add, strike action is legal in that industry.

The President of the Treasury Board spoke earlier about security and health, two issues that are being ignored here. There is some sort of an essential service in Canada, which has been provided for in order to protect public health and security. We are talking about economic impacts, which are very difficult to assess. We should be careful not to go too far in that regard.

• (1825)

Instead of hinting at the quick passage of a special act to put an end to that kind of labour dispute, we would prefer to see the

parties negotiate in good faith, accept negotiation and reach an agreement that will be well accepted and honoured.

The right to strike, the legal right to strike is a clear sign of civilization. Why should a society invent such means to provide working conditions? The right to strike was not given by the employers, either in the public or private sectors. The right to strike is a hard won right in the history of western societies.

A strike always causes inconvenience. The fate of farmers is of great concern to us. In Quebec also farmers are hurting a lot because of the international economic conditions, globalization and its harmful effects. Institutions and individuals are paying the price. Western farmers are feeling the pinch too, and we sympathize with them.

It would be too easy to say, as soon as we are slightly inconvenienced, that we are going to pass special back-to-work legislation to solve the problem. We are not ready to go along with it.

We want the obviously difficult situation the parties have arrived at to be settled through negotiations, negotiations conducted in good faith recognizing what it means for the regional economy. One should not fall into the trap nor be tricked into using this all too easy approach called back to work legislation.

I will sum up my thoughts and those of the Bloc on the matter: our position is very clear. Freedom of association exists in principle in Canada, and workers, when they have good reason to do so, go on strike.

This is part of a fair balance of power, except when the employer, which happens to be the government, abuses its legislative power. Again, back to work legislation should only be a last resort, until the government gets back to the negotiating table with an offer acceptable to workers and settles the dispute in a democratic and civilized manner through negotiations.

When one speaks of good faith, when one speaks of the federal government as employer, one is entitled to a few concerns. Contrary to rumour, the federal government is a tough employer. We know that it recently rejected a court decision on pay equity. Really now, a judgment is a judgment. In its wisdom, the government in its power and arrogance, has decided to appeal the judgment rather than comply with it.

This is a government that has already obtained orphan clauses, at Canada Post in particular, where working conditions vary greatly depending on seniority. I know some postal workers personally and I know that their conditions are truly precarious.

When a person works a few hours a week, and cannot be guaranteed more than 15 hours of work a month—if memory serves me right—working conditions at Canada Post are far from enviable. In the past, jobs at Canada Post were highly coveted, but

now, thanks to the interventionist attitude of this government as employer, this is no longer the case.

This is a government which, in the latest revision of the Canada Labour Code, refused to include an anti-scab provision. In Quebec, this matter was settled a long time ago, to everyone's satisfaction. The use of replacement workers during a strike is forbidden. The Canada Labour Code does not contain any such provision for Canada.

This government has refused to pass Part III of the Canada Labour Code, which would give pregnant women better treatment, through preventive leave to safeguard the health of women who are soon to give birth by allowing them to stop working.

• (1830)

The federal government will not allow it. It is not the highly progressive and generous one people think. For example, we know that it will not allow RCMP employees to unionize.

[*English*]

**Mr. Larry McCormick:** You are stretching that a little bit.

[*Translation*]

**Mr. Yves Rocheleau:** I like the remark by my colleague. When we speak of bargaining in good faith, there is an element of doubt, because we know whom we are dealing with. This is a nitpicking government, that denies, for example, its employees in the RCMP—

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

**Mr. Yves Rocheleau:** —the right to bargain, to have a union. It is a company union we regularly get information from. Arbitrariness reigns in management. That is what is promoted: people are at the mercy of their immediate supervisors.

So, you have understood that the government does not want special legislation in a labour dispute at this point at least. It wants the rules of standard procedure to take the upper hand, bargaining in good faith and agreement by the parties in order to put a quick end to this labour dispute, with its unfortunately rather significant consequences.

[*English*]

**Mr. Bill Blaikie (Winnipeg—Transcona, NDP):** Mr. Speaker, it is a good thing that we are having this debate tonight. The hon. member for Selkirk—Interlake has done the House a service by requesting and receiving the opportunity to have an emergency debate on this subject.

No matter what our views are, and we may differ on how things should be handled or what the origins of the problem are, it certainly is a matter of great concern to Canadian farmers and

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producers and is something that the House should be giving its attention to.

I would like to go over some of the history of the dispute which has led us to this debate. The Public Service Alliance of Canada has been engaged in rotating strikes across the country for eight weeks. It has been doing this as a result of what it sees and what we see and what many other Canadians see as intransigence on the part of the government in respect of the bargaining that the government has been engaged in with the Public Service Alliance of Canada.

Last Friday the government walked away from the table and therefore the government has to take responsibility for what has happened. If it had the will, the government could find a way out of this impasse by going back to the table, by bargaining in good faith and by showing respect for the collective bargaining process instead of engaging in the sort of coded threats the President of the Treasury Board was engaging in earlier when he talked about examining all his options.

We know what that means. It is a code for back to work legislation. Echoing what my colleague from the Bloc said about the need to balance the very difficulty won right to strike, in this case the right to strike of public servants against what may or may not be in the public interest, this is a balance that always has to be delicately sought.

I do not think that we have arrived at any situation which would create any kind of moral imperative on the part of the government to engage in this kind of threat at this time or to engage in more concrete actions such as back to work legislation. However, if it does, we will have to deal with that when it comes and in the form in which it comes, because we know that back to work legislation can come in many forms.

• (1835)

I listened carefully to what the President of the Treasury Board said. He kept talking about the people who are on strike taking Canadians hostage. I think this is very strong language. It begs a larger debate about who is taking whom hostage and why we reserve this kind of language. The President of the Treasury Board used the word hostage three, four or perhaps half a dozen time in his speech, so I hope he is not taking umbrage at my reminding people what he said when he spoke.

It is interesting that he should characterize what the striking workers are doing in that way. He may want to disapprove of what the striking workers are doing. That is fine. However I take some exception to using the idea of taking hostages in this very selective way.

I take objection to using the concept of taking hostages only when workers are withdrawing their labour because in their judgment they are not receiving the remuneration for their labour that they feel is their just due. When workers do that, people like the President of the Treasury Board say "This is hostage taking.

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This is not serving the common good. This is hurting the transportation and the delivery of grain". All these factors which have to do with the common good and the public interest are immediately brought in, and perhaps appropriately so when we are talking about the effect of a strike.

Do we hear this same kind of language when capital withdraws its services, when it withdraws from whatever economic activity it was in, in order to make a profit, because it is no longer making the profit it used to make or because it is not able to make as much profit as it would like to make or have the increase in profit that it would like to have. When companies act in this way, when corporations act in this way, when capital acts in this way, we say they are just being good businessmen. They are just saying "Either we get this or we don't deliver. We don't do what we normally do". We say they are being hardnosed, that these are people who know how to stick up for themselves, that these are people we have to reckon with.

However, when workers do it they are hostage takers. They are people who have no concern for the Canadian economy. If I had a dime for every time there was a corporate decision taken that was not in the interest of the Canadian economy but was in the interest of a particular corporation, I would be a very rich person.

When that is done I do not hear people, with the possible exception of New Democrats, saying in the House of Commons that these people are terrible, that they put their own economic interest ahead of the country. It is just regarded as the marketplace taking its effect, as people acting like good little Adam Smith disciples, acting according to the *Zeitgeist*, acting according to the market ethic. They are not reprimanded.

Certainly the President of the Treasury Board does not get up and call them hostage takers. He does not go after the railway for taking farmers hostage by abandoning rail lines and leaving them at the mercy of Cargill, truckers or whatever it is they are left to the mercy of.

When the railway says "We are going to pull that line out of there because we are not making enough money on it", regardless of what the consequences are for the local community or farmers I do not hear the President of the Treasury Board saying that the CNR are hostage takers, that they have no regard for the welfare of the Canadian economy or western Canada or farmers. I do not hear that kind of talk from the government when corporations act in this way. Perhaps we should hear that kind of talk but we do not.

What I am counselling here is if we are to be preached at by the President of the Treasury Board with respect to the common good, with respect to the well-being of the Canadian economy, with respect to the well-being of Canadian farmers and their communities, I would like to see a little more even-handedness on the part of the government.

• (1840)

I would like to see a government that was active in resisting the ways in which the railways are hurting farmers. I would like to see a government that was active in resisting the way that some of the agribusiness corporations are impinging upon the interests of farmers. I do not hear that.

I think it is a point that needs to be made because if through back to work legislation, if that is what the government has in mind, we can conscript labour, why is it still a sin to conscript capital? Why do we live with the very idea, which was not always regarded as quite as radical as it is today, that capital should somehow be answerable to the common good, should be answerable to the needs of the national economy, should be answerable to the needs of communities? That idea is completely out of fashion. It is not out of fashion as far as I am concerned but it is out of fashion. Let us face it, that is not the prevailing wisdom, that is not the conventional wisdom.

All I am saying to my colleagues is: what is sauce for the goose is sauce for the gander. I object to an ethic which says ordinary working people have to be responsible for or take into account the effects of their actions on the Canadian economy and in this case, with respect to what is happening in Vancouver, their effect on farmers on their families. It is a very serious concern. I am not trying to downplay that at all.

I am asking why we lay this moral imperative on them and yet we do not do it when it comes to others, particularly much more powerful actors in the Canadian economy than, let us face it, the blue collar workers at the Public Service Alliance of Canada.

I make a plea for some moral symmetry which I do not often see in this place. I see a tremendous moral imperative being laid on workers when their actions or their withdrawal of their services imperils in some way or another a part or the whole of the Canadian economy. However, when this is done in the name of corporate profit, corporate profit strategies, a good investment climate or whatever we want to call it, it is just regarded as business. It is just regarded as the way things are.

I do not think we can have it both ways. I encourage the President of the Treasury Board to go back to the table, to stop talking about hostage takers, unless he is interested in a little Stockholm syndrome, and get down to business with the strikers. I am sure that they are not anxious to be on strike.

I have been on many picket lines in my time as an MP and even before that when members of my family were on strike. I can tell the House that people who are on strike do not want to be on strike. People who are on strike, especially if they have been on strike for any length of time, are always looking for an honourable way back to their jobs because they do not like being without work. They do not like being without a regular pay cheque. They do not enjoy

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being on the picket line. Whatever excitement there is fades very quickly. To imagine that somehow the alleged intransigence of the union comes from any desire to have the strike prolonged in any way is very mistaken.

The President of the Treasury Board was listening to me at the beginning, but I guess I must have either bothered him or something because he is really involved now in talking to his Liberal seatmate over there. Over here, President of the Treasury Board; earth to the President of the Treasury Board. There he is.

I was saying to the President of the Treasury Board through the Chair, as I always do, that it is time for the President of the Treasury Board to go back to the table. He knows what he has to do to arrive at a settlement. He should stop using this inappropriate language and do what he has to do, not just for the sake of the strikers but for the sake of the country.

He has a responsibility, not just to the people who are on the picket lines, to show leadership in this regard. I am sure he could apply himself. He is no dummy. He is no slouch. He knows how to get out of the mess he got himself and the rest of the country into, if he wants to get out of it, and I encourage him to do so.

• (1845)

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, I would like to preface my comments on a few remarks on the comments by the member for Winnipeg Transcona. As always, his comments are enlightening and intelligent.

I would maybe beg to differ that there is a slightly different angle we should be looking at here and it is not questioning whether PSAC members have a right to vote. I would put the emphasis on the shoulders of the government where it rightly belongs because it has not settled this prolonged strike and has allowed it to fester to the point where they are using and threatening the livelihoods of other Canadians because they are desperate and there has been no chance to arbitrate this dispute. That blame lies solely on the shoulders of the government.

It is my pleasure to rise today on behalf of my hon. colleague, the member for Brandon—Souris, to speak on the very important issue facing Canadian grain farmers as a result of the current public service strike. The both of us would like to congratulate the member for Selkirk—Interlake for bringing this issue forward in tonight's debate.

This is an issue that all parties in the House of Commons should be concerned about, not only those from western Canada because it has implications on Canada's reputation as an exporter of grain and surely that would have implications on all Canadians.

The Public Service Alliance of Canada is currently involved in a labour dispute with the Government of Canada. Included in this dispute are approximately 70 grain weighers employed by the Canadian Grain Commission. The functions performed by these 70 workers are mandated under the Canadian Grains Act and cannot be performed by non-Canadian grain corporation staff. The withdrawal of these services has prevented the unloading of grain hopper cars and the loading of vessels.

On March 15, when PSAC grain weighers set up picket lines at five grain terminals in Vancouver, it halted grain movement, preventing 700 unionized grain handlers from going to work, costing not only our producers but our international reputation as a supplier of high quality grain capable of meeting important and time sensitive delivery dates.

First and most important, this work stoppage has also hurt Canadians through delays in income tax refunds. Almost one million income tax returns are stuck in the system. Because of grain delays, Canadian farmers and Canada's reputation as one of the world's best suppliers of high quality grain are being hurt. It needs to be mentioned that Canada exports around \$18 billion to \$20 billion worth of food products every year and about one-half of these grain exports are grains, oilseeds and related products. These stoppages cause serious damage to the Canadian grain export industry and the prairie economy they are based out of.

I will illustrate how the failure of leadership on this issue is part of a pattern of this government that is failing to serve Canadians.

I want to contrast the government's lack of effectiveness on this issue and how an earlier Conservative government dealt competently with a potential strike situation back in 1991.

There can be no doubt by anyone who has read a newspaper, listened to the radio or watched television in the last few weeks that the public service strike has hurt not just the public service but other sectors of the Canadian economy and, in the area of concern tonight, Canadian grain transportation.

This is not the first time Canadian farmers have been affected by grain delays. Delayed 1997 shipments to contracted international customers, primarily in wheat, have resulted in demurrage charges of \$65 million paid for primarily by producers. It has been estimated that an additional \$35 million was lost in potential sales because of Canada's inability to deliver. This reflected poorly not only on western Canadian farmers but Canadians as a whole in the international marketplace.

Again Canadian farmers are faced with these disruptions, this time as a result of PSAC strike. Fortunately, farmers will not face huge demurrage charges as they did back in 1997 because the Vancouver Grain Exchange has declared the shutdown an event of

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delay. This move by the industry body gives exporters 14 days after the situation is cleared up before they face charges.

• (1850)

It is a very time sensitive issue and it is timely to bring it up in an emergency debate.

Another issue is indirect costs to farmers. That could cost millions and the damage to Canada's reputation is immeasurable. In the last 48 hours alone the Canadian Wheat Board stated that it has lost \$9 million in sales because of the reliability of our delivery system. The government has dragged its feet on this issue for over two years. It has failed to reach a settlement with table two PSAC workers. I question what the government has done over the past two years. Obviously very little.

Now the federal government has put our farmers in this situation where they are being held hostage. I will use those words. Our farmers are being held hostage because the strike has dragged on, without resolution, at the negotiating table. Our farmers are not being held hostage by PSAC workers, they are being held hostage by the government. This could not have come at a worse time with Canadian farmers suffering one of the most financial crunches since the Great Depression.

On February 10 my hon. colleague, the member for Brandon—Souris who is unfortunately unable to participate in tonight's debate, wrote the President of the Treasury Board urging this government to quickly resolve negotiations with PSAC members. He has yet to hear a reply. The member for Brandon—Souris got up in the House on February 17 and again urged the government to resolve the dispute with the PSAC workers. Still no word from the minister other than "do not worry, we are working on it".

We must ask ourselves why this government chooses through its own neglect to allow this strike to cause so much damage to the Canadian economy, to agri-businesses and Canada's international reputation. This is not an isolated incident but a pattern within this government that shows a leadership vacuum beginning at the top and a contempt for the legislative and democratic process.

Whether it be the federal government dragging its heels on the farm income crisis, Canada's delayed position on the Kyoto environmental conference or the defence department's decision to purchase EH-101 helicopters only after years delays and after cancelling a previous which cost taxpayers \$.5 billion, and the list goes on, everywhere we turn the government chooses to procrastination over leadership, the same kind of failed policy that hurt so many Canadians with the PSAC strike.

Where can we look to for an example of real leadership? In October 1991 there was a Progressive Conservative government in power faced with a labour situation not much different from that

faced by the current government. Back then Canada Post was negotiating to bring a number of unions, each with its own collective agreements with CUPW, under one agreement. A series of rotating strikes in August urged the government to do whatever necessary to allow the two parties to come to successful negotiation.

I urge the President of the Treasury Board to seek a quick and speedy resolution to this strike. In the event that it appears to be futile the Progressive Conservative Party would urge, but only as a last resort, to legislate public service employees back to work. If this is not resolved soon all Canadians stand to lose, both PSAC members and farmers. It is time for the government to stand up and show leadership which has obviously been lacking for some time.

The government has a double responsibility here. It has a responsibility with PSAC to settle this in an equitable and timely manner. The government has a timely and important responsibility to western Canadian farmers to enable them to meet export commitments.

**Mr. Dale Johnston (Wetaskiwin, Ref.):** Mr. Speaker, I am pleased to take part in this debate. I thank my colleague from Selkirk—Interlake for asking for this emergency debate. I really believe this is an item that is emergent.

• (1855)

To dispel a few myths before I really get into the text of what I have to say tonight, I would like to reply to some accusations by my friend from Trois-Rivières who said this is a veiled threat for the Reform Party to try to get the government to bring in back to work legislation. Nothing could be further from the truth.

Back to work legislation does not do anything. All it does is get the parties back on the job. It still does not do anything to settle the labour dispute. The labour dispute will still be there. That animosity will still be there. That intransigence will still be there.

I do not believe for a minute that any union will strike on a whim. It needs a pretty good reason. I am quite sure those people on strike at the moment are wishing they could be at work.

There is a loss of pay. Everybody knows that when there is a strike for any duration, they will never work long enough to make up for the money they have lost. Those people have made that decision and it has not been taken lightly, rest assured.

My friend from Trois-Rivières' allegations are absolutely false. We do not advocate back to work legislation.

A year or so ago we had part I of the Canada Labour Code opened, the industrial relations part. We made some changes in that



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code. One of the things the government kept telling us was that it wanted to put in a clause that applies to grain, clause 87.7.

Even some of my friends from the Liberal Party thought this would be an excellent clause because it would ensure the flow of grain from the farm gate to the port. Why is that so important?

It is important certainly for farm families. It is also important to the Canadian economy. Every person in this place, regardless of their party, would like to have close to complete employment in this country. They would like to see the unemployment rate near zero.

This is no way to go about it. This is no way to attain those goals. The very fact that we have the spinoff effect from grain sales, from agriculture, is a huge item.

This is an excellent thing. It is a very good thing that I am not the kind of guy who would say I told you this would not work, I told you so. If I were, right now I would be saying I told you so.

Even my friends including some in the Liberal caucus thought clause 87.7 would move grain right through to port. It will not and the reason it will not is that there are still unions the government refuses to come to agreement with that go on strike out of frustration or out of necessity or for some reason.

Then the other unions will respect their picket lines and not cross them. What happens then? There are granaries full of grain on the farm. There are elevators full of grain in the towns. There are trains loaded, sitting on the sidings at ports and not moving. Instant constipation. Nothing moves. This is certainly not a good picture. This has great detrimental spinoff to the Canadian economy and this simply cannot be tolerated.

I listened with great interest to some of the strong language the President of the Treasury Board used when he spoke about the problem. He talked a lot about the history. What was missing was talk about the solution. I also listened to my friend from Winnipeg—Transcona talk about the strong language used by the President of the Treasury Board. Like the President of the Treasury Board, my friend from Winnipeg—Transcona did not talk about the solution.

● (1900)

We have pretty well covered the problem. We know the farmers have the grain in the bins. We know they cannot move this grain after breakup starts. After the frost starts to come out of the ground, the municipalities put bans or load restrictions on their roads. It is very important that this grain gets to port. The people at the ports and the unions know this. The government knows this.

It is not as though this were the first time this has happened. This happens over and over again, and the government out of desperation and political pressure brought to bear by the farming commu-

nity and others brings in back to work legislation, which does not serve Canada well at all.

What kind of scale are we talking about here? My colleague said about the movement of grain at the west coast port that there are approximately 20 to 21 ships waiting out there. That represents an awful lot of grain. It represents a lot of jobs and a lot of transfer payments for this country.

It also represents an erosion of our reliable good name when it comes to supplying grain. As everybody in this place knows, a good reputation takes a long time to build but it can be lost in a very short time. That is the danger we run every time we go through what I call these futile exercises.

Unlike some of the previous speeches, I am going to talk about what I think the solutions are. My friend from Selkirk—Interlake spoke about what he thought was the solution. By some strange coincidence I have the same feelings about the possibility of a solution.

Stable labour relations are absolutely vital to the country. If we have stable labour relations and we can be a reliable shipper of goods, then we have a leg up on our competitors. That is very important. Agriculture is still a very important and significant employer of people in this country. This is not from the more or less narrow viewpoint of strictly the farm community. We are talking about a much broader spinoff area.

Final offer selection arbitration is a tool that can be used by labour and by management equally well. I say that because I think the very fact of making final offer selection arbitration available to these parties will make them bargain very earnestly. It is an incentive for them to come to an agreement.

We could even say that used to its ultimate, final offer selection arbitration would not be used at all. In case that is too much of a leap for some people to follow, the reason I say that is that final offer selection arbitration does not meld the final positions.

Labour presents its position and management presents its position. The arbitrator takes all of one position or all of the other position. It is not a negotiated in between settlement at all. It is all of one or all of the other. Both parties know that when they go in, and therefore both parties come to their absolute bottom line.

● (1905)

Oftentimes when bottom lines are compared, there is no decision for the arbitrator to make because they have come to a conclusion. Oftentimes it never comes to presenting a final position to the arbitrator because lo and beyond the sides sat down, hammered things out and negotiated.

I would like to say this again lest there still be somebody in this House who would like to accuse us of supporting back to work legislation and removing the right to strike. Absolutely false on

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both counts. We support the right to strike and the right to organize. We also think the very best solution is a negotiated solution.

We saw it in this House in the not too distant past when we had a postal disruption. The government saw fit to legislate them back to work. Lo and behold that was 16 months ago and still there is no agreement in the post office. What is the point? Why legislate them back to work if we are not going to come to an agreement?

We should use final offer selection arbitration, get an agreement, get everybody back to work on an amicable footing and we will not have to face these situations again and again. Until we do that, we are going to be back here in an emergency debate again and again because of a situation where the national economy is suffering or there is some kind of crisis.

The fact that we are here is that all parties have agreed that this is an emergency. It is testament to the fact that this is an emergency situation.

Some people will say that we Reform guys want to have final offer selection for everything. That too is rubbish. Anybody that would care to read the things I have said about final offer selection need only go back to the debates on Bill C-19. We explained it time and time again. As a matter of fact, I reached the point where I thought I might be boring some people in the House with my explanations of final offer selection. I know Mr. Speaker would not be one of them because he listens intently to virtually every word I say.

We think final offer selection is one of the tools that should be used in cases where there is a monopoly situation, where there is no alternative to the services provided or withdrawn and in a situation where the national economy is going to suffer directly and significantly.

I certainly do hope that clarifies the situation. I really hope my friend from Trois-Rivières is listening. I am sure he is.

We want a fair and permanent resolution process. We think it must be in place and it must be removed from the whims of government. Back to work legislation is becoming so predictable that the unions and management have come to rely on it. I do not know why they would do that. It is a painful exercise for everybody.

Some kind of permanent legislation that would provide for final offer selection would provide both sides with something predictable that has rules and a timetable for which to negotiate. It would give a lot of incentive to negotiate and to do so in earnest.

I do not think we should minimize the importance of the effect on Canadian jobs and keeping Canadians employed.

• (1910)

Our reputation as a reliable supplier of products is worth defending and maintaining. As I said, it takes a long time to develop a good reputation and a very short time to lose it.

Another aspect we have to be very aware of is that there are ports in the United States that are not all that far from Vancouver. They are probably just as good, ice free and accessible to western Canada. Western Canada cannot afford to lose any business to U.S. west coast ports. The jobs in British Columbia as a result of that port and the vessel traffic coming in from the sea are definitely worth defending.

This is also about individual farmers, about their towns and their families. At this time of year their bins are full of grain and they have to move it. They are already suffering from low commodity prices. My friend from Selkirk—Interlake touched on the fact that they have no control over their input costs. Their costs for fuel, fertilizer, machinery, land rent, land taxes and purchase price of land are escalating. It is getting more and more difficult to get into the farming business. Indeed it is getting more and more difficult to stay in the farming business.

In case I had not mentioned it before, I have some knowledge whereof I speak because I have spent the last 31 years in the farming business. I still live in a farming community. I have many neighbours who although they are primarily in the livestock business, they still do ship canola, wheat, malting barley and feed barley.

In the area where I live the vast majority of the grain is fed to livestock. Having stated that, I am in no way trying to minimize the importance of the grain shipment because we certainly do have farmers in our area who grow grain and oilseeds for export. It is absolutely vital to them in order to keep their operations going that they have a reliable and affordable transportation system that will get their product to the port and out on to the high seas.

Whenever there is a work stoppage that has occurred in as far as the national transportation of grain is concerned the government of the day, and it does not seem to matter which government it is, begins to wring its hands and worry. The first thing it seems to think is the solution is to bring in back to work legislation. That is no solution at all.

We have to look at innovative ways to come up with a solution that will bring us a negotiated resolution to this problem. We have to make sure that our grain travels to the port, on to the seas and to our customers in a timely fashion.

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I too welcome the

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opportunity to enter into this debate and outline the seriousness of this situation, in particular for western Canadian farmers.

• (1915)

I will be splitting my time with my colleague.

At the outset I would like to outline a bit of my own background because I have had some involvement in this area. In fact I was a farm leader for a decade and a half in the west. I have marched in the streets with the Public Service Alliance of Canada because I believe so strenuously in collective bargaining.

I will use the word “hostage”. Farmers on the prairies are third party victims and have been held hostage by the Public Service Alliance of Canada and the leadership of the Public Service Alliance of Canada knows that. There were other options open to them which they did not choose.

As far as the member for Winnipeg—Transcona talking about using the word “hostage”, I would use the same word against a capitalist or a corporation if they were using these kinds of tactics.

Given the cash flow and the kind of year that farmers have had in western Canada, and in northwestern Saskatchewan for four years, they do not need this kind of problem, which is caused by events beyond their control. With the cash crunch and the disaster relief program we have had to put in place, it will be difficult to attain the targets to actually get the amount of money required to the farm community, which they do indeed need.

The actions of the Public Service Alliance of Canada, causing disruptions to delivery times, can and will affect future sales. I will quote what the minister of agriculture had to say today. He said “Grain prices are low enough that Canadian farmers do not need anything else reducing their incomes. Unfortunately, the Canadian Wheat Board has informed us that in the last 48 hours it has lost a \$9 million sale because the reliability of our delivery system is in question”.

I say again, the leadership of the Public Service Alliance of Canada knows that. They knew it before they took these actions.

As well, there was a press release from the Canadian Wheat Board itself, which stated: “The CWB lost a CDN \$9 million sale to an Asian buyer in the past 48 hours. It has also had to forgo sales to several customers in other areas because timely delivery for nearby shipment positions could not be guaranteed”.

This indeed is a serious matter.

How do we balance this with the collective bargaining process? Were there other options available to the Public Service Alliance of

Canada? In fact the kind of action they took previously, which we were able to work around, was putting pressure on the government and was putting pressure on industry to come to a negotiated settlement. There certainly were options.

I question the leadership. In fact I believe members of the Public Service Alliance of Canada should be questioning the leadership of that organization as a result of these actions because they have put the government, which has a desire to believe strongly in collective bargaining, in the position of perhaps having to implement back to work legislation. I think the leadership of that organization should be questioned for these kinds of tactics which hold Canadian farmers hostage.

I am saying that the actions that were taken by PSAC in Vancouver were unnecessary. They hurt the farm community and they hurt the ability of the membership of PSAC to achieve a settlement through negotiation. They have erred. They have erred in targeting Vancouver as the pressure point for a complete shutdown and have caused serious damage to our ability and our reputation as a country to serve and supply grains to international markets.

As it stands, there are 17 ships idle or waiting to load grain and that number will grow. If these pickets continue for three weeks or so there could be 35 ships in port waiting for grain, grain worth \$230 million. That is a large sum of money in any context, but to Canadian grain farmers it is more than a figure, it is their livelihood.

• (1920)

I understand what some members have said in terms of income tax returns being slowed down and, yes, that is serious. Those kinds of actions are taking place in my own riding. However, that is a slowdown in which income will eventually come. The situation in Vancouver is specifically targeted at terminal elevators and is jeopardizing livelihoods. It is not a delay in terms of income.

In ordinary times the work of the Canadian Grain Commission in keeping the safe and orderly movement of grain across Canada is easily recognized as important. The commission plays a very vital role in support of the grain industry, in setting grain standards, performing grain quality research, serving as official inspectors and weighers, and regulating the system to ensure safe and dependable grain delivery.

Under the current difficult conditions we have to congratulate these people. The efforts of the commission to keep grain moving despite the PSAC strike and other job actions are even more important. The grain commission has monitored the situation and responded with direct action to keep the grain moving as best it can. That effort continues and I think all hon. members should appreciate the work being done to make sure that Canadian farmers will see their grain reach the markets that the markets so clearly want to buy.

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There have been rotating strikes affecting the movement of grain since January 18. The first in the port of Vancouver occurred on January 25. I think it is worth noting that the system was never entirely shut down and, indeed, was operating thanks to grain commission management which kept grain shipments moving as best they could.

We are talking about a cross-country effort because some of these Canadian Grain Commission managers are experienced weighers. There are only seven of them in the country and they manoeuvre to try to keep the flow of grain moving as best they can under very difficult circumstances.

The pressure was on by the Public Service Alliance of Canada. The grain was moving. Livelihoods were not seriously jeopardized. That was a tactic that could have moved to settlement by negotiation instead of, potentially down the road, settlement by back to work legislation because of this action by the leadership of PSAC.

Today my office in Prince Edward Island was occupied by about 25 PSAC workers who are on a rotating strike action. They outlined their concerns in a very serious, deliberate and I think very legitimate way. They brought their concerns forward.

One of their big concerns is regional rates of pay. I can understand that. I speak to the President of the Treasury Board when I say this. I believe the government, in and of itself, has to seriously get back to the bargaining table and seriously consider the regional rates of pay issue. I think it has been doing a reasonable job in terms of those issues, but it takes two to tango, and the government also might have to make a little stronger effort in terms of settling this issue on the basis of fairness and equity.

In the near future I will be raising with the President of the Treasury Board the fact that PSAC workers have said to me in my riding that 97% do have regional pay rates. I am not sure if that is correct or not. If we are only dealing with 3%, why deny those three? I will be raising that with the President of the Treasury Board in a letter at a later date.

The issue indeed has to be solved. The bottom line is that the actions which have led to this emergency debate tonight were actions taken by the Public Service Alliance of Canada in targeting and shutting down grain movement in the port of Vancouver. There were other options available. The leadership has jeopardized the ability to get a settlement at the negotiating table. I encourage the membership of the Public Service Alliance of Canada to tell its leadership that we have to go back to the table, that we have to negotiate in good faith and that we should not take action that will jeopardize the livelihood of third party victims.

• (1925)

**Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington, Lib.):** Mr. Speaker, I welcome this opportunity to

participate this evening in this important debate on grain movements and current disruptions at the port of Vancouver.

Like the members opposite, government members too recognize the importance of bringing a speedy resolution to the labour dispute because of the impact it is having on the grain movement.

Our country is a trading nation. This is particularly true of the grain sector. Buyers around the world prefer Canadian grains over those from most other countries because of the quality of the product we have to offer. Those buyers trust us to provide a quality product and they want assurance of supply.

In recent years this government has worked closely with the entire Canadian grain industry to improve export performance and to institute measures to limit disruptions in the export of grains. We made amendments to the Canada Labour Code to ensure that longshoremen continue to provide services during a strike or lockout. More recently we received the Estey Report on grain handling and transportation. Working with former Justice Estey's report the government will continue to take steps to improve the grain handling and transportation systems.

We take these initiatives to ensure that we can provide buyers with a reliable source and supply of Canadian grain. We do not want to jeopardize the gains that we have made. That is why, as a government, we are deeply committed to bringing about an end to the current disruptions.

We also recognize that our grain producers and others in the grain industry are innocent third parties who are caught in this dispute. We recognize the financial implications of lost sales both now and in the long term. We previously heard about a contract that we have already lost in the last 48 hours.

What Canadians as a whole may not recognize is the incredible importance of the grains and the oilseed industry to the Canadian economy. The sale of grains and oilseeds and related products injects about \$12 billion a year into our national finances. The impact of this strike will be felt from sea to sea to sea.

In terms of exports, the value of Canada's sales in those products was estimated at more than \$6 billion in 1998. These products are shipped around the world. The United Kingdom was once our chief customer for exporting grain, but today it is Asia. At the same time, we have developed products for very specialized markets in countries such as France and Brazil.

I can assure members of this House that as we work our way through this disruption and beyond we will be there working hand in hand with the industry to maintain the confidence of grain buyers. We will be reminding buyers that Canada's agriculture and agri-food sector is a reliable supplier of safe and quality products.

As our Minister of Agriculture and Agri-Food has often said, our red maple leaf is recognized around the world as a symbol of quality. I am sure we are all proud of that maple leaf and we want to do everything we can to support it.

Our annual exports of all agriculture and agri-food products have been at \$20 billion plus for the past two years. The industry is keen to see this figure grow year after year. We have set a goal of capturing 4% of the world's agriculture and agri-food trade by the year 2005. This would be great for all Canadians. This government is committed to helping industry meet that goal. We are working hard to improve our export market access and to help industry promote its products around the world.

Going into the next round of World Trade Organization negotiations at the end of this year, we will be pursuing a more open, fair and market oriented agricultural trading system. A successful outcome at the WTO is a prime goal of the Minister of Agriculture and Agri-Food. As recently as last week the minister was in Japan and made that point to industry organizations, governments and representatives alike. I know my hon. colleagues from the PC Party and the Bloc will concur in the efforts made by our minister last week because they were there to accompany the minister and to see the great work that Canada is doing.

Our minister also met with several grain and oilseed buyers. These buyers were aware of the current situation in Canada and they sought our assurance with respect to reliability of supply.

• (1930 )

Since the minister's return to Canada he has been in contact with the grain industry and his provincial counterparts. The minister is fully aware of the impact of disruptions at the port of Vancouver and no one is more anxious than he that this situation be resolved quickly.

As a member of parliament I urge a speedy end to this picketing and the disruptions affecting grain shipments through the port of Vancouver.

We recognize there is a lot at stake not only for the grains and oilseed industries but for the Canadian economy as a whole.

Tonight we are talking about one of the world's two most important commodities. I am sure that someone would say water is our most important commodity, and we are blessed with an ample supply, but certainly number two in importance is food. What we are discussing here tonight is the shipment of food. There are people around the world waiting and counting on this food so they can survive.

I know the hon. member for Winnipeg Transcona would concur, I believe, that grain movement is for the common good of all people.

*S. O. 52*

The HRD committee heard many witnesses when we were changing the labour code so that grain would move on the prairies across this great country and through the Rockies to the west coast. Many of the witnesses said we could not treat grain any different from any other commodity. However, grain is food and we have to treat it a bit different than we do coal or sulphur or potash. It is food and there is nothing more important.

I am glad, as I am sure the opposition is, to see our government supporting our western farmers because no one works harder than the producers of grain. On a daily basis our farmers are confronted with various risks such as weather, pests, disease, market fluctuations and cut throat competition.

I am ashamed when I see the prices our farmers are receiving for this wonderful product, the best grain in the world. However, this is not a local situation. It is a Canadian challenge but it is not just here. Around the world grain prices are lower than at any time during the dirty thirties and we have to work together.

I am glad the Minister of Agriculture and Agri-Food announced last month the details of the agricultural income disaster assistance program. Our government is proud to support our producers. We are proud to have the support of the other parties here this evening. I know they have made a few comments about what we have to do with the labour code in the future, but tonight and tomorrow we have to work together to ensure this grain gets moving so we can help feed the world.

[*Translation*]

**Ms. Hélène Alarie (Louis-Hébert, BQ):** Mr. Speaker, the purpose of the emergency debate requested by the hon. member for Selkirk—Interlake is to put pressure on the government to force a return to work by the federal government blue collar workers responsible for loading grain at the port of Vancouver.

The 70 employees in question are members of the Public Service Alliance of Canada, which is currently in conflict with the federal government in connection with the renewal of collective agreements.

The duties of these employees are performed within the framework of the Canada Grain Act, and the use of replacement workers is banned in such cases.

Up until March 14, the PSAC members were striking on a rotating basis and so the grain was still able to move.

This situation changed, however, when the grain export silo workers set up picket lines around the five Vancouver grain terminals on March 15. This led to the other terminal workers refusing to cross the picket line, so now the grain can no longer be loaded onto the ships. In other words, it can no longer be moved, hence the crisis we are faced with at the present time.

*S. O. 52*

Quebec is involved little if at all in this local conflict between the Canadian Wheat Board and the Public Service Alliance of Canada. But we cannot be insensitive to the situation.

• (1935)

This strike results in major costs to western farmers who, like their Quebec and eastern counterparts, are going through a serious income crisis.

I could repeat what the previous speaker said, namely that it is a shame, given the quality of the grain and products that we market in this country, to have such low prices right now.

This strike results in huge financial losses to the Canadian Wheat Board, which said yesterday that it lost a \$9 million contract and had to cancel several other ones, because it could not guarantee that the product would be available at the specified location and in the required amounts.

The reputation of the Canadian Wheat Board and, indirectly, that of western farmers suffer from that situation. In the case of export sales, grain quality is not questioned, but our ability to deliver the product with consistency is. The delivery date of our sales contracts must be respected; our customers demand reliability with regard to shipments.

During the recent trip made to Japan by the Minister of Agriculture, one of the primary requirements mentioned by the Japanese was the reliability of the shipments of wheat, barley and any other product exported to their country.

The situation of western farmers is so tragic that the Minister of Agriculture is introducing a special program to help them. Could it be that his Treasury Board colleague is less sensitive?

The current crisis in Vancouver and in western Canada in general might be less serious if Quebec, Ontario and the maritimes had their fair share in the grain transportation sector. Indeed, in his recent report based on a thorough review of the grain industry, justice Estey shows that Quebec, Ontario and the maritimes are discriminated against by the commission.

In this regard, the Estey report states, and I quote:

It is recommended that the federal government, in conjunction with the Seaway authority, work to encourage the utilization of the Seaway by two-way freight traffic into the North and South Atlantic region and the central regions of Canada and the United States. It is further recommended that the Board continue to make every effort to promote sales of Board grains to markets which can be economically served by the Seaway.

Diversifying means of transportation and routes lessens the risks of tension and crisis. People in Quebec, Ontario and eastern Canada would be more concerned about the grain issue if they had their share of the transportation market.

Back to work legislation should only be a last recourse. Have all the other options been exhausted? We believe they have not.

Striking is a worker's fundamental right and back to work legislation would abolish this right.

Rather than demanding back to work legislation we must demand that the government negotiate in good faith. Freedom of association exists in principle in Canada and workers, when they have good reason to do so, may go on strike. This is part of a fair balance of power, except when the employer, which happens to be the government, abuses its legislative power. Again, back to work legislation should only be a last resort.

I was pleased to hear today that this was not necessarily the purpose of the debate which was rather aimed at highlighting the economic impact of the crisis, I would even say psychological impact since both workers and farmers are feeling the consequences.

In the opinion of our party, it is unacceptable for these workers to be deprived of their right to express dissent by this last resort solution of special legislation.

We are, therefore, opposed to special legislation and call upon the government to negotiate in good faith and as promptly as possible with its blue collar workers, who are on legal strike, taking into account the negative impact of the present situation, in which the farmers are once again the fall guys, the hostages of a lethargic government with little concern for the rights and interests of its citizens.

The negotiations must be carried to a conclusion, they must be continued, before any use of the last resort solution of special legislation. We all acknowledge that there is a crisis, and we therefore want to see an agreement to end this strike reached as quickly as possible.

• (1940)

[English]

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, we are back on your favourite topic again, agriculture. It is very important to me as well. It is very good to see you hanging on every word being said tonight.

We as Reformers are raising this issue in this emergency debate. The whole point of my speech is that innocent third parties such as the farmers are being hurt by the strike that they have no control over.

Farmers on the prairies are hurting already. Now they are being hurt terribly by this. The government must accept responsibility for allowing this situation to develop time after time. We have done this before, déjà vu.

This situation must not continue. We have proposed solutions for several years such as final offer arbitration. We cannot blame any one party or person for all the problems. Some blame the problems

farmers are experiencing on the railways, the Canadian Wheat Board, the grain companies or the unions.

The buck stops with government. It could have put in place a solution. It did not do this. Government has the power to bring all the players in the game together to solve our grain handling and transportation problems.

It may not look like it on the outside but on the inside I am jumping up and down and screaming. We have done this over and over. There is a solution and we are not solving the problem. Something must be done to solve the grain handling and transportation problems we are experiencing on the prairies.

People have trouble hearing me when I get too excited therefore I will remain calm in my speech. Really I cannot emphasize enough how important this is to my constituents.

I will be dropping a bombshell a little later in my speech, so members can be waiting for that. The minister responsible for the Treasury Board said that this strike will begin to cause problems for the grain trade on the prairies. I could hardly believe my ears. They have been feeling the impact for a month. I made some phone calls in my constituency today. My staff in Yorkton contacted various people.

Here is what is happening today. In Foam Lake, the Saskatchewan Wheat Pool says the calls for the Canadian Wheat Board grains have been completely stopped. For the last two weeks they have not accepted any board grains. Their elevator is full. The result is that producers are taking their grain to other elevators like the ConAgra in Yorkton. He estimates this west coast strike is costing his elevator 100 tonnes a day. They cannot move it. That is happening already.

The Saskatchewan Wheat Pool in Sturgis has not loaded a single rail car since the start of January. He says the strike means there is no way this elevator will be able to receive any grain cars.

They move most of their grain out of the elevator by truck now. However, with the road restrictions coming up very shortly they will not have this option. The big trucks will not be able to haul grain on the grid roads. This means a complete shutdown of the operation unless they can get some rail cars.

In Kelvington the United Grain Growers said its contract calls and car allocations slowly declined over the last couple of weeks. Canadian Wheat Board grains have basically ground to a halt.

They are not moving any canola. It goes to the west coast and the strike has stopped sales altogether. He adds that they have only 19 rail cars filled from their elevator since January. They have moved 6,000 tonnes less grain than they did at this time last year. This is all in relation to the slowdown in the movement of grain and the strike that is occurring right now.

*S. O. 52*

Many people listening across Canada do not realize the ramifications of this strike, how far down the line the impact goes when this occurs at the west coast.

● (1945)

Here is a story of a trucker from Invermay in my riding who had a week's worth of hauling grain lined up. Everything from oats, barley, wheat and canola were all picked up at farmers' yards and shipped to local elevators. The elevators have now called the farmers and this trucker has been told to cancel his week's worth of work.

The elevators do not have the room to take all the grain he has to haul. This, however, has more than just the implication of a lost work week. This trucker uses a large Super-Bee truck and will soon not be able to haul this unit on secondary and grid roads as a result of the road restrictions which come on every spring. This means the farmers who want to get rid of their grain will have to do so through smaller tandem trucks and probably with half loads. It costs producers a fortune to truck small amounts of grain back and forth from the farm to the elevator. The large trucking companies have lost more than a week's worth of work because they will be off the road soon and will have no income for the next couple of weeks.

This grain strike is not just affecting farmers. It is affecting transportation and many other people. I hope the government is listening and will act immediately. I am very upset the government does not resolve the problem of grain movement stoppages. There are no ministers here right now—

**The Acting Speaker (Ms. Thibeault):** Order, please.

**Mr. Garry Breitkreuz:** I am sorry, Madam Speaker. I listened to the minister's speech and there were no solutions offered in that speech.

The government is perfectly aware. It quoted from a Canadian Wheat Board news release that said the wheat board had lost \$9 million in sales to Asian buyers in the last 48 hours. It has to forgo sales to several more customers in other areas because timely delivery for nearby shipment positions could not be guaranteed.

The wheat board goes on to say either the two direct parties in this dispute must find a solution or the government needs to take action immediately. The strike action is affecting Canada's reputation as a reliable supplier. As of today there are 11 ships waiting at the port for wheat from the Canadian Wheat Board. That is a lot of grain, just for the wheat board.

The head of the wheat board also says the loss of customers is costing not only western farmers but the Canadian economy as a whole through direct revenue losses, uncertainty in the ocean freight market, loss of shipping capacity and loss of customer confidence. These things cannot be recovered easily. This is

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serious. This affects all Canadians and they may not even be aware of it.

I have some confidential sources. I will reveal some of the things they have said regarding this matter. The first withdrawal of services commenced at 11 p.m. on Sunday, January 24. I remind members that today is March 18. On January 24 there was already a withdrawal of services. On January 28, 1999, the grain companies appeared before a Canada Industrial Relations Board with Paul Lordon in the chair for a ruling on subclause 87(7) of part I of the Canada Labour Code.

We have been given the impression that this is just happening now. The government had lots of notice about this a month and a half ago. Also this source says that the Canadian Grain Commission weighmen are on strike and picketing all five terminals. These are just some facts. There are five vessels at berth and eleven are waiting. The 16 vessels represent some 370,000 tonnes of grain that could be shipped. Of these boats, two are at berth belonging to the wheat board and five are waiting, belonging to the wheat board, and seven additional vessels are due this week.

CP Rail will not spot empties in the country as of today and I have given some examples already. It has cancelled all car allocations for the next week. CN advises that it is only spotting empties today in locations that do not already have cars and CN will not be spotting empty cars next week.

CN has 19 trains built and staged in Vancouver that cannot be moved forward. CN also has 3,400 cars under load near Vancouver while CP has 2,300 cars waiting with grain. In Vancouver CN has 700 cars. CP has 850 loaded rail cars sitting in Vancouver at the moment.

• (1950)

Neither railway is lifting cars for Vancouver. To date 2,935 rail car unloads have been lost at Vancouver. The industry expects to lose 4,200 rail car loadings this week and next if the strike and picketing continue. Each week after that 2,750 cars per week will be lost.

The losses are in the millions and most Canadians cannot comprehend how much this affects prairie farmers. The accumulated lost tonnes at this time equal some 642,150.

What are the ramifications? Canada's reputation as a reliable supplier of grain will suffer immensely. The results of such reputation loss may be lost sales in the future. That is very serious. We will not just be affected for the short term. This will affect us well into the future. This statement is made as a result of conclusions drawn in a number of government reviews and statistics. It is not just us or this source saying so. The Sims task force,

the Industrial Inquiry Commission and the Western Grain Marketing Panel all made that very clear.

Currently grain companies are experiencing operational costs considerably above normal in order to handle less tonnes. Some 50% of productivity was lost during rotating strikes. Some 700 third party employees, that is grain workers, stevedores and ship pilots, are unable to earn a living at this time. This backup in the rail system will plug primary elevators costing producers the opportunity to deliver grain, which will adversely affect their cash flows at a time of year when they need it to prepare for spring seeding.

It is unreasonable for 70 employees as part of a much larger group to be allowed to provide such a large negative impact on 100,000 grain producers, in excess of 700 company employees and hundreds of rail employees. Seventy grain commission employees should not be allowed to put third party grain producers, farmers, sales contracts at risk well into the future.

The President of the Treasury Board has to be asked to consider options that would allow or direct these employees to continue working. The minister also needs to consider amending the Public Service Act with regard to part 1, subclause 87(7).

I said I would drop a bombshell and here it is. Back in January the minister knew in advance the result of these work stoppages, that they would happen, and he could have done something six weeks ago. In a letter dated January 27, 1999, he was informed, as was the Minister of Agriculture and Agri-Food, the Minister of Transport, the Minister responsible for the Canadian Wheat Board and the Minister of International Trade. They were given in a letter clear indications of this problem, and they did nothing.

The Canadian Grain Commission has provided six supervisory personnel who are doing their best to cover a regular contingent in excess of 70 weighmen. Even if no picketing action is taken by weighmen, numbers this small have effectively closed port operations. That was told to the ministers. The results of such work stoppages have stopped the unloading of over 700 rail cars per day, eliminating the loading of approximately 275,000 tonnes of grain. The backup caused by not unloading rail cars will cost Canadian grain producers millions of dollars and impact our critical trading relationships with foreign buyers. This is all from a letter that was sent on January 27.

The Canadian grain industry and in particular western farmers are at the mercy of the weighmen. The minister was told this. We are not suggesting that back to work legislation is the only alternative. We are asking for the co-operation of all parties, including the federal government, in ensuring that the impact on western farmers is minimized during this time. To this end members are committed to finding solutions to the present situation. The government knew well in advance and could have acted, and it did nothing for six weeks.



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• (1955 )

Indirect costs to farmers could mount to millions of dollars, while the cost of the damage to Canada's competitive position is really hard to determine. AgriCorp agreed several months ago to send canola to China at prices that are \$60 per tonne higher than current values. The buyer might use this stoppage to break the contract. Who will suffer? It will be farmers. Sixty dollars a tonne is big bucks.

We may see a couple of million dollars loss on just one vessel. One ship means several hundred million dollars. The customer would be happy to break the contract that he had made.

Deanna Allen, spokeswoman for the Canadian Wheat Board, says:

If the dispute prevents the board from filling an order for high protein wheat that fetches a premium, the cereal will go to lower price contracts and reduce the netbacks to growers. We could be looking at a direct revenue loss because of our inability to execute our sales program.

Amendments to the labour code last year designated grain shipments as an essential service, preventing most dock workers from going on strike or being locked out. However, the changes did not apply to the PSAC members who are in a legal strike position and the 700 unionized employees who work at Vancouver's five terminals refused to cross the picket lines.

If members need more examples and more facts to back up the extent of this problem, Japanese buyers of canola have already expressed concern about the build-up of ships in Vancouver. Deanna Allen from the wheat board said that nine million sales was only part of the picture. They are regularly losing sales in the \$2 million to \$10 million range in Latin America and Asia. These are very real dollars which are not making it to western Canada or Canada as a whole.

There is obviously something wrong with our negotiating system. "We are not part of that system but we pay the price. If the people who do the negotiating were affected in their pockets they would feel it differently". Those are the words of a farmer from Manitoba. He goes on to say: "The shutdown definitely affects our reliability as suppliers. We could lose customers forever".

Deanna Allen from the Wheat Board said that there would not be late shipment penalties known as demurrage. That will not apply because the Vancouver Grain Exchange issued a declaration that freezes the whole process because of the strike. "This means demurrage cannot be levied until 14 days after a strike has ended and no customer can cancel a contract", she said, adding that many people assume automatically it will be levied because that happened a couple of years ago when there was a cause for delay and it was not identified immediately. Just because demurrage cannot be

charged does not mean our customers will come back. We will be losing grain sales and it will affect us greatly.

As Reformers we have proposed final offer selection arbitration as a mechanism for settling outstanding issues in sectors where continued service is essential to the national economy. We would like to ensure that there is a continuous flow of grain to market. There have been estimates that the grain handling and transportation system in western Canada is at a disadvantage of about \$500 million in my province alone. This is one of the problems which illustrates that something must be done.

I am very appreciative of the fact that I was able to address this problem this evening. I am speaking on behalf of the farmers in my area. We would like the government to do something, not just solve this in the short term, not just do something to get these workers back to work. We have to address this in the long term so that we are not back here every few months dealing with another aspect of the problem. We need to solve the grain handling and transportation problems in the long term. I urge the government to do that immediately.

**Mr. Lee Morrison:** Madam Speaker, I rise on a point of order. This is very unfortunate. It certainly would be nice if there were some ministers here to hear this important debate.

• (2000 )

**Ms. Sophia Leung (Vancouver Kingsway, Lib.):** Madam Speaker, I am delighted to join the debate. I will share my time with my colleague, the hon. member for Wentworth—Burlington.

I wish to discuss the impact of the strike on grain shipment. It is very unfortunate that a very small number of PSAC members can hold the Canadian grain industry hostage and cause economic hardship to Canadian grain producers who are already feeling the effects of reduced grain prices on the world market. We are nearing the end of the ninth week of the strike by the federal blue collar workers.

For the first few weeks the grain weighers in British Columbia and the lower St. Lawrence River in Quebec exercised their right to strike by withdrawing their services. They have from time to time stopped grain shipments out of Vancouver, but this was on a rotational basis and they did not prevent longshoremen and private grain elevator employees from reporting for work. This caused some delays but allowed the loading of ships.

It has only been in the last week that they have escalated their activities by resorting to around the clock picketing. Because of union solidarity, longshoremen and grain elevator employees have refused to cross the picket lines and have paralyzed grain shipments out of Vancouver. I am from Vancouver and it has caused a lot of concern for us.

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The impact of the strike by about 70 grain weighers is being felt throughout the whole system. An increasing number of ships are anchored in Vancouver. This weekend we will have over 20 ships waiting to load grain to transport to Asia. Thousands of loaded grain cars are backed up on the railway all the way to Manitoba.

Farmers are not getting paid for grain that cannot be delivered. Our clients are starting to express concerns about the reputation of Canadian grain exports. Grain shipments out of the port of Vancouver are worth about \$60 million per week. The cost keeps mounting for every day the system is shut down.

We are having this emergency debate tonight because of the action of the Public Service Alliance of Canada and its members. They have turned down all the offers made to them by the government. Just this morning it was announced that Ontario public servants have accepted a deal that provides for a salary increase of 4.2% over three years. In comparison, the last offer made by the federal government when the talks ended Friday, March 12 was for salary increases of just less than 5% over two years.

It might not be appropriate to compare the salary offer made last week to federal blue collar workers to that of the Ontario government because the working conditions and other benefits might not be the same. On the other hand, the offer turned down by the PSAC bargaining team was very similar to what has already been offered and accepted by 87% of unionized federal public servants, but the bargaining team for blue collar workers maintains that it is not enough. I find it very difficult to understand why the union would turn down a fair wage offer.

• (2005 )

For the sake of the future of the grain industry, Canadian exports, Canadian farmers and all Canadians, we must reach a settlement as soon as possible to avoid further job losses and financial disaster. I urge the PSAC members to reach a settlement soon.

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Madam Speaker, this is not the 1980s. This is not the 1970s. This is not the 1960s. This is the 1990s. In those other decades, it was expected in the labour movement to seek the highest wages possible that the company could afford to pay. Indeed, we saw in those days some very high wages in the industrial sector.

In that same period, the federal government and provincial governments negotiated very high rate with the public service unions. In those days, it was felt that rather than have a confrontation with the union, a government could dig deeply into the pocket of the taxpayer and literally pay off the union to avoid labour strife. This caused a lot of damage in the economy. We know some of the examples.

Ontario Hydro Nuclear is a classic example. Because the Ontario government was so unwilling to negotiate realistic settlements with the union, we got an organization that ultimately came to a point where it could no longer function.

Similarly, VIA Rail had the difficulty that the packages for the employees were so beautiful, so perfect that it became impossible to run passenger trains across the country.

At one time, I had a vision that we could have a cross Canada train like the Orient Express. I was told that it was impossible to do because even though we had the rolling stock, we did not have the ability to deal with a union that had the opportunity to charge double time, triple time and all kinds of things on a train that was going across the country for two or three days. What should have been a wonderful idea was impractical.

Previous governments had given away to public service unions the right to give reasonable wages. Instead, they gave very high wages to avoid labour strife. Those were the times when governments had money to burn it would seem. The previous Tory government ran up a deficit of \$42 billion. Times have changed.

In the 1990s in my riding and anywhere in the country where unions are a part of businesses that are in global competition, the unions have had to face the reality that the wages they seek have to be in line with the company's ability to survive competitively.

As an example, in my immediate region there was a very lengthy strike involving meat packers. It was ultimately settled. The situation was very simple. There were changes in the global economy and changes with respect to free trade with the United States. The union could no longer enjoy the very high wages that it had. There was a choice of either taking a rollback or not having a job at all.

We have the same situation now in steel and in every sector of the competitive industry. Things have changed.

In my riding, there is very little sympathy for unions that are in a position to negotiate with a government that has unlimited money behind it, taxpayers' money. People do not have much sympathy any more for governments that would cave in to the unions, rather than stand up to the unions' demands that are no longer reasonable in the context of the 1990s.

We heard the Treasury Board president say that he wants to settle with these unions but they are asking for twice the going rate, twice the reasonable rate. I think I can speak for most people in my riding when I say that those people are behind the President of the Treasury Board. We have passed the time, thank heavens, when governments should just dig deeply in their pockets and give whatever the union demands.

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• (2010)

I am entirely in agreement with the President of the Treasury Board. He must hold the line here because we can no longer return to the past as governments and give whatever is demanded of us. We have a responsibility to the taxpayer.

There is the other issue. The other issue is the fact that a very small portion of the Public Service Alliance of Canada union is holding at ransom the lives, the fortunes and the prospects of other Canadians. I refer especially to the grain farmers.

Members will recall two years ago we had before this parliament Bill C-66, which was to amend the Canada Labour Code. There were many provisions in that bill but one key provision was that it attempted to restrict the ability of third party unions to interfere with the transportation of grain in the context of labour strife.

I spoke to that bill way back in 1996, which eventually became law. It was given royal assent just two months ago. I spoke, though, in November 1996. I said:

I would like to add one other remark about a very positive aspect of the legislation. It addresses a past problem involving grain handling at our ports. Situations have arisen in the past where the country was literally held to ransom when our ports were shut down, not by the transportation unions alone, but by affiliated unions, some very small unions on occasion, that have set up picket lines. Of course, other union organizations respect these picket lines and on occasion it led to the paralysis of our ability to move our commodities.

The provision in the bill which limits the right to strike, to paralyze ports, to those unions directly engaged in that form of activity is a very positive one.

That is what I said. I regret those remarks because that provision was only applicable to outside unions, third party unions. We did not make it applicable to small public service unions within the industry. So we have a situation where some 70 employees are holding to ransom tens, hundreds of millions of dollars of the fortune of other Canadians, of their future, their prospects. Seventy public service alliance union members.

Times have very much changed. We have to reconsider as parliamentarians what exactly is the right to strike of union employees who are paid by the taxpayer. What exactly is the right that they have to interfere with the lives of other Canadians when they are paid by the taxpayer? The taxpayer is their employer. They are employed by the people of Canada.

The government should be considering very seriously taking immediate measures to resolve this situation. I am a little bit more direct than some of the Reform speakers are because I think that in the interests of the Canadians who are very adversely affected, we should move very quickly in this case. I see no problem with back to work legislation. But we need to take it one step further. We need to review the Canada Labour Code again and consider whether that code needs another amendment that will close the loophole that enables 70 unionized PSAC employees to hold to ransom an entire nation.

**Mr. Charlie Penson (Peace River, Ref.):** Madam Speaker, I want to congratulate my colleague from Selkirk—Interlake, the Reform critic for international trade—for agriculture, I am sorry, although I know he has a keen interest in international trade—to have sponsored this debate and raised the matter of this severe emergency for western Canadian farmers.

When I rise to debate I usually say how happy I am to engage in the debate, but unfortunately I cannot say that today.

• (2015)

I am not happy at all. I am very disturbed. I am very frustrated because we have seen this cycle over and over again.

I think it is important that we have some historical background in order to put this into some kind of perspective. My background is agriculture. We have a farm in Alberta. I have been farming for over 30 years. In my other life I also was the chairman of a canola crushing plant that had international sales, especially to Japan. We faced this issue of labour management problems and the fact that we could not deliver our product on time on a number of occasions.

It was a matter of debate with the Chinese and Japanese buyers of our product when we were in the crushing business. It has hurt us very severely in the past. It has hurt us because Canada has not been able to get our product to port on time. It has hurt our international reputation and it hurt us financially in the canola crushing industry when I was there.

I first started farming in 1968. This issue has been with us for a long time, labour-management problems at the ports. There is something like 20 labour management units that have the ability to shut us down at any one time and we have seen all kinds of disruption in the past.

I want to tell a story about going to Vancouver with a group of farmers to tour the Alberta Wheat Pool terminal. That was back in the early 1970s. We flew to Vancouver and we were to have a look at the terminal in operation, our terminal. We owned it. It was a co-op. What happened? There was a strike.

It is the exact same situation we have today. Guess who was on strike? It was the official weighers and samplers. There were only five at the Alberta Wheat Pool terminal. They shut that terminal down.

It was raining, as it often does in Vancouver in the winter. The five people were sitting in a car with their pickets leaning up against the car. They shut down the terminal and backed up grain right back to the farm gate. The reason? Other unions would not cross that picket line.

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This goes on and on. What government was in power at the time? The same government. The same problems we see today. Nothing has changed. Yet it has had a lot of opportunities to do that. Does it really care at all about what happens to farmers in Western Canada? I have to think not.

In my riding agriculture is the biggest industry. We have oil and gas industries. We have a very strong forestry sector. The bottom line is that agriculture is there day in and day out. It pays the bills. When we get disruptions in the grain handling system we pay very dearly because over 80% of what we produce is shipped out of the country.

A lot of it is shipped out of the port of Vancouver and when that goes down, we all go down and we pay very dearly. There was over \$60 million last year in demurrage charges. Who pays it? It backs up to the farmers. They pay it. Yes, it is beyond their control to do anything about it.

They are looking for leadership from government. It is one of the reasons I got involved in running for parliament. We are simply not getting it. It is a problem I am very concerned about.

My role is the critic for the Reform Party for international trade. The international trade committee is doing a study now about what we should be trying to negotiate for Canada at the upcoming round of the World Trade Organization, the hearings in the so-called millennium round.

What good does it do getting market access for our products if we cannot deliver them? It is frustrating beyond belief. We are there trying to open up access into other markets, and here we are stymied time and time again.

In the 1970s we had the second worst labour record to Italy. Maybe it has improved in some areas but not in the area of grain handling.

We had this problem before us last year. We were debating Bill C-19. The Liberals told us all would be well and good. They were to put in a provision in the labour bill that would allow the terminals to keep on operating if there was a strike for 72 hours to load the ships.

We faced a great deal of pressure. I know I did in my riding from some of the grain companies and farmers who were saying why not support that bill. We said it is a half baked measure which will come back to bite us. That is exactly what has happened.

• (2020 )

We said "Unless you address the whole issue of labour management problems and some new process for handling that, you have

not solved anything. So you have loaded that one ship out on the 72 hours. Unless you address the whole 20-some labour management units that are involved with some kind of process to resolve the longstanding situation we have had in this area of strife and crisis, we really have not done anything at all".

When we were at that port in Vancouver, the Alberta Wheat Pool terminal at the time, I talked to a couple of workers from the grain handlers who were sitting in the terminal doing nothing except for providing security. That was in the early 1970s. The same weighers and samplers were on strike at that time. The grain handlers have a union of their own.

I talked to a grain handler and said that when we got past the situation with the weighers, everything would be running smoothly and we would be able to load out the grain. He said: "I am not so sure. We have a two year contract. We were not able to settle it until just a couple of months ago. Now there is only about a year left and we will probably be going on strike again". It is not just them. It is the railway system workers, the labour management units for the stevedores, and on and on.

We simply have to move to a better system. What is the use of trying to get market access? What is the use of trying to put \$1.4 billion into emergency aid for farmers in the prairies if all we really need to do is leave some money in their pockets by lower taxes and allow for a system that is effective to get our product to market on time so we can continue to have a good reputation?

I suggest there has been a lot of distress in the farm industry in the last several years. The Asian flu was just the last part of that. We know commodity prices are off very badly. Farmers are hurting. Western Canadian farmers are hurting. We also have the severe subsidy-tariff situation, especially in the European Union which spent \$72 billion on agriculture subsidies last year, effectively freezing us out of those markets.

It gets even worse. It freezes us out of the European Union markets but it overproduces because it is getting \$10 a bushel for wheat. What does it do with that overproduction? It dumps it on the world market at fire sale prices. Not only can we not access the markets in the 15 countries that are members of the European Union but we are frozen out of markets in third countries because we face this unfair competition.

What is this government doing about it? What are its priorities? It does not seem to be much in the area of agriculture in terms of trade to try to open up those markets. It tells us it has to have this so-called balanced position in Canadian agriculture. We cannot ask for market access for grain, oilseed and beef, those very industries that are essentially subsidy and tariff free, because we have to be careful on the other side. We might get hit on our supply-management, the same supply-management that enjoys 300% tariffs on lots of our products, butter for example, against products coming into Canada. The so-called manage position is where the Liberals are. They want to ride the fence on everything.

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Where are the Liberals' priorities? Where are their priorities these days on solving this strike? I do not see them. I see them concentrating on things like gun registration with some \$200 million already in that situation, blowing it out their ears. Twenty years from now what will we have from gun registration? People will say what a useless exercise.

What are their other priorities? Subsidizing Bombardier with \$1.2 billion over the last 10 years, and it goes on and on. Bill C-55 is on protecting magazine publishers. Rogers cable, one of the biggest importers of American culture into Canada, has a division called Maclean Hunter which cannot function without that protection. That is a real top priority for the Liberal government, protecting the subsidized protected industries.

However, when it comes to fighting for our farmers for market access, we cannot touch that, it is too hot. When it comes to trying to solve some labour-management problems that have been with us for over 30 years, we will leave that alone. We cannot do anything there. We would not want to put in final offer arbitration such as has been suggested by our member for Wetaskiwin. It is a very good suggestion in order to move along a process that is stagnated very badly.

● (2025 )

I see some movement coming. The President of the Treasury Board tonight telegraphed his position, back to work legislation. Part of the reason was in what he said. There were some real difficulties at the Dorval airport the other day. PSAC workers blocked the Dorval airport. Some people had to walk a whole kilometre. They had to walk around and go a whole kilometre on the tarmac to get to their plane.

Do not worry about the farmers who are losing millions and millions of dollars in demurrage and lost sales, disrupting a \$6 billion industry. That is not that important but when it comes to disrupting travel at Dorval airport, that is pretty important.

I think we see the writing on the wall. We will see back to work legislation but what has that solved? Yes, there is a band-aid that will order these people back to work but why can they not engage in some new thinking about the whole labour management process? We have to move beyond this. We cannot afford it.

I suggest that until the government is prepared to do that we will see a whole series of band-aids into the future and I do not think that is good enough.

**Mr. Tony Ianno (Parliamentary Secretary to President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Madam Speaker, I thank all my fellow members for the opportunity to speak to them about the significant impact that rotational strikes being waged by the Public Service Alliance are having across the country.

More specifically, I will speak about how we arrived at the serious issue we have before us today. Since this government returned to the negotiating table with the public service union nearly two years ago, I am pleased to report we have reached new collective agreements with more than 87% of the unionized workforce in the public service of Canada.

This includes reaching agreements with some 100,000 employees represented by the Public Service Alliance of Canada without work stoppages. Our settlements have been fair and reasonable and now thousands of our employees are seeing salary increases as a result of reaching these new agreements as well as other non-monetary benefits.

Unfortunately during these same two years and with the same Public Service Alliance of Canada we have not been able to reach a negotiated settlement for the 14,000 blue collar workers or 9% of the government employees they represent. However, this has not been for lack of effort on the government's part.

It has not been for a lack of willingness to be flexible at the bargaining table. This has not been for our lack of capacity to move from our original bargaining position. We have done all the above and yet we are still without a settlement.

I am concerned that the union's inflexibility at the bargaining table is beginning to affect many innocent, unrelated parties. After nine weeks Canadians across the country and the government that serves them continue to be subjected to disruptions, inconveniences, significant losses of revenues and in some instances acts of civil disobedience and violence.

It is the issue of regional pay rates that has led us to the bargaining table to a position of not being able to deliver important grain shipments, not being able to board airplanes, not being able to file our income taxes, not being able to receive our income tax refunds and not being able to receive a variety of other government services.

Members should know that because of the union's position on regional rates federal departments and agencies have been subjected to rotating strikes week in and week out. These strikes have closed federal buildings for periods of a day or more in cities from Vancouver to Halifax. The results have been temporary disruptions in the operations of the affected departments and agencies, an inconvenience to Canadians who want to do business with those institutions.

The picket lines are evident to all. Less clear, at least to most people, is what this strike is all about. It is in fact about regional rates of pay. To understand this strike one must understand what regional rates of pay are, why the government wants to maintain them and what would be the implications of accepting the union's demand for uniform national rates of pay.

*S. O. 52*

• (2030)

The short answer is that the government pays different rates in different parts of the country because living costs and wages vary across Canada.

As the largest employer in Canada we have a responsibility not to act in a way that would distort the labour market, especially the local market. Among other things, this means we should not create conditions of employment so favourable for our own employees that the private sector employees are unable to fill their jobs in their enterprises. By the same token, if we want people with the necessary skill and experience we know we must pay wages high enough to be competitive in the local market. This in a nutshell is why we have regional rates of pay.

It means we must pay a dock worker in Victoria more than one in Halifax because living costs are higher on the west coast than on the east coast and labour costs in the two regions reflect this. Similar differences exist for other occupational groups, mostly trades people such as carpenters and plumbers, but also for some professionals.

If we do not pay more in the high cost areas we will not be able to compete for the skills we need. If we pay too much in the low cost areas we put pressure on the local employers to pay more for the manpower they need, thus distorting the local labour market.

As a government we believe this approach is fair to our employees, to employers and to workers in different parts of the country, and to people in Canada who ultimately pay the government's wage bill or have to pay for the professional services they need from the private sector.

On the other side of the House we just heard someone say "Who cares?" But many small business people across this country cannot afford to pay the higher labour costs that the Government of Canada might be able to afford, which at that point would create undue hardships for many of those small business people.

I see a Reform member on the other side who I know is very responsive to small business. I hope he has the opportunity to communicate with the rest of his colleagues to express how important small business is to this country.

The idea of paying wages that are determined in part by local labour market conditions goes back many years in Canada. The 1962 Glassco royal commission, whose recommendations underpin much of our modern public service, stated the issue very clearly. The commission said: "We do not see why the most important employer in the country should take no account of the local labour market. If it refuses to take account, it will find itself paying more or less than it should. This", the commission argued, "would serve neither economic growth nor competitiveness".

As the other side of the House, the Reform Party especially, has been talking the last couple of days about competitiveness, I am sure they understand the difference of the regional rates of pay issue that we are dealing with today.

For more than 30 years the principle has been clear. The government should pay regional rates for employee groups where the labour market varies significantly across Canada. We should pay the national rates where there is a national labour market. That is what we do and we are not alone.

Consider the United States. Like Canada it is a country with major regional economic differences. The American government pays different rates to its blue collar workers that reflect regional market conditions. The variations can run as high as 39% above local wage levels in the best paid zones to 16% below them in the lowest paid zones.

I would like to point out this evening to all members who are here because of their concern over the impact that this strike is having on Canadians, on government operations and on farmers that the system is not perfect. In any effort to define a regional labour market specific local circumstances can vary to the benefit or disadvantage of workers and/or the employer. That is why in the recent rounds of collective bargaining, which this government believes in, we have worked with the unions to try to arrive at a system that is fair and effective for both sides so that we can look at things on a long term basis and continue supporting the collective bargaining rights of workers with the employer.

• (2035)

We have, for example, reduced the number of pay zones, to simplify comparisons and to make pay administration easier, from 10 to 7.

Is there an alternative to regional rates of pay? The union argues that there is. They are striking today because they are seeking a single national rate for the affected occupational groups, irrespective of regional circumstances. We do not think such an approach would be fair or in the public interest.

Paying the same rate across the board would mean paying some people too much and others too little. Neither is desirable.

Let me remind members of the House that as an elected government responsible and accountable to Canadians we must balance and abide by the rules of both the national and local markets. We must pay wages high enough to attract and retain the quality of labour that we require and are proud of, and not so high that we cannot afford to maintain our operations.

However, at the end of the day the government, as the employer, is not an employer like any other. Our obligation to act in the public

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interest colours our approach to every issue, including matters raised at the bargaining table.

This government does not like strikes any more than Canadians who are prevented by picket lines from making a payment, collecting a benefit or searching a job board.

I believe we have been more than tolerant for the past nine weeks. We are prepared to maintain a system of pay rates for public servants that is fair to all concerned.

Let me conclude by saying that as a government we are prepared to examine all of the options. We must look at every possibility to resolve this issue in an expedient manner. We must put an end to the impasse that these rotational strikes are having on Canadians who deserve to receive responsive service at a reasonable cost.

We respect the collective bargaining process, as is shown by the 87% of workforce agreements that we have negotiated with the unions. We have offered 9%, which is even more than the other unions have received.

However, it is our ultimate commitment to the people of Canada that a solution is needed at once so that the innocent parties that continue to do trade and commerce are not affected, such as the farmers of western Canada.

**Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.):** Madam Speaker, I cannot say that it is a pleasure to stand in this House tonight to speak to this issue.

I want to congratulate my colleague from Selkirk—Interlake for bringing this debate to the House to try and impress upon this government that there is an emergency in the farm community. What bothers me even more is that when I look at the government today, there is not just an emergency, there is a crisis, a real crisis.

This government was elected in 1993 to run the affairs of the country, to govern 28 million inhabitants, and it is not capable of addressing the problems of 70 weighmen who look after grain weighing in Vancouver.

I cannot understand how it even considers that it should be sitting on that side of the House when a little crisis like this emergency cannot be addressed.

• (2040 )

These people have been in a legal strike position for 90 days. I would like to see what these members of parliament would do if for 90 days nobody sent them their cheques, put food on their table or kept things the way they should be. The crisis is on that side. The emergency is in Vancouver. Something has to happen.

I remember back almost five years ago when we were debating the railway strike. I happened to go through *Hansard* and I picked up a question that was put to the government by my colleague on

this side of the House, the hon. member for Wetaskiwin. This is what the member asked of the international trade minister:

Mr. Speaker, the week long rail stoppage has cost Canada dearly. Canada has lost over \$5 billion, of which farmers have lost \$100 million, exporters have lost \$1 billion and \$2 billion has been added to the public debt. These are just the short term costs. The total will climb even higher because our clients have lost confidence in our transportation system.

My question is for the Minister for International Trade. What plan does this minister have to address these long term costs?

This was the reply: “Mr. Speaker, I am not sure I understood the question”.

Five years later I do not think they understand the question. I was astounded when my colleague from Yorkton—Melville read the letter and expected government members to understand what it meant. When they cannot understand a verbal question, how could they read a letter and decipher what it means? That is the problem. It astounds me that these things can continue. This is a prime example of why other countries have lost confidence in the affairs of this country. That is why we have a 65 cent dollar.

When I started farming in 1957 through 1972 I remember that the dollar was always pretty well par with the U.S. dollar. In 1976 it started falling. It had climbed to a height of 110 cents to the U.S. dollar. It was 10% over par. The assets that I gained up to 1976 are now only worth 65 cents of that value. How can a country remain stable? How can a country be productive? How can we protect the living standards of future generations if this is what we are experiencing?

In the 26 years that I farmed we had at least 16 or 17 work stoppages in the grain handling system. Every time we farmers thought of harvesting a crop to get compensation for the input costs we had for our labour, somebody along the line knew that we were held hostage and they could force government or industry to increase wages or do less work. We were supposed to become more competitive and more productive. We were supposed to keep on surviving. It has reached the point today that it is impossible.

I just happened to pick up one of the householders that my staff was preparing. It says “Foreclosure”. I wondered what they were talking about. I saw the costs that this government spent on golf balls and tees during the last year. I looked down the line and I saw that foreign affairs spent \$2,500 on golf balls and tees.

• (2045 )

Go to the Department of Agriculture and Agri-Food, zero for balls and \$192 for tees. How can we have a golf game when we only have tees? That is the attitude the government takes toward agriculture. It is astounding. That is the fact. How can we deal and maintain an industry with that type of attitude?

When I hear my hon. colleague from Peace River saying he wonders what has happened to the government and what it is doing,

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I cannot help but think it is sleeping tonight. What else could it be doing? Is there nobody here? The House should be full, should it not? I think the spirits are there. We awoke one from the dead. Isn't that a friendly disposition.

When we hear of 2,700 rail cars not being unloaded every day it does not mean that it is just those workers at the port who are not working. It means there are another couple of thousand workers down the line, on the railroad, on the elevator, in the trucking company who also are not working. Who will pay those wages? Businesses have to keep these people on staff because they are under contract. It all comes finally out of the farmers' pockets. They are killing the industry completely.

For five years we have been in the House and we have seen it continue year after year. We have come to the point now where it is almost a sin to produce food because somebody will be in trouble.

Young farmers today cannot survive. Even with either the husband or the wife working outside the farm, they continue to pay input costs. Taxes on farms have gone up on average from 8%, 9% to 10%.

I was in Regina two weeks ago at a farm rally and I started talking to some of the Saskatchewan farmers. It is sad. It is disastrous. Saskatchewan farmers have not paid at least 50% of their property taxes for last year. We talked to one fuel dealer who had 10 bankruptcies since Christmas.

Farmers are waiting for the aid promised by the Liberal government. For almost a year we warned this government there was a crisis. Maybe in June they will get some money. Maybe there will not be any money because many people have had losses over three years and will not qualify for that program.

One of the fuel dealers told me he had a fuel bill of \$350,000 from one of the big operators. We have come to the point where a 10,000 acre farm is not big anymore. One of the farmers just west of Regina was telling me that he put in 11,000 acres last spring. He could have had another 7,000 acres from neighbours if he had picked it up to farm it. He said "We have worked hard. We have been entrepreneurs. We have a trucking company that my daughter manages". They run 17 Peterbilt trucks on the highway. They have two private fertilizer companies. One of them is run by the wife and the other one is run by the daughter-in-law. This is a multimillion dollar operation. The gentleman told me "If we do not get out of farming in the next year or two, we will have lost all the assets that we worked for all our life".

That is a disaster. That is not just an emergency. It is a crime when people who produce the most important product in the world cannot have a viable operation. This reminds me of a country I was in in 1981; 20,000 hectares in a communal farm and people are starving.

• (2050)

One third of their food was produced on the little quarter acre plots where the workers lived, not on the farms. We are becoming a country with huge corporate farms that are so inefficient but so productive that they are killing themselves. That has to change.

This government has to start realizing that if we are supposed to import our food instead of producing it ourselves, we will not have a 65 cent dollar. We will probably have a Mexican peso. I do not want to see that.

I go back about four years when I rose in the House on one of my first speeches. I compared this government to the first self-propelled red combine that I bought. I do not know how many people remember that combine.

Today I see a big semi-truck sitting on that side, a government that should be able to govern this country like nobody's business. For some reason I see that semi-truck sitting there and it is not moving. It is not doing what it was built for.

What has gone wrong with that truck? It ran out of gas. I have seen it sitting for five years. The motor has ceased. It cannot move. It cannot even be dragged out of there.

I see grass over the wheels. There are tires on that big semi but they are all rotten. There is no rubber at the bottom. It could not roll even if it were pulled. That is what I see across the aisle today as far as the government is concerned.

I look a little further. There should be some value in that big semi-truck. There is some value. The rats and the mice are in it. They have been using the cushion seat for housing. If someone wanted to get into that truck and drive it, those springs would be very hard in some places, not to mention the smell.

The combine was a bad example but this truck really scares me. If we have to get rid of that animal, there is sure going to be some smell around this place.

How will we handle it? Will we have enough gas masks? Will we have enough equipment to remove it? The job will have to be done. It cannot continue like this. It may be comical but there is a lot of truth to it.

We have one of the greatest countries in the world. We have gone from zero debt to \$600 billion. Tell me why. In 30 years, three decades, this debt has built up not because this country was not great but because the management by previous governments during those three decades did not do their job.

They let the future generations of this country down. Someday they will have to pay for it. They will have to give account of what has happened. The pay day is coming.

I can see in the 21st century a change where we will forget what type of politics was performed in the House for three decades. We



will try to bury it and start all over again. We will give future generations hope, something to trust in, something they can build on, a place where they can raise their families and be proud of where they are.

Today when I see 70 workers shutting down the whole country and a government sitting on that side not doing its job, it is disastrous. It is criminal.

I do not know how this change will come but I can guarantee it will come. It has come in every other country where this type of situation has developed. I know we will not like it when it comes. If we are not prepared to tackle a little problem where 70 people can stop a whole nation, what will we ever do if we have a problem that is huge, a problem that needs courage and a problem like our past generation had to deal with when foreign nations attacked their freedom and their democracy?

• (2055 )

I hope government members will wake up tomorrow morning, take the sleep out of their eyes, get to work and finally show this country they were elected to do a job and do it.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Madam Speaker, that is a tough act to follow from an hon. gentlemen I regard as one of the most effective speakers of this place and a true quintessential prairie gentlemen, the member for Portage—Lisgar.

I am pleased to rise in debate on this emergency motion with respect to the strikes we are facing in the ports in Vancouver. I would like to broaden my comments to address the impact of the strike on the delivery of services by Revenue Canada at tax centres across the country.

We have heard plenty of evidence and testimony this evening about the kind of debilitating impact this strike action is having on the tens of thousands of Canadian grain farmers.

It truly amazes me, as somebody who grew up in a small prairie farming town, to see that the more than 120,000 grain farms across western Canada should be held hostage by 70 individuals picketing the terminals at the ports of Vancouver.

It is beyond belief that we have allowed a system to continue year after year and decade after decade which can see an entire industry, hundreds of communities, tens of thousands of families and an entire way of life, an entire regional economy, put at risk and damaged by the irresponsible actions of a few and the inaction of an irresponsible government.

Just by delaying the delivery of this grain to the ships waiting in port by even a few days incurs an enormous cost that gets passed on

to prairie grain farmers, perhaps the people least equipped to deal with this kind of economic difficulty at this time. Prairie grain farmers are already suffering from the losing end of an international grain war and historic lows in commodity prices. Prairie grain farmers are suffering from historic highs in input costs and who are suffering from historic highs in government taxation.

Across the beautiful prairie provinces a sad story is unfolding as we see once proud and vibrant farm communities shrinking slowly and the lifeblood being sucked out of them as the agricultural economy suffers year after year.

Why is it that in one area where government could make a difference, by ensuring an unimpeded flow of goods to port and abroad, it does not take responsibility to ensure that happens? We clearly are limited in the authority we have to address the depression in commodity prices caused by European and American subsidies. There is one thing at least that we in parliament can clearly do to prevent this from happening, to end the imminent threat which is the cause of this motion tonight by whatever means legally necessary but, more important, to remove from a handful of union organizers the sword of Damocles which hangs permanently over the entire western grain industry. That solution would be to declare the jobs at these ports part of an essential service and to require binding arbitration if settlements cannot be reached so that we can never return to the economic pain being caused day by day as this strike drags out.

• (2100 )

As other members of my caucus have remarked, this is not the first time we have seen a strike of this nature. Unless the government finds a more fundamental solution it will not be the last.

While this is an emergency debate, it ought not to be a debate just for the situation we face now. The solution the government seems to be headed for of back to work legislation ought not to be seen as a long term solution. It is a short term, knee-jerk response to a short term problem. We need to fundamentally change the nature of government labour relations when it comes to critical government regulated industries of this nature.

I hearken back to 1980-81 when then President Ronald Reagan had just assumed the office of the American presidency. He was faced with a strike of air traffic controllers across that country who refused to arbitrate or negotiate and who were clearly an essential service. They had shut down the entire American transportation infrastructure.

President Reagan made it very clear that they were in his view an essential service and if they did not go back to work within 48 hours they would be let go. The union organizers called his bluff,

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but ultimately President Reagan did what was best for Americans, their economy and their transportation infrastructure. He laid down the law and demonstrated what an essential service really means by taking drastic action.

We do not see that kind of strike action happening now in the United States because it has been declared an essential service. We ought to do the same thing in Canada where we are talking about small handfuls of people who can literally stop the momentum of an entire regional economy.

I want now to turn my attention to another problem which is growing in proportion. As we speak this evening there are probably PSAC organizers across the country planning pickets tomorrow for yet another day around regional tax centres operated by the Department of National Revenue.

When they do this, what happens? The processing of tax returns, tax rebates, the child tax benefit and all taxes and transfers administered by Revenue Canada simply shut down. This is a function that is absolutely essential to the operation of government. We are talking today about nearly a million tax returns being frozen in the system at Revenue Canada. This means delays of days and probably weeks. If this carries on, who knows how long the delays will be?

It is easy for us as parliamentarians to bemoan the frustration felt by Canadians and the inconvenience of all this, but we ought not to lose sight of the fact that hundreds of thousands of Canadians rely on the cheques that are being held hostage in those tax centres tonight. That is money that does not belong to the government, to the union bosses or to the bureaucrats. It belongs to the people to whom those cheques should have been issued days ago, and should be issued tomorrow, but will not be because this government refuses to act to ensure that those Canadians have the financial resources that belong to them.

We are talking about low income people, among others, who quite literally depend on the timely delivery of GST rebate cheques, their income tax refund, the child tax benefit or any other number of programs administered by the Department of National Revenue. They depend on those cheques not as discretionary income but as essential income. They depend on those cheques to pay the rent and to buy groceries. We are talking about money that is absolutely essential to the livelihood of many Canadian families.

We cannot allow this to continue unanswered. We cannot allow rogue action by a certain handful of union organizers to threaten the financial livelihood of vulnerable Canadians. I appeal to the government not to continue to delay, to prevaricate and to hope for a negotiated solution that apparently has not happened and will not happen in the bargaining units we are talking about, but to act with speed and with absolute dispatch.

• (2105 )

I assure the government that on behalf of my constituents I will support any legal action to get those cheques moving out of those tax centres where they are today held hostage.

It is simply not good enough to solve the problem with back to work legislation and to find ourselves reliving this, repeating history yet again three or four or five years down the road. It is not good enough for the grain farmers who are hurting today. It is not good enough for the low income people and the seniors waiting for their cheques from Revenue Canada. We need a fundamental top to bottom change in the relationship of government to the essential services which we guarantee to Canadian people.

We stand here as parliamentarians in a position of enormous responsibility and authority. We have a fiduciary obligation to ensure that the basic essential services necessary to the peaceful conduct of the lives of private citizens are carried out by the departments, by the apparatus of the federal government.

It simply is not good enough to let these things happen over and over again. A great thinker once said that history repeats itself the first time as tragedy and the second time as farce. I think we are well beyond the stage of farce. This is the fourth or fifth time in my political lifetime that I recall points of crisis in labour-government negotiations of this nature.

In closing, I simply reiterate on behalf of my constituents and my colleagues in the opposition that it is time to get on the ball. It is time to stop prevaricating on the part of the government. I asked the Parliamentary Secretary to the Minister of National Revenue about the problem at the tax centres today and she said "We are concerned and we are looking at it".

I am glad to see that they are concerned and they are looking, but that is not good enough for vulnerable Canadians. What they need is not concern. What they need is not looking. They need action, and we are here tonight demanding that the government act.

**Mr. Werner Schmidt (Kelowna, Ref.):** Madam Speaker, there are two people I would like to recognize tonight before I get into my remarks. The first is the Speaker who agreed when he received the letter from the hon. member for Selkirk-Interlake that indeed there was an emergency, a crisis in Canada today. He had sense enough to recognize that this was an important issue. I congratulate him for allowing the emergency debate to take place tonight.

The other person whom I would like to recognize is the parliamentary secretary who is sitting here on behalf of the President of the Treasury Board and who is listening to the debate. I

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hope he listens very carefully to some of the things that have been said and that will be said in the next few minutes.

I do not have all the answers but I do have a couple of basic fundamental principles that I have found to be true wherever I go. As a businessman this gentleman knows only too well that what I will say is exactly what he has practised and what has made him a successful business person. I challenge him to apply the same criteria that made his business succeed to what the government is supposed to be doing in terms of its labour relations and in terms of the management of the economy and the finances of the country.

I will focus my remarks on two concepts. The first one is leadership. The second one is management. I propose to the Liberal government that at the present time the incidence before us that has given rise to this debate is merely a symptom of a lack of leadership in the government. It is an example. It is symptomatic of a lack of management or the application of management principles and the understanding of the operation of those principles.

I will move into those two areas to try to show clearly how the government is lacking vision. The number one characteristic of good vision a leader must have is a vision about where we are going as a nation, where we are going as a corporation, where we are going as a business, what will benefit this business, what will make it profitable, what will make us succeed as a corporation in the environment within which we have decided to set up business, what will serve our customers well, what will give us the satisfaction, and what will give us a profitable organization. For that a leader needs a goal and a vision and a clear articulation of that vision and of that goal.

● (2110)

Where is the vision in terms of reviewing the issue today? There is none. If there was one he would know that labour-management principles must be exercised. We should have smooth and co-operative labour-management relations. Do we have them? No.

We had a post office strike two years ago. It still has not been resolved. The Minister of Labour has extended the deadlines for the arbitrator again and again. I wonder if the hon. parliamentary secretary will go to the Minister of Labour and ask him to extend the deadline once again. March 31 is the deadline for the arbitrator. Will it be extended once more?

It is not only vision that is lacking. A leader is also a decision maker. He knows how to make decisions and does so. We have had decisions made by the Prime Minister. We have had a canoe museum built. We have had all kinds of interesting diversionary tactics to focus attention on everything except the solution of the things that we demand.

When will we come to the point where we recognize that we need to attack a problem, look at the alternatives, examine the

implication of those alternatives, choose one, act and go down that road? Have we seen that? No. We are lacking on two counts: no vision and no decision making apparatus.

Let us examine how crises have been resolved? There was back to work legislation in the most recent strike at Canada Post. Has it resolved the crisis? The people are back at work, but what has the result been? It has stymied the negotiations with other unions that Canada Post is engaged with. It has brought about the situation that is existing in Vancouver right now. It is affecting all other negotiations. My hon. colleague from Calgary just indicated that it is affecting national revenue and the refunds that people are supposed to get.

These are all little crises. They are not of the proportion of the one with the grain handlers, but they show that the government is incapable of dealing effectively with its labour-management problems.

**An hon. member:** Incompetent.

**Mr. Werner Schmidt:** That is the word. I was going to leave that word until later but it is true. I am happy the hon. member is so accurate in his perception. He recognizes that all this is leading to incompetent management.

There is a fourth area in which we have no leadership. A good leader anticipates problems. If there was ever an indication there would be problems that could have been anticipated, this is one. It was no secret. The hon. member for Yorkton—Melville referred to a letter. The problem was laid out in black and white. What did they do? Nothing.

That is not the only thing. Did they know that the contract was coming up with grain weighers? Of course they knew. Notice had been given a long time ago. Did they know that there could be a development and an escalation to the point where a strike could occur? Of course they knew. Did they anticipate what would happen if a strike took place? Did they anticipate what would happen if it would shut down the whole system?

The only answer we received was the one this afternoon in question period. On the eve of the emergency debate, what did the President of the Treasury Board say? He said they had the right to associate, the right to organize, and that means the right to strike. Is that handling the problem? It is anything but. Did they anticipate the problem? If they did, they certainly did not do anything about it.

Leadership is lacking on at least those four dimensions. Let us look at management. Management is the ability to apply scarce resources—and we always have scarce resources—in such a way that we get the desired results. Let us look at the way in which the government has managed its scarce resources. We have a balanced budget. Guess what?

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• (2115)

With great pride and pompous arrogance the Minister of Finance says "We have balanced the budget. We have managed the expenditures of the government. We have controlled and done all these things and now we have a balanced budget". Did he tell the Canadian taxpayers that they are each paying \$1,300 more so the budget could be balanced? It is the increase in revenue that made the difference.

Who balanced the budget? The Canadian taxpayer balanced the budget. That is who balanced the budget. The government is spending more money today than it did before. The management here is on the part of the Canadian taxpayer who is paying more dollars into the federal treasury and somehow still is able to manage. That is where the good management is. It is not on the part of the government.

Instead of managing effectively, the government and the preceding government created at least four examples of intrusion by crown corporations. We can talk about the Business Development Bank of Canada, the Canada Post Corporation, the Canada Mortgage and Housing Corporation and the Canadian mint. There is a direct intervention into the marketplace, in direct competition with other businesses. The government takes money out of a successful businesses and brings it over to these businesses. This government, which has unlimited resources compared to corporations, pits its resources against them and expects them to compete successfully. It does not work too well.

This is how the government intrudes. I will never forget the day. I was a kid at the time. Our utilities bill was put in our mailbox by a high school or university student who delivered the bills on behalf of the utilities company. It was done at a very low cost to the utilities company. All of a sudden this big dictum came down that this was illegal. Canada Post must deliver those and the company would have to pay 45 cents, or 50 cents, whatever the rate was at that time in order to get those bills delivered.

It was an immediate increase in the cost to the utilities company to deliver its bills. The utilities company had to go to the utilities commission to say that it would have to increase its rates. The government had it worked out beautifully. Who paid? The consumer paid. What kind of management is this? We could get into all kinds of other examples.

The other area, which I think is the most fundamental of all of these, is good labour-management relations. A good manager has good labour-management relations. What seems to have happened here is there is labour on one side and management on the other. There seems to be this irony that surrounds these negotiations. On the one hand management says it wants to run the corporation at a profit. It wants to run the business efficiently. It wants to deliver the services and goods in a timely fashion, in an effective way and

to do it smoothly and with a profit. On the other hand those on the labour side want to frustrate management in whatever way they can so that they can get the maximum out of it for them, for their way of living and things of that sort.

After they have fought they come together and say that now they have solved their problems they are going to work together. Before that they fought like crazy. How is it possible that we can have a situation where there should be co-operation and smoothness when the system we use to determine salary levels and working conditions is one of confrontation and antagonism? It is a system that is not working very well.

We have a beautiful example of it right now. It broke down. When it breaks down it hurts everybody. It hurts management. It hurts the supplier. It hurts the workers. Those workers are not going to recover what they are losing right now. It is to their own detriment that they get into these situations.

I wonder sometimes where the logic is. I want to ask a couple of questions of the Liberal backbenchers. Many people over there, and I know a number of them personally, are good business people. They have succeeded. They know what leadership is. They know what good management is. They know what good labour-management relations are.

• (2120)

What in the world happened? What did they do to their business sense? Did they dump it at the door when they walked in here? What did they do with the good sound leadership and the vision they had? Did they leave it somewhere? I do not understand how it is possible for these highly professional, highly skilled, well educated individuals, these highly successful business people in a number of seats across the way. Somehow that ability is not made part of the cabinet. It is not made part of the Prime Minister's leadership in this House. How can it be?

It defies anything within me that they suddenly turn off everything they know, everything they have experienced, everything they know to be wrong, to simply turn that all off and say, "Let us do whatever he says". It is false, it is misleading and it is an insult to the Canadian people. They deserve better. We have leaders in this country. I do not believe for a minute that there is not leadership on that side of the House, but for some reason or another it is not being allowed to surface.

How can it be that a solid strong professional and a strong business person can allow himself to vote against compensating the victims of hepatitis C from tainted blood? How can that possibly be? How can it be when the logic of solid family relations is defeated by saying that it is okay to have an unequal situation with regard to those who work inside the home and those who work outside the home? How can that be? But it is.

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What kind of a leader could not foresee the situation in Vancouver? I do not believe he did not foresee it. I do not believe the minister in charge of the Treasury Board did not foresee it. I do not believe the parliamentary secretary did not foresee it. They chose not to do anything. That is serious. That makes them responsible for the situation we are in. It also means they are responsible to solve it.

Is it possible to solve it? Absolutely. It can be done in a number of ways. The government can use a patchwork approach as it did before and legislate these people back to work, only to defer the problem to rise again some other day. That is not a solution. There are solutions.

Is the government going to choose the real solutions, or is it going to choose again to do something so we can go through all this rigmarole again and in the process hurt farmers, consumers, the other people who are employed, the managers, the transportation systems and the businesses involved? Does the government want to do that all again? Why? Why can we not have a Prime Minister, a cabinet and Liberal backbenchers who say that it is time to use some common sense and manage the affairs of this country in a manner that helps everybody? Why can we not do that? I am sure we can.

Instead what we have from time to time is an absolute standoff caused by the arrogance and pomposity that comes from self-imposed self-sufficiency. It is a delusion of grandeur.

It can be done. I challenge the parliamentary secretary who led his caucus on the banks so well. He did a wonderful job. He knew how to work with the people. He showed leadership. We have not seen that kind of leadership anywhere on the front bench of that

side of the House. Yet he is not the leader in that party and he never will be the way things are going now because he has too much common sense.

What are we going to do? I challenge us to apply common sense, apply what we know to be true and get serious about the things that really matter to us as people.

• (2125 )

This is no great big, heavy duty secret. It does not take a rocket scientist to figure out what the mathematical formula is. We have to simply do what is right, help people to work together and make the conditions such that they can resolve their conflict in such a way that everybody is helped, instead of confrontation and an antagonism that builds which then takes years to heal and in some instances never heals. Why can we not do that? We can. All we have to is want to.

I challenge the parliamentary secretary, the President of the Treasury Board and the Prime Minister. Do they want to solve the problem in a permanent way or do they simply want to do another piecemeal operation which will only arise again in a different fashion and on another day?

**The Acting Speaker (Ms. Thibeault):** I am satisfied that the debate has now been concluded. I therefore declare the motion carried.

Accordingly, this House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 9.26 p.m.)

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